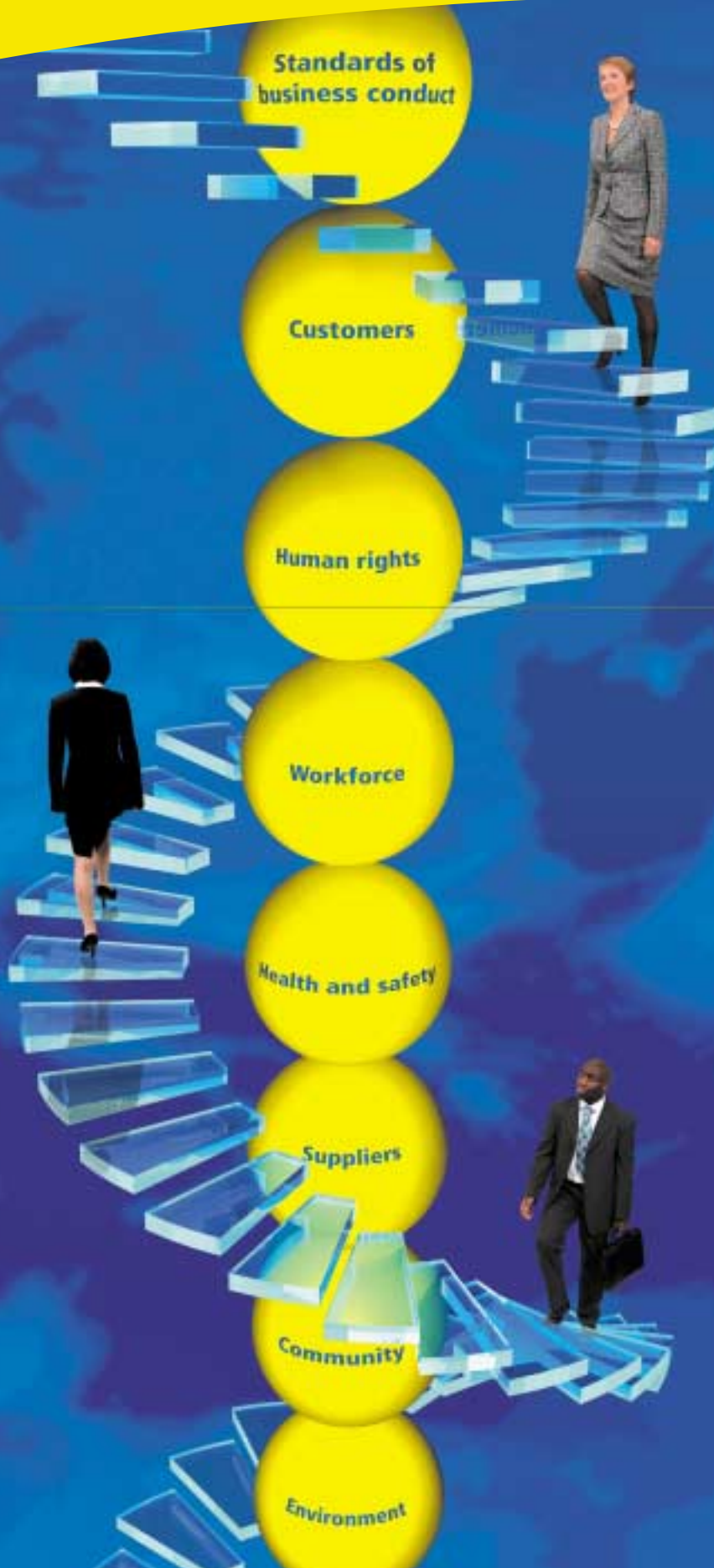


Aviva plc

Corporate social responsibility report 2004
– a summary





Aviva, as a member of the international business community, recognises its **corporate social responsibility** commitments in its various roles, which include **insurer, investor, employer and consumer.**

Group corporate social responsibility policy

We reflect these commitments in a family of eight policies, which relate to:

Standards of business conduct

We are committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional and legal standards.

Customers

We seek to provide our customers with a service hallmarked by integrity, quality and care.

Human rights

We respect the Universal Declaration of Human Rights and seek to be guided by its provisions in the conduct of our business.

Workforce

We are guided by our aim to be the employer of choice in all countries in which we operate.

Health and safety

We are committed to providing a working environment which is both safe and fit for the intended purpose and ensures that health and safety issues are a priority for all business operations.

Suppliers

We regard suppliers as our partners and work with them to help us achieve our policy aspirations in the delivery of our products and services.

Community

We strive to be a good corporate citizen around the world, recognising our responsibility to work in partnership with the communities in which we operate.

Environment

We are committed to a programme of management, continuous improvement and reporting of our direct and indirect impacts, which marks our contribution to improving the world in which we live.

We recognise that our business activities have direct and indirect impacts on the societies in which we operate. We endeavour to manage these in a responsible manner, believing that sound and demonstrable performance in relation to corporate social responsibility policies and practices is a fundamental part of business success.

We are committed to continuous improvement in our corporate social responsibility programme and encourage our business partners to strive for matching performance.

Our businesses throughout the world are committed to the achievement of our policy objectives. Our performance will be reviewed periodically and externally verified to help us meet our policy goals. We will publish reports regularly.

**Approved by the board of Aviva
January 2002**

It is vital for a business to remain alert and responsive to the changes taking place around it. Its future depends upon how well aligned it is to the society in which it operates. CSR is now firmly on the business agenda.

Legislation and regulation are often simply a reflection of the fact that society believes that mistakes are being made and need to be corrected. If a business simply tries to hide away from the issues that confront society, if it lies low and is simply reactive, it deserves and must fully expect to be occasionally prodded into action by the stick of legislation.

A responsible business is one which keeps a clear eye on all external developments. It needs to lead or, at least, participate in debating the issues. It must develop its own values, its own ethics, its own policies and all of these must live in the actions of its workforce and not be merely empty words that live on paper alone. This is the challenge which Aviva is now seeking to meet.

Like so many other human activities, business is ultimately about relations with other people. If a business has

The Aviva board has a **clear view of the importance** of corporate social responsibility (CSR) to the **success of the business.**

the right approach to ethics, if its driving motivation in all its dealings is to be honest and fair with all of its partners, then it is earning its licence to operate and it will thrive. If it focuses its gaze only on the narrow spot of its own gain to the exclusion of other considerations, it will rightly lose the trust of its partners.

Whilst CSR covers many important issues such as relations with customers and the wider community, the environment and human rights, the core of CSR is ethical behaviour. If a business is not directed by its own considered set of ethics and values, it is simply adrift. The best means of embedding ethics and values in a business is through example. Whatever example is set at the top of an organisation will flow down through the structure. It is therefore the job of the Aviva board and the senior management to ensure that only good examples are set. Behaviour must be transparent and unambiguous.

At this stage, the linkage between CSR and corporate governance becomes quite clear. The strengthening of the Combined Code on Corporate Governance is simply a response to address what is perceived as being no longer appropriate behaviour. If there is no abuse and if the governance of a company is directed transparently by a sense of fairness and ethics, there is no need to restrain it. On the contrary, it will win respect and trust. Aviva's annual report for the year already reports on compliance with the new Code one year in advance.

The Aviva board and senior management are thoroughly committed to the application of the revised Aviva standards of business conduct. They regard this as the centrepiece of the company's CSR policy, which is unreservedly supported and viewed as a major contributor to our future profitability.

To re-inforce this clear commitment, I shall be attending this year's CSR review group meeting in June, which will examine our strategy and progress and make plans for the future.

Pehr Gyllenhammar
Chairman



A handwritten signature in black ink, which appears to read 'Pehr Gyllenhammar'. The signature is fluid and cursive.

Foreword by group chief executive

Our CSR programme has developed well during the past year, despite the continuing financial pressures on our company and the industry generally. In particular, CSR is becoming an integral part of our business thinking. We are closer to our ambition of having CSR as simply "the way we do things around here".

As this report shows, a competitive market environment need not be a barrier to good practice. We are determined that our Aviva Values of *integrity, progressiveness, performance* and *teamwork* be reflected in how we conduct our business around the world. This in turn will help us earn and keep the trust of our customers, shareholders and other stakeholders.

We believe that good practice in CSR is a vital part of achieving that trust. To that end, we now measure our performance at group level every year, using internal and external criteria. Individual business units are also introducing their own benchmarks to help support their own development.

Environmental issues continue to be a cornerstone of our CSR programme. For example, in October 2003 we signed a two-year contract for the supply of renewables-sourced electricity, covering 86% of the Norwich Union Central Services portfolio in the UK. This means that annual CO₂ emissions will reduce by some 69%, equivalent to 32,000 CO₂ tonnes per annum based on the baseline figure we set in October 2001.

Richard Harvey
Group Chief Executive



In Ireland we have negotiated the supply of electricity from renewable sources to cover 40% of our needs. We have also further expanded recycling facilities across the group and introduced employee car-sharing schemes for commuting in the UK and Australia.

Our CSR aspirations for products and services are illustrated by Hibernian's contribution towards road safety in Ireland. Hibernian extended its *Ignition* driver training scheme during 2003 to allow less experienced motorcyclists to take part and thereby benefit from insurance premium discounts of 15%. Car drivers who successfully complete the course are eligible for discounts of 20-50%. The programme is proving successful; some 16,500 drivers went through the programme during the year and it has also received a Prince Michael of Kent International Road Safety Award. In line with our philosophy of spreading successful practices across the group, similar products are now offered in the UK and The Netherlands.

We recognise that insurance and investment can be a complex business. It is vital to provide clear and transparent information about our products and services so that customers can make informed judgements about the best solutions for their needs. In the UK, Norwich Union has invested significantly to improve the quality and clarity of its marketing and product literature and to promote increased levels of financial understanding. This open and honest approach will continue to have the highest priority in our customer relations across the group. In our businesses in Eastern Europe, for example, where the markets are comparatively new, particular care has been taken to ensure that our product offer is as clear and straightforward as possible.

One of the most important yardsticks of CSR performance is how a business manages the impact of the continual operational changes that have become a feature of modern business life. Acquisitions, disposals, efficiency and service quality programmes very often lead to re-structuring. Where significant upheaval is involved, for either staff or customers, management of the change becomes a test of a business's real commitment to CSR.

In such matters, we follow the recommendations of the Managing Change Report, produced for the European Commission by a group led by our own chairman, Pehr Gyllenhammar. This report prescribes reporting guidelines in the areas of workforce, human rights and health and safety in the management of structural change.

We have, for example, applied these guidelines to the relocation of some functions from the UK to India. We have taken great care to manage the continuing career interests of the UK staff involved through vigorous redeployment efforts and by continued support for life-long learning.

In India we have taken equally great care to select business partners from those with transparent policies on recruitment, progression and procurement and with a demonstrable track record in gender equality and a total absence of religious discrimination. Our final decision rested on their contribution to the local community, their reputation as good corporate citizens and their environmental impact.

The primary reasons for structural change in a business must include improved service to customers. We therefore monitor satisfaction levels very closely. We are pleased to report that, despite the relative newness of our international call centres, our monthly checks reveal excellent progress. We will work to achieve yet further improvements.

We believe that it is important to strive for common standards in all those countries in which we operate. We recognise that the starting point might well be different from country to country, but the direction in which we are heading should be the same. Further, while the speed of developments should match our local business's capacity to absorb change, we still expect steady, measurable progress to be made.

Recognising the long-term significance of CSR and its importance in the training of our senior staff, we have decided to sponsor an Aviva Chair in Leadership and Responsibility at INSEAD, an international business school based in France and Singapore. This chair will enable us to develop further our

understanding and practice of CSR and to share that knowledge with others, while developing our senior managers of the future.

We are proud to chair the forum for the UK signatories to the Global Compact and will continue to give it wholehearted support. The Compact is a personal initiative of the UN Secretary-General, Kofi Annan, and offers an excellent international platform for meeting many of the challenges that CSR seeks to address. This report demonstrates the actions we are taking to meet our obligations under the Global Compact.

We also continue our active support for Business in the Environment, on which I serve as a member, for Business in the Community, and for the financial initiative of the United Nations Environment Programme – all of which offer excellent opportunities to share and develop best practice.

Our plans for 2004 include enhancing internal communication and supporting staff at a local level to increase their support for our CSR programme. We also intend to improve further Aviva's CSR reporting practice, with an increased focus on business value, and to develop a robust assurance process with our auditors, Ernst & Young.

We recognise that tough challenges lie ahead. How do we remain cost-efficient in an aggressively competitive environment? How do we ensure that our integrity, governance processes and operational standards are maintained worldwide? How do we build and maintain trust and confidence among our customers? How do we balance the needs of all our stakeholders?

We do not pretend to have a complete answer to all of these questions. However, we believe that good practice in CSR will be a vital component in our response.

Richard Harvey

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We describe **CSR as our corporate DNA**, since it describes “how we do things round here”.

Aviva and corporate social responsibility

Company profile

Aviva is the UK's largest and world's seventh largest insurer with 30 million customers and 56,000 employees worldwide in 2003. We have £240 billion of assets under management and £30 billion premium income and investment sales from continuing operations.

Group businesses reporting for the first time in 2003 include Aviva India, Aviva Czech Republic, Commercial Union Hayat in Turkey, Commercial Union Lithuania and Aviva head office. Reporting for the last time is Hill House Hammond, since this business will be closed during 2004. This means that in 2003, the CSR programme covered some 98% of Aviva staff worldwide compared with 95% in 2002.

What we mean by CSR

Aviva's CSR policy may be summed up by the phrase “taking care of what is important” for our business, for our customers and for our other stakeholders. It is an umbrella policy, which governs our performance in eight related elements. These are relations with our **workforce**, **customers**, **suppliers** and the **community**, our management of the **environment**, **human rights** and **health and safety** and our adherence to **standards of business conduct**. It is therefore a policy that regulates how we deal with one another and with the outside world.



The CSR policy contains summary statements of fuller policy statements, which can be viewed on www.aviva.com/csr. The exception is in the case of customers, where one detailed statement would not stretch to cover the diversity of the business activities in which we are engaged. However, our newly revised standards of business conduct policy does contain explicit undertakings in respect of customers.

The board of Aviva plc approved the CSR policy in January 2002. The policy underpins our adherence to the Aviva Values of *integrity*, *progressiveness*, *performance* and *teamwork*, in particular that of integrity. This linkage between CSR

and the Aviva Values has been formalised in a new set of human resources CSR measures. We describe CSR as our corporate DNA, since it describes “how we do things round here”. It represents a behavioural roadmap, setting clear expectations by which we judge ourselves and are content for others to judge us.

Achieving good practice in CSR is not like reaching a destination, but more like embarking on a journey. The journey will be marked by achievement milestones, but you can never expect to “arrive”; there is always another corner and another road. This report is therefore the story of the journey over the past year and tells you what ground we have covered.

CSR governance

Key progress achieved during the year:

- Revision of CSR reporting template
- Local CEO sign-off for business unit report
- Introduction of key performance indicators at business unit level

At group level, the Aviva board reviews the policy and programme annually. At the last review in January 2004, the board re-affirmed its whole-hearted support for the incremental approach taken to embedding the CSR policy across the businesses. The group chief executive is the executive sponsor of the CSR programme, and the director of CSR reports to him through the group company secretary. The chairman receives regular reports on CSR throughout the year and both he and the executive directors have given strong support to the CSR programme during the year.

Each CSR policy has an appointed "owner", who is responsible for promoting and co-ordinating progress in their element of CSR across the group. The director of CSR now owns the policy on human rights

performance on behalf of the group, although he does so in close liaison with our group human resources, purchasing and fund management functions.

The direction of the CSR programme is influenced by many factors. The main forum for assessment of CSR performance is the annual meeting of the Aviva CSR review group. This brings together representatives from Aviva head office, the businesses, partner non-governmental organisations and auditors for a two day off-site meeting each June. It reviews strategy, policy, past progress and future plans. The main outcomes of the 2003 meeting were the revision of the policies on standards of business conduct and human rights and the enhancement of the CSR reporting template.

Management ownership of the CSR policy elements

Standards of business conduct
director of CSR

Human rights
director of CSR

Workforce
group human resources director

Health and safety
group human resources director

Suppliers
director of purchasing

Community
group corporate affairs director

Environment
director of CSR

The Aviva CSR steering group meets on a quarterly basis. Its membership is drawn from representatives from Aviva head office and certain of the larger businesses. It provides a forum for more regular reviews of both internal progress and the external CSR agenda.

To promote inclusion of the more geographically distant businesses and to facilitate better communication and understanding between them and the group CSR team, we have introduced a dedicated liaison person within the group CSR team for each of our businesses.

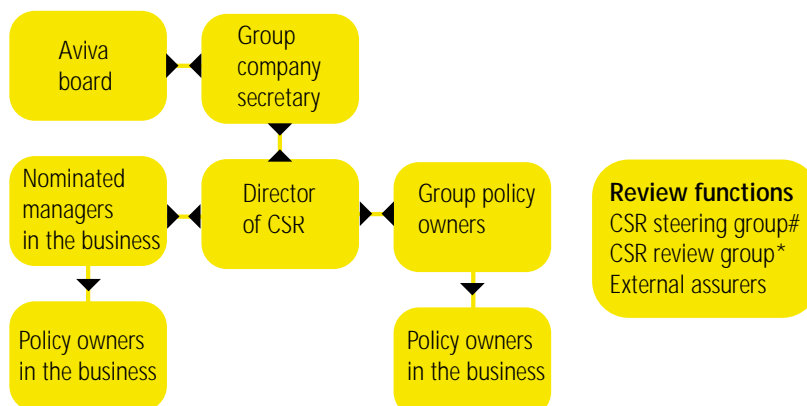
Appropriate direction of the CSR programme should also take account of relevant external developments and analysis. Apart from drawing on the expertise within the CSR review group during the year, the group CSR team are all members of different external networks (see page 28), which refresh our understanding of the development in external views.

CSR management cycle



*Representatives from head office, businesses and external parties
#Representatives from head office and businesses

CSR management structure



Group CSR team



Anthony Sampson
Director of CSR



Nathalie De Geus
Head of CSR



Michelle Wolfe
CSR Communications Manager



Annette Yunus
CSR Management Consultant



Zeldia Bentham
Environment Manager



Richard Whitaker
Group Company Secretary

The execution of the programme is periodically reviewed against the CSR risk profile, which is an additional tool used to identify significant opportunities for and obstacles to progress.

In the businesses, the local chief executive (CEO) is the sponsor of the CSR programme. He signs off a compliance statement to confirm that the business is operating in accordance with the principles of the CSR policies; its report provides a reliable account of progress over the past year; and it has plans for the coming year for further progress on the CSR programme. In each business there are local policy owners with responsibility for integration of that policy element into operations, as well as a nominated manager responsible for promoting and reporting on progress in all the elements both within the business and to Aviva head office. The nominated manager is the primary contact point for the liaison person within the group CSR team.

Beyond the above, the degree of formality and the nature of the supporting CSR governance structure varies from business to business according to size and culture. We insist on a common direction across the group, but not on uniformity of approach. We accept that our businesses are unique and that, operating in different markets, they will move forward at different speeds. We expect and encourage an incremental approach, with each business making clear progress each year.

The embedding process is reflected in the continual development of the CSR governance structure in the businesses. For example, in the UK, Norwich Union Insurance set up a CSR steering group, comprising local policy owners, which sits alongside the already existing committees on environment and community. This model is repeated in most of our larger European businesses. The local CEO has also called for quarterly reports on progress in Norwich Union Insurance and Norwich Union Central Services, which also reports to him.

Also in the UK, Norwich Union Life has established dedicated resource to drive forward the CSR programme further through communications to employees to inform, educate and encourage the embedding of the programme within operational activities. All new employees are introduced to the CSR programme via the induction training programme on the intranet.

Another good example of embedding CSR into the business structure has been in Morley Fund Management in the UK, in which there is a steering group of specialist staff, a committee of local policy owners and a network of CSR representatives from each business area.

In Asia, there is a CSR nominated manager in the regional office in Singapore, supported by separate CSR managers in each country. Local policy owners are appointed with defined roles and responsibilities for each of the CSR policy elements.

CSR governance has also developed in the newer businesses. In Aviva India, which was launched in mid-2002, a CSR programme is now being built. A CSR nominated manager has been appointed with two supporting managers. Following in the footsteps of the rest of the group, the programme will initially focus on workforce, community and environmental initiatives.

In our joint venture in China, which became operational in January 2003, our focus has been on our staff training and development. A CSR structure will follow on completion of the set-up phase.

In our businesses in Eastern Europe and Turkey, the general model of the more established West European, North American and Australian businesses has been followed of setting up a committee to support the CSR nominated manager. In Aviva Czech Republic, the total number of staff is around 70 and therefore the local board has assumed responsibility for CSR, headed by the local general manager.

We expect CSR governance structures to evolve continually to serve the needs of our developing programme.

Development of the CSR programme

Key progress achieved during the year:

- Implementation of human resources measures
- CSR programme now covers 98% of staff worldwide
- Further embedding of the CSR programme

The development in CSR governance has been reflected in markers of progress around the group. Progress has continued to be facilitated by strong board and executive support, by close liaison with the businesses, by regular review at group and business level, by encouragement of action groups on environment, diversity and CSR generally and by enhanced communication at all levels.

Globally, the primary move forward has been the development and implementation of a set of human resources CSR measures based around our reporting framework and the Aviva Values. This is reflected in this year's "workforce" report.

Further indicators of progress lie in the extended reach of the CSR programme. For instance, the Aviva head office has also appointed two nominated managers to co-ordinate the CSR programme in the head office. A novel element has been the setting up of a group of "Friends of CSR", both in the Aviva head office in London and within Hibernian in Ireland. These groups are for those with a particular interest in the subject, but without a formal role within the programme. This enables us to capture insights, ideas and enthusiasm, which might otherwise be lost and to engage staff outside the formal CSR process. Another indicator of extended reach is that our business in the Philippines, one of our smallest, commenced and reported on its environmental progress during the year.

In businesses where CSR is more established, we witnessed greater embedding of the programme. Building on its well-established CSR governance system, Aviva Canada launched a new intranet site, championed by the CEO, to promote further CSR with employees. One top story each month has a CSR focus on the intranet. Additionally, the new Canadian website, www.avivacanada.com, has a comprehensive CSR section.

Like others in the group, Aviva Australia features CSR in its induction pack and induction day for all new entrants. The intranet, internal magazine, staff briefings, staff e-mails and posters are all forms of media used across the group to communicate CSR to staff. Some of the bigger businesses, such as Norwich Union Life and Delta Lloyd, produce their own printed CSR reports.



An example of Aviva Hong Kong tailoring CSR communication for local audiences.

The division of the report

The report is available in two forms – in this printed summary and more fully on the internet. This printed summary report contains highlights of the detailed reports, which we have received from our businesses. The highlights are grouped under the eight headings of the CSR policy.

The internet report www.aviva.com/csr contains full details of the performance of each of our businesses. The information can be accessed in two ways:

- either by business (for example, all relevant information about Aviva Canada)
- or by CSR policy element (for example, all relevant information about all Aviva businesses' performance in respect of human rights).

CSR in practice

A review of implementation progress in each CSR element follows overleaf. It consists of representative examples of practice from the businesses. Other examples can be found in the internet report on www.aviva.com/csr.

Standards of business conduct

Key progress achieved during the year:
• Revision of Aviva's standards of business conduct policy

It was decided at the CSR review group meeting in June 2003 that this policy should be revised to make it yet clearer and easier to understand. This has now been achieved following extensive internal and external consultation and will be rolled out in the first half of 2004.

The policy on standards of business conduct may be regarded as the foundation stone of the entire Aviva policy framework. It gives each employee specific guidance on fair, transparent and honest business practices. It commits us to respect the confidentiality of information entrusted to the company, to obey the rule of law and to practice accurate and honest reporting.

The depiction of good CSR practice, of good ethics, as being the DNA of Aviva is necessarily aspirational, but it reflects the very clear commitment to observance of our standards of business conduct across the group. All CEOs must provide annual assurance that the policy is adhered to within their business.

We are fully aware that the spirit of this policy can only be fulfilled by senior management setting a day-to-day example of what it means so that others will follow. Compliance with the standards is required as part of Aviva's senior management contract.

It is a common practice for the standards to be displayed on the intranet and for new entrants to be introduced to them at induction. Computer-based training and promotional campaigns are used to target and refresh staff understanding.

Around the group, the policy is embedded in various ways, which reflect the local culture and size of the different businesses.

Aviva Australia adopts an approach, which is typical of many Aviva businesses. All new entrants are required to read the terms of the standards of business conduct and to sign a statement to the effect that they have understood them and will abide by them before joining the company. The policy is also displayed on the company intranet.

In Canada, employees commit to the standards on joining and are required to renew this agreement annually. This is tracked on a database and reported to a local board committee.

In Morley Fund Management (Morley), fair business practices are re-inforced through "Respect at Work" sessions. Launched to senior managers in 2003, these workshops are designed to foster a respectful environment within the workplace. They are being rolled out across Morley during 2004. Client reporting processes have been improved and client service tierings have been introduced to enable clients and Morley staff to develop a shared understanding of what is expected of each party. Also within Morley, an employee raised an issue during 2003 relating to the disclosure of commission. Morley's business risk team carried out an independent review of the matter to ensure that the standards of business conduct were adhered to.

Eurovida, our bancassurance joint-venture business in Portugal, includes ethics in its staff induction training for new employees. This is re-inforced in an annual weekend gathering for all staff. Further, specific training is undertaken in aspects of business conduct such as money laundering and compliance.



In the UK, Norwich Union Life provides employees with access to the policy on the new CSR intranet site. The online employee's handbook explains how they should behave in a number of specific situations, including: how to handle potential conflicts of interest, relationships with customers and suppliers, receipt of gifts and data protection. In addition to instruction in the standards on induction, new employees are required to complete computer-based training packages on data protection and money laundering during the first week of employment. In customer-facing roles, employees are annually tested on their awareness and understanding of such practices. As part of the planned focus in 2003 to improve understanding of the standards throughout the life business, a survey of "Fraud and ethical conduct awareness" was carried out - the findings from this will provide focus to further internal communications in 2004.

In Hibernian in Ireland, a local policy based on the group policy has been framed. This takes account of all the obligations in the group policy, but frames them in a format and style similar to all the other local policies. It is communicated via Hibernian's intranet, *The Beat*.

Aviva in Hungary has introduced an additional check on the quality of incoming proposals to protect against the potential for mis-selling products by agents who are pressed to produce sales in a competitive market. In the Czech Republic, Aviva established an internal quality control position, which has responsibility for compliance with proper sales techniques.

Aviva Romania experienced an instance of conflict of interest during 2003. The standards of business conduct proved themselves to be a reliable ethical compass to turn to in resolving the matter. This highlighted the importance locally of both having and soundly implementing such standards. In 2004, the business will investigate developing ethical training sessions to embed further understanding so that employees are empowered to take appropriate decisions in new situations, should they arise.



Members of Aviva's CSR review group at the June 2003 meeting to review strategy, policy, past progress and future plans. One of the key outputs was the revision of the standards of business conduct policy.

Norwich Union Insurance in the UK deploys many of the methods described above. In addition, it operates a financial services authority (FSA) readiness programme, which aims to ensure that the business will be fully compliant with the new FSA conduct of business rules, which will be introduced in 2005.

A new risk-based approach to money laundering in Norwich Union Insurance was implemented in 2003. This uses a network of money laundering business champions across the various locations in the UK, whose role it is to gather and report any suspicions on potential cases of money laundering. The champions are co-ordinated by a money laundering officer. To date over 95% of staff have successfully completed the computer-based training module on money laundering.

The UK businesses also operate a "Safecall" hotline. This is an independent, confidential 24-hour hotline service that allows staff to report suspected cases of workplace fraud and malpractice.



Aviva USA relies upon its legal and compliance functions to test for awareness and understanding of the standards.

In The Netherlands, Delta Lloyd uses the annual appraisal process to assess how each individual has lived up to the standards and core values of the business. The standards form an integral part of each employee's employment contract. Understanding of required behaviour is also reinforced in a values-based board game, which all staff can play.

In the early part of 2004, the CEO of our life company in Turkey, Commercial Union Hayat, will personally lead a communication programme on the importance of embedding good ethics in the daily practice of the company.

Aviva Asia has conducted briefing sessions on specific aspects of the policy, such as compliance, anti-money laundering and confidentiality. In 2004, it is intended to lead awareness programmes on other elements of the policy.

Application of the standards can also give rise to conflicts. In the Czech Republic, Aviva's commitment to integrity is believed to have hampered sales progress, since its transparent marketing and charging structure sometimes seem less favourable when compared with the more opaque structures offered by some of its competitors. However, it has never been suggested that Aviva should compromise on its drive for utmost transparency.

Key progress achieved during the year:

- Products and services to meet new customer requirements
- Increased customer satisfaction levels
- Recipient of numerous financial services awards

We believe that it is a proper function of insurance to provide sources of help for individuals at every stage of their lives. We want to be there for them to help them take care of those things that are important. We want it to be a long-term relationship.

We do not yet have one detailed policy statement on customers, which would cover the spectrum of all our activities. However, the revised standards of business conduct policy does give certain customer undertakings, namely that we will:

- Provide our customers with a service hallmarked by integrity, quality and care.
- Deal with customer complaints seriously and promptly.
- Not make misrepresentations to anyone.
- Promptly correct any misunderstandings if they are thought to have taken place through unclear communication.

For Aviva, the needs of the customer are paramount. We seek to provide our customers with peace of mind at every stage of their life. This section reviews some of the innovative scope of our product and service reach and assesses how successful we have been by a number of different yardsticks.

Product and service offer

Our product development teams in our life assurance, general insurance and fund management businesses are constantly seeking ways of going further to provide peace of mind for our customers. An effective means of gauging our success in this is by measuring customer satisfaction.

Norwich Union Healthcare launched the monthly online magazine *Health E-talk*. This communication includes health updates, features, research and also provides a talkback facility. The online "Personal Health Manager" provides information on improving health and getting more out of life. Accessible online benefits include: symptom assessment; health planner; medical encyclopedia; waiting list guide; 24 hour GP helpline and stress counselling helpline.

The healthcare functions of both Delta Lloyd and OHRA introduced a similar web-based adviser *Lijfwijzer*, supported by doctors, where customers can judge their lifestyle and health risks. Delta Lloyd also has a completely new pension product, which enables the customer to switch easily between group and individual plans.

In Germany, Delta Lloyd launched products aimed at specific age groups: *Investment Extra* for elderly customers; *Primusplan* for young families and *Pensionskasse* a new company pension scheme.

In 2004, Commercial Union Lithuania will launch internet accounts for pension customers, which will enable the customers to view changes in their account, value of portfolio and other information. In 2003, CU Lithuania conducted a customer satisfaction survey. 91% of customers were satisfied with the company's services.

Aviva Malaysia has responded to the growing trend of sending children abroad for higher education by launching an *Overseas Student Plan*, which complements compulsory health insurance in other countries and is linked to International SOS for worldwide assistance.

Aviva Australia has launched a product enabling customers who claim for a critical illness to re-insure so that they can still get cover for another, unrelated illness. Whilst death cover is still available to customers who claim for total and permanent disablement or critical illness. It has also established a leadership forum to focus on key issues, such as customer centricity. This "eleaders" group of 35 managers focuses on improving customer satisfaction by taking ownership of initiatives to improve products and services for the group.

It is not only the scope and quality of service but also its reach, which is important. In India, where we have 17 branches, four have been opened in rural locations specifically to cater for the needs of the local populace. We have launched the *Jana Suraksha* scheme there to provide life cover at very low premiums for lower income groups. We have also linked up with self-help groups like Basix to ensure wider reach amongst the poor and have already covered 35,000 lives via this means.



Hibernian's *Ignition* driver training programme in Ireland, which offers reduced premiums to inexperienced drivers, won an international road safety award in 2003.

Aviva India is comparatively new, having just started to acquire customers in June 2002. In April 2003, a survey was conducted, which identified various customer service improvements, such as in turnaround time (TAT), where only 41% of customers received their policy within 15 days. A programme was immediately put in place and the situation has improved. TAT for non-underwriting products is now less than three days for 80% of customers, whilst TAT for underwriting products is less than seven days for 70% of customers.

Hibernian's successful *Ignition* product saw 16,500 inexperienced drivers undergoing the unique training programme during 2003. The scope has been expanded from the motor car to include also motorcycles and 2004 is expected to see a further 15,000 drivers taking part. Premium discounts of 15% for motorcyclists and 20% to 50% for car drivers are available for successful participants. Our businesses in the UK and The Netherlands also offer similar products for safer drivers.

Norwich Union Insurance developed and launched a range of new products aimed at making life easier for the customer. *Homework* is a highly flexible policy, which combines the best of home policies with a comprehensive range of business covers. The complementary self-employed product targets sole traders and businesses with up to five employees, who either work from home or from a third party site. It has also launched a first time buyer's home package featuring low start contents cover, a fixed price for the first two years and a number of money saving home offers.

Norwich Union Insurance's *Pay As You Drive™* initiative is now undergoing a pilot with the fitting of 5,000 telematic devices in the UK. Apart from linking premium to miles driven, it also enables the vehicle to be located if stolen and also directs support to vulnerable drivers who may have been involved in an accident or have simply broken down. It has linked up with Future Forests to plant a tree for every policy sold to underline the environmental benefits this initiative promotes. In conjunction with Norwich Union Insurance, Hibernian plans to pilot *Pay As You Drive™* technology in Ireland in 2004.

Norwich Union Insurance also recorded improving satisfaction levels in the past year, reaching between 87% and 92% across its operation. A range of initiatives were undertaken to improve customer service, including the introduction of claims and customer service academies, a customer access project to make it easier for customers to do business with it and consolidation of work into centres of excellence.

Aviva Canada surveyed customers involved in 12% of closed claims from each branch and revealed a 94% satisfaction level.

Morley Fund Management introduced a trustee training programme for members of clients' boards of pension trustees. The one day course provided an introduction for new trustees and a refresher for more experienced trustees and sought to demystify investment issues and options following the recent review of pension laws. Very positive feedback was received from the participants.

Morley also participates in the annual Greenwich Associates Survey, which covers UK pension funds with assets in excess of £100 million. In the 2003 survey, Morley's client service scores were generally low. As a result the client relationship management function is to be boosted by recruitment of additional senior professionals and improved by tailored training programmes.

Morley's *Igloo* regeneration fund, which embodies socially responsible investment (SRI) principles, focuses on urban regeneration in the UK. *Igloo* is the first fund to offer direct real estate regeneration investment opportunities to socially responsible investors. In 2004, work is expected to begin on the Bermondsey site in London. Subject to planning, work will also commence on Islington wharf in Manchester. Further information on Morley's SRI engagement practices can be found in the "human rights" section.



Aviva Australia's fund management company, Portfolio Partners, is aligned with Morley and follows the practices and procedures used by Morley in relation to SRI.

In 2003, Delta Lloyd introduced a new mutual fund for sustainable investments, while continuing to also manage a number of sustainable investment funds for Triodos Bank since 1993. Delta Lloyd has also embraced the principles of sustainable construction in its property business.

Awards and recognition

Awards provide a measure of the success of products and services.

Norwich Union Life regularly measures its performance with independent financial advisers (IFAs). A year ago, it was ranked 14th, six months ago 8th and now it is ranked 4th out of 18 providers. Norwich Union was awarded a three-star rating at the Financial Services Awards in November 2003, compared with a one-star rating the previous year. It was also voted best life product provider in the Life & Pensions Money Facts Awards in March, and earned gold awards for the second consecutive year in the protection, investment and pensions provider categories of the *Financial Adviser* IFA & Provider Awards in May. Norwich Union Healthcare was awarded the accolade of best healthcare provider in the UK for the third successive year at the *Money Marketing Awards* 2003.

In 2003, Norwich Union Insurance won *The Insurance Times* general insurer of the year award as well as receiving two awards from *Insurance Age* – general insurance provider and service provider.

In a telephone survey of brokers to assess their perception of underwriting by the Irish life offices, Hibernian came either 1st or 2nd under most categories. In an annual survey of service carried out by the Irish Brokers Association in 2003, Hibernian had improved from 6th position to 4th place and won the award for most improved company. Hibernian's claims service centre won the best small/growing contact centre award in Ireland last year.

Based upon a "mystery e-mail" exercise undertaken in late 2003 by United Interactive, Aviva Czech Republic received the award for the best customer communications via electronic mail for the whole Czech insurance market.

In 2003, Aviva France was ranked best asset manager for the third consecutive year, whilst Aviva Vie was awarded best life company for broker service in 2003 by SFAC (Syndicat Francais des Assureurs Conseils).

In December 2003, Aviva Romania was awarded the prize of the year for the best life insurance product, Alpha.

Aviva Vida y Pensiones in Spain won the efficiency prize granted by the magazine *Diligentes* and the COGEBRO prize for efforts made in investment in the professional development of the sales force.

The Singapore Insurance Brokers Association named Aviva Singapore as the overall best insurer (for the third year running) and gave it awards for best claims service and for most broker oriented (both for the second year running).

Aviva Malaysia was awarded superbrands status in recognition of its market dominance, longevity, goodwill, customer loyalty and market acceptance.

Commercial Union Polska's fund management business received two prestigious awards in 2003, the European Medal of Business Centre Club for unique individual investment programme and Investment Portfolio 2003 of *Business Week* (Polish edition) for best equity funds.

Standard & Poor's ranked Delta Lloyd Asset Management as the best asset manager of The Netherlands. They also marked three of Delta Lloyd's mutual funds as outstanding. In Germany, Delta Lloyd Investors received an Alpha certificate for high standards in transparency.



Once again, Aviva Gestion d'Actifs received leading industry awards for investment performance in France, including Corbeille de *Mieux Vivre Votre Argent* and the *Victoire des Sicav* from *La Tribune/Standards & Poor's*.

Human rights

Key progress achieved during the year:

- Revision of Aviva's human rights policy
- Continued SRI engagement on human rights
- Continued commitment to diversity
- Greater flexible working initiatives

Although the human rights policy is comparatively new, the policy has already been revised following its review at the annual CSR review group meeting in June. This was both to simplify wording, and hence understanding, and also to take account of the International Labour Organisations core labour standards.

Of all our CSR policies it is the most susceptible to change, as our understanding of the interface between business and human rights deepens in coming years. We currently consider that our primary impacts and influence lie in the areas of fund management, purchasing and human resources. However there are strong arguments for maintaining that human rights issues arise and need to be addressed in the matter of products and services as well. The CSR review group will keep the matter under close review. Human rights advocacy through purchasing is dealt with under "suppliers".

The novelty of the policy means that it is still being introduced and explained in some parts of the organisation. This is the case, for example, in Turkey, where the policy was first communicated to the human resources department only. In 2004, the policy will be rolled out across the business.

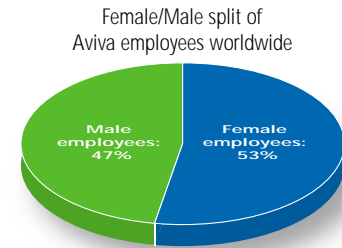
In Aviva Asia, communication of the policy has so far been limited to senior management and has only factored in human rights into its human resources function. Broader rollout of the policy must be preceded by awareness training relating to relevant issues under the human rights policy. This will be undertaken during 2004.

Advocating human rights through our investment practices

Owning over 1% of the UK stockmarket, Morley Fund Management recognises that it has a responsibility to exercise its influence constructively by engaging with companies to encourage best practice in social, environmental and corporate governance matters. This also clearly embraces human rights performance. Socially responsible investment (SRI) specialists frequently attend company meetings alongside mainstream teams in order to discuss human rights and other CSR-related issues.

A recent example of Morley's engagement practices is that of the Pharmaceutical Companies Shareowners Group. Morley acted as an advisor for an investor statement outlining concerns about the long-term impact of the public health crisis and access to essential medicine in emerging markets. Launched in March 2003, the statement was signed by investors representing £600 billion in funds under management and encourages pharmaceutical companies to take proactive action to enhance access to urgently needed medicines in these countries.

Throughout 2003 Morley continued to exert its shareholder voting rights – voting against companies with inadequate policies and performance in any of its investment areas – not only those in SRI funds. Morley also votes against UK FTSE 100 companies that do not disclose sufficient information on how they manage the environmental risks affecting their businesses. In 2004, Morley will continue to exert pressure through shareholder voting.

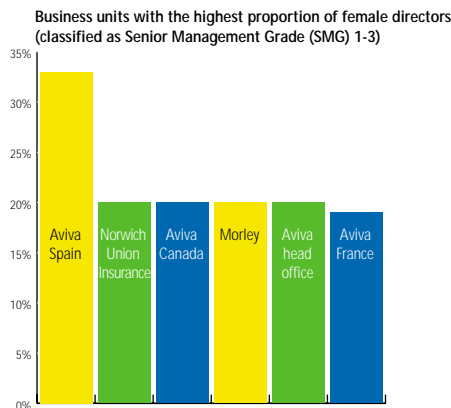


Hibernian Investment Managers (HIM) in Ireland continue to promote their SRI funds, which were launched in 2002, primarily to pension schemes. Morley's SRI team in the UK continues to support HIM in screening SRI portfolios, as they also lend similar support to Portfolio Partners in Australia. Aviva Canada too takes human rights good practice into account in investment decisions.

Equal opportunities

Aviva is committed to the principle of equal opportunities for everybody in employment. We believe that the recognition of individual ability, the absence of discrimination, both overt and institutionalised, and the promotion of positive attitudes towards diversity will result in the best use of our employees' talents and skills across Aviva. Our current worldwide population is made up of 53% female and 47% male employees. Further we have some 425 senior managers worldwide. Of these, 16% are female with the most diverse senior management teams being in Aviva Spain (33%), Norwich Union Insurance (20%), Aviva Canada (20%), Morley (20%), Aviva head office (20%) and Aviva France (19%).

Our diversity forum continues to meet on a regular basis to encourage and actively promote diversity in the business. A diversity business case has been prepared and discussed at the highest levels internally. Recruitment is underway of a diversity director who will work with a business led steering group to raise the profile of diversity, co-ordinate activity and share knowledge worldwide is underway. The promotion of diversity is an integral and essential part of building the Aviva culture to support the brand proposition and delivery of customer satisfaction.



Much work has already been undertaken worldwide to support diversity in our business. Diversity training has been introduced in a number of our businesses including Morley and Delta Lloyd and many of our businesses ensure that their third party suppliers comply with group requirements in terms of equal opportunities. For example Aviva USA gives its managers training on equal opportunities in the recruitment process and specifically asks its agencies to seek diversity in the candidates they put forward.

Internet-based, "e-recruitment" is increasingly used across Aviva to ensure that our vacancies reach a diverse audience. However, in many of the countries in which we operate, due to privacy laws, we can not collect specific diversity information on for example, sex, age, disability, religion and ethnic background during the recruitment process. Hence we concentrate on encouraging our businesses to undertake actions to increase the diversity of the pool of candidates and asking them to advise us whether their employees represent the diversity of the communities in which they operate. We are confident that in the majority of our businesses around the world our employees broadly reflect the ethnic make up of the communities in which they operate. For example in the UK where it is possible to record such information, overall we have around 6% of employees who classify themselves as non-white. This is less than the national percentage of 8.69%. However, our two main sites, at which the majority of our UK employees are based, are in Norwich and York where the number of people from minority ethnic groups is less than the average for the country being 4.88% and 6.52%, respectively. In Morley, one of our London-based businesses, the percentage is 13.5%

Aviva continues to be involved with various forums which promote equality of opportunity such as Opportunity Now, Race for Opportunity and the Employers' Forum on Disability. In October 2003, Aviva was ranked eighth for reporting on disability in the workplace in the Employers' Forum on Disability global inclusion benchmark. We are also a member of a cross-industry group of companies to share knowledge on diversity practice worldwide.

Around the group there have been many activities aimed at increasing diversity within the workforce for example, Aviva Thailand has been working with the Thailand Disabled Society to identify appropriate candidates for positions within the business whilst the group's Turkish business received a certificate at the end of 2002, from the Turkish Labour Office, for its contribution to the employment of disabled people.

Flexible working has been identified as one of the ways to increase equal opportunities around the group and many businesses offer flexible working practices. Norwich Union Insurance began a flexible working pilot in mid-2003 offering compressed working hours, flexible shifts and sabbaticals to qualifying staff. These have not only been effective in raising staff morale, but also the business has received direct benefit via increased productivity and reduced absence rates. In 2002, Norwich Union Life piloted term-time contracts and increased part-time working. These proved very successful and the programme was rolled out across the business in 2003. In 2003, Delta Lloyd extended its flexible hours scheme as part of the Collective Labour Agreement, currently 34% of employees work part-time in Delta Lloyd.



Aviva is committed to equal pay for employees. Many of our businesses have carried out equal pay reviews during 2003. For example, reviews have been undertaken in Delta Lloyd, Aviva France and Aviva Canada. These have followed the legal frameworks in these countries and plans have been made to implement the recommendations. In the UK, equal pay reviews were undertaken in all of the business units except Morley which conducted a review as part of the pay review process in the first quarter of 2004. Primarily, these have concentrated on gender pay differences and no major issues with equal pay were identified.

Retaining women post-maternity leave and as their children grow up is fundamental to our business. In the UK maternity returners bonuses have proved very successful in encouraging mothers to return to work (in excess of 87% for all UK businesses except Morley which has a returners rate of 78%). In NUCS there has been an increase in women taking the opportunity to work part-time whilst Norwich Union Life has found term time working and condensed working hours to be successful retention tools. In Morley, 72% of maternity returners have returned on flexible working arrangements. Aviva Australia has a lower rate of maternity returners at 53%. However, efforts are being made to encourage women to return to work and, like other businesses, it has assisted employees by allowing them to telecommute after returning from maternity leave.

Key progress achieved during the year:

- Implementation of CSR measures for reporting on workforce issues
- Successful management of structural change

We are guided by our aim to be an employer of choice in all countries in which we operate.

We believe that the quality of our employees is key to our success and that they are a source of competitive advantage. They help ensure that we seek and capture new ideas and challenge the status quo in the ever changing business environment. It is important that we attract, motivate and retain high quality people who are willing and able to respond to the challenges the business faces, while maintaining an effective work/life balance. Our human resources strategy and supporting policies have been developed to provide an overarching framework which gives direction to our actions and against which all activities can be challenged and measured.



Philip Scott, Group Executive Director, Aviva Life International (left) and Gary Withers, Chief Executive, Norwich Union Life present Sonya Green of the Sheffield call centre with the award recognising her positive contribution towards embracing change.

As previously, our reporting format follows the guidelines of the Managing Change Report, produced for the European Commission by a high-level group led by our chairman Pehr Gyllenhammar. Hence, we have used the following headings to report on how we interact with our employees worldwide:

- **Dealing with structural change**
- **Communication and involvement/social dialogue**
- **Education and training**

Employee equal opportunities and health and safety also form part of the Gyllenhammar framework. They are dealt with separately on pages 13 and 18 respectively.

During 2003 we developed and implemented a set of HR measures based around our reporting framework and our Aviva Values of *integrity, progressiveness, performance* and *teamwork*.

All our businesses report against these CSR measures on a twice yearly basis. This has been successful and has provided much of the information contained in this section of the report. We view these as an evolving set of measures which we will seek to refine annually whilst maintaining core information for comparative purposes.

Dealing with structural change

When recruiting throughout Aviva, we seek to attract and select the best person for the role. One of the challenges facing Aviva is to ensure we recruit from the widest pool of potential employees possible. Our businesses have approached this in different ways. For example, Aviva head office has established a link with Minority Matters Recruitment to provide them with direct, real-time access to Aviva head office vacancies. This has resulted in 11 applications from which one appointment has been made. Minority Matters is a specialist recruiter that represents ethnic minorities in East London and the fees they receive from placing candidates are re-invested in education and training programmes for ethnic minority students to equip them with the skills required by employers.

Many of the businesses have also worked on broadening the appeal of Aviva as an employer in their market. Aviva India has undertaken MBA internship programmes to create brand awareness amongst the premier business schools in India. To date it has sponsored ten students and the 2003 programme received an overall rating of 4.4 out of five.

Aviva understands that retention of employees is aided by competitive and fair reward policies and family friendly working practices. The average rate of voluntary turnover in our businesses varies from less than 1% to 23%. This range reflects the variety of businesses in terms of size and maturity. In our larger businesses, such as Norwich Union in the UK, Hibernian in Ireland and Delta Lloyd, all of which have extensive call centre activities, the range is from 12-17%. In our small, more newly established businesses, the voluntary turnover

rate is mostly low ranging from 0-3%. We are considering this in conjunction with our business strategy.

We continue to manage structural change by detailed planning, the involvement of those affected at the earliest possible time and, where job losses are unavoidable, seeking alternative opportunities to minimise the personal and social impact.

During 2003, the group was reorganised and the challenges facing our business led to a number of operational improvement programmes. For example, in the UK, a new purpose built call centre was opened in Norwich, as well as a small number of site closures in the UK. As a result of this reorganisation, some 4% of the worldwide workforce's roles were at risk. Where possible compulsory redundancies were avoided through the use of redeployment, voluntary redundancy or early retirement programmes. For example, Aviva Canada ensures that employees under notice of redundancy are given preference for internal vacancies for which they are qualified. Outplacement programmes are used throughout the group where it proves impossible to redeploy employees internally.



Stuart Purdy, Managing Director, Aviva India celebrates the business's achievements with staff.

We have also taken an active stance in helping employees whose jobs are at risk to find suitable alternative employment in the same locality. At Cheadle in Cheshire in the UK, Norwich Union Life worked with other local employers to seek redeployment opportunities for the 213 staff facing unemployment. Of these, 160 took advantage of this. Additionally, Norwich Union Insurance, having identified that around 320 jobs were at risk in Watford and Preston, worked with Loans.co.uk to broker the offer of jobs to approximately 150 employees who were affected.

When moving some of our operational activities to India we have taken care to look after the career interests of the UK staff involved. We have taken account of opportunities for local redeployment or relocation across our UK businesses and have offered support for re-skilling and life-long learning.

In establishing our support activities in India we have been rigorous in our selection of partners with reputations as good corporate citizens. See page 27 for further information.



Communication and involvement/social dialogue

We value working in partnership with recognised trade unions and staff associations, as appropriate. We will also actively seek and listen to employee views through, for example, employee opinion surveys (EOS) which have been carried out in most businesses during 2003 covering 87% of our worldwide workforce. All of the surveys look for feedback from our employees in the areas of organisation climate and culture as well as morale, effectiveness of communication, diversity and brand values. Data from these surveys is analysed and, usually, compared with an external benchmark comparator group of companies. Results from the surveys help to inform business plans. For example, less positive responses around employee coaching and feedback in Aviva Canada resulted in the introduction of a two-day coaching programme and 360 degree feedback for managers.

The morale of our workforce is key to understanding and supporting our brand and internal values. It therefore is one of our major workforce key performance indicators. At present this is assessed by EOSs carried out locally. However, we are seeking to introduce a set of core questions to make benchmarking comparisons across our businesses more valid in future. Our surveys in 2003 indicate that employee satisfaction with Aviva ranges from 56% to above 80% in a number of our businesses. Of the employees covered by EOSs, 63% rated their satisfaction at more than 70%. Aviva India came 11th, out of 120 participating companies, in the "Great Places to Work" Survey in India. Further, in Norwich Union Insurance, staff satisfaction registered at 81% (74% 2002) whilst the



proportion of employees registering as extremely or very satisfied also increased to 31% (25% 2002). In those businesses, which did not score so highly, this information has shaped the 2004 plans.

All of our businesses are actively involved in two-way communication with their employees. At a group level this involves "Aviva Live Radio", sessions with members of the executive committee which are broadcast quarterly. Employees are encouraged to phone in their reactions to the broadcasts as well as submit questions. Arena, the worldwide intranet site actively disseminates news and views. Our businesses build on the group communication processes with the majority running twice yearly sessions for employees where the business leaders explain the strategy face to face and provide a forum for questions. For example in Norwich Union Insurance such meetings are called "Director Unplugged Sessions". Morley has a comprehensive suite of communication channels to ensure that all employees have an opportunity for two-way communication, including monthly business updates, intranet staff bulletins, round table sessions with directors, monthly team meetings, a suggestion scheme and an annual staff conference.

We also continue with activities to bring people together at business and team level to discuss and embed the culture and values that support our brand. Hibernian, our Irish business, promotes the Aviva Values via its employee offering "Our Premium Policy". This is made up of four areas, "The Balancing Act", (work/life balance), "Perks of the Job", (benefits), "House of Fun" (events) and "Top of the Class" (learning opportunities).

Education and training

We believe that it is essential for our business and the development of our employees that effective training and development activities are in place. On joining the group an employee will participate in an induction/employee orientation programme in the business. These include a corporate induction CD-Rom, Spirit of Aviva, which introduces the Aviva Values and CSR programme.

Subsequently, training needs are identified as part of our performance management process and the technical/personal skills development required is linked with the training requirements of the business. Evaluation of programmes takes place in all businesses and programmes generally exceed 3.5 out of 5 in terms of favourable scores.

International group development programmes have continued to encourage and develop our talent for their future roles and to bring the company together by building mutual understanding and international networks. Attendees of such programmes are identified via the annual group succession and development planning processes. We monitor the gender and business background of all attendees to ensure that attendance on the programmes is diverse. In 2003 32% of the attendees were female and the majority of our businesses were represented.

Training methods used within the Group are varied and related to subject matter. They cover development centres, 1:1 coaching, management skills programmes and further education provided by professional institutes, universities and job related learning. As such, it is difficult to quantify worldwide the total amount spent on learning activities for employees. Increasingly our businesses are grouping together their learning opportunities to give a supermarket of activities for employees, Delta Lloyd's example is called Course Shop. Also there is an innovative use of computer-based training. Two examples are Aviva Canada's e-learn system which gives access to materials which can be downloaded at home or work and Aviva Hong Kong's e-learning centre which was created in December 2003.

Amongst others, Aviva Australia and Hibernian encourage formal qualifications in insurance, for example Australia offers an Advanced Certificate in Financial Services and Hibernian currently has 650 staff studying for qualifications with the Insurance Institute and the Life Insurance Association.

Volunteering and work in the community is seen as a way of giving to the community whilst developing skills in the volunteers and, as such, is seen as a valuable development tool. Aviva head office provides business mentors to the Full Employ (Black Business Brokerage) organisation. See "community section" for further information.

Health and safety

Key progress achieved during the year:

- Aviva businesses have ensured that they remain compliant with relevant health and safety legislation worldwide
- Various work/life balance initiatives are in place to combat stress and further improve staff morale

Aviva is committed to providing a safe environment for all staff, including contractors, customers and members of the public. We will, as a minimum, comply with the local health and safety legislation. However, all businesses must comply with the group policy which is based on the UK regulations.

The Aviva group human resources director is responsible for health and safety in the businesses worldwide. He is supported by health and safety officers in all of the businesses and, in the larger businesses, by committees. In the UK we have a specialist team in the Norwich Union Central Services (NUCS) business, which provides expert advice to our UK operations on health and safety issues. All major breaches are reported as are the actions taken to ensure that they do not re-occur. There have been no major breaches in Aviva in 2003.

As part of the induction programme, all new employees receive a presentation and a booklet on health and safety awareness as well as on specific issues connected with an employee's role and the building in which they work. All our major businesses have access to an occupational health service, either on site or via a third-party supplier. In the UK, the occupational health team carried out 4,500 pre-employment screenings. In 2003 they also offered cholesterol testing and winter flu jabs to Aviva head office staff along with pre-travel inoculations.

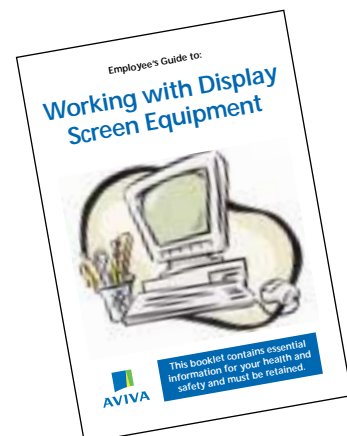
Aviva France maintains a medical centre, staffed by two doctors and two nurses, who conduct health checks on all staff each year. The centre also offers the company advice in general ergonomic matters, in quality and hygiene issues in the staff canteen and participates in the council, which meets every four months to consider matters of hygiene, security and working conditions.

Measures were taken in our Asian and Canadian offices to meet the Severe Acute Respiratory Syndrome (SARS) challenge and ensure the safety of staff. Special policies were created to promote awareness and to minimise the risk of infection. In addition to the emergency action plan, which detailed procedures in the event of office closure, "anti-SARS" action included health talks, sterilisation of the office environment, provision of protection masks, special home leave, travel restrictions and the minimisation of physical contact between offices.

Absence is monitored in all business units to consider whether there is a link between an employee's absence and their work environment. All employees would normally receive back-to-work interviews and support particularly if they have had a prolonged period of absence. Linked to this, Aviva has identified the need for all our employees to understand the effects of stress on their life and how to manage it both for themselves and in the employees they manage. Stress training has been developed in a number of our businesses and has been attended by many managers including the executive committee of Aviva.

Throughout all our major businesses, covering 89% of our employees worldwide, we provide employee assistance programmes through which employees may receive impartial advice from a third-party on any issue affecting their life.

The work environment in which we all operate is very important and we are continually looking to ensure that the workplace/workstations are of an appropriate standard to support our employees. NUCS provides training for all staff in the UK, as appropriate, in respect of display screen equipment, fire marshals, manual handling, Control of Substances Hazardous to Health (COSHH) regulations, health and safety induction and risk assessment. Over 3,050 people were trained in 2003 and 211 site visits were made. Additionally, novel approaches are sometimes used in order to improve the quality of working life for our employees. In one of our Dutch call centres employees can choose whether to sit or stand when answering calls. Should they wish to stand, at a press of a button, their desk rises up to a comfortable height.





NUCS carried out a major survey of properties in 2003 in the UK to identify work required in order to ensure compliance with the Disability Discrimination Act. Bidders who participated in the tender process for the upgrade of the UK properties were asked to timetable the work required to ensure it is completed by October 2004.

Aviva Australia's head office air conditioning system was given a complete upgrade in 2003, transferring from a water-based cooling tower system to one that is based on cooling fan technology. This has resulted in increased comfort levels for all employees as well as eliminating the possibility of health and safety concerns that may be caused by cooling tower systems, such as the presence of the legionella bacteria.

Subsequent to a minor breach which was identified, Aviva Hong Kong carried out a noise level assessment in its call centres to ensure that employees in telesales are not subject to an unacceptable level of noise.

When working with our partners in India we have ensured that they have complied with the Aviva health and safety policy.

Many businesses help to promote healthy living by encouraging employees to participate in sports activities or by providing activities or classes which assist with relaxation and managing work/life balance. In Norwich Union, a team from Perth, Scotland, was successful in achieving the bronze award in the "Scotland's Health at Work" national award scheme. The scheme is designed to encourage and reward employers in their efforts to improve the health of their workforce and build healthy workplaces and organisations. Staff participated in various activities, for example, head and shoulder massages, carbon monoxide testing, healthchecks, quizzes and obtaining dietary awareness information.

Aviva Hong Kong, Aviva head office, Morley and Aviva Australia are among businesses which offer yoga to employees whilst Norwich Union Life started a "Get Smart" campaign which aims to help employees to avoid excessive and lengthy travel and create and embed work/life balance within its business. Aviva USA and Hibernian both offer Weightwatchers classes as part of a suite of activities to aid the well-being of their staff and Aviva Romania uses a kitchen noticeboard to provide staff with healthy lifestyle advice.



Staff in a Dutch call centre at OHRA Bank in Arnhem may choose to either sit or stand when answering calls.

Suppliers

Key progress achieved during the year:

- Increased promotion of CSR best practice among suppliers
- Reduced supplier payment times

Building committed partnerships with our suppliers helps us to achieve our policy aspirations in the delivery of our products and services.

The centre of purchasing expertise within the group is within Norwich Union Central Services (NUCS) in the UK. Purchasing professionals are now also being engaged in overseas units. In 2003, a newly appointed director of purchasing assumed ownership of the group's purchasing policy. Located within NUCS, he is responsible for the management and control of significant purchasing activities across the worldwide businesses.

NUCS, together with the Aviva head office, is revising the Aviva group purchasing policy. The existing policy currently provides mandatory guidelines for the UK and in respect of nine key suppliers on a worldwide basis. The new policy, due to be launched in the first half of 2004, will have a wider geographical scope and a stronger reference to the inclusion of CSR aspects at its core.

Promoting CSR best practice among suppliers

Our businesses worldwide, where possible, seek to engage with suppliers on responsible CSR practice. In some instances, questions on environmental/ethics performance in the tender process have received a weighted score alongside the "usual" purchasing criteria of price, quality and service delivery. Below are examples of how some of our businesses promote CSR best practice among suppliers.

80% of our businesses worldwide, by staff numbers, include elements of CSR criteria in the supplier tendering process and in ongoing supplier relationships.

In the UK, NUCS continues to include environmental performance questions in the supplier tendering process. There are currently 38 differing question sets to suit all commodities which are purchased. It has also begun to extend this to include other CSR criteria, for example, human rights will be in all question sets by end of June 2004.

In 2003, NUCS identified via an external report on trends in CSR reporting that there was a particular sector of UK industry in which no company issues an environmental or CSR report or includes any details of the CSR practices within its annual report and accounts. The computer software and computer services sector does not currently report on these issues and therefore in our capacity as a customer we are writing to our top ten suppliers in this sector to ask them for details about their CSR stance and intentions.

Delta Lloyd considered environmental and ethical best practices in the selection criteria during the tender for the outsourcing of its facility centre. Further, Delta Lloyd's retail investors established a Tender Board to improve its governance structure regarding the commissioning of new building projects. The company also appointed its courier service supplier, Valid Express, due to its commitment to the creation of equal opportunities and financial independence for the physically challenged by exclusively employing chronically ill and disabled people.

In Aviva Canada, a supplier in Southern Ontario was selected for its responsible "wet cleaning" for restoring damaged garments for its property claims customers. The process cleans with 100% biodegradable ingredients, rather

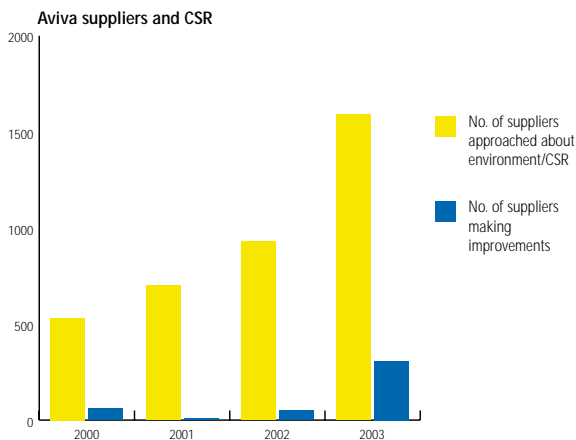
than the toxic solvents used in dry cleaning. Also, in choosing its preferred collision repair partners, Aviva Canada expects the repair shop to provide a facility that is environmentally safe, healthy, free of hazards and compliant with all provincial codes, municipal by-laws and environmental regulations (including hazardous waste materials).

Commercial Union Hayat, our life assurer in Turkey, seeks its contracted security and catering suppliers to provide details of CSR related areas covering labour work conditions, social security and health checks. In 2004 CU Hayat will look to include questions on environmental performance.

Since January 2003, Aviva France has ensured that new suppliers receive a questionnaire concerning the eight CSR elements, whilst existing suppliers are also sent a copy.

In 2003, Aviva Australia began discussions with their suppliers on managing CSR performance; suppliers contacted included Canon (paper suppliers), Craftsmen Press (contracted printers) and Spotless Catering Service (in-house canteen/bistro suppliers). In one instance, Spotless Cleaning Service won the contract due, in part, to the company's environmental policies and healthy food options.

In Portugal, Eurovida continues to seek good human rights practice and evidence of quality certificates when selecting paper and technology suppliers.



The sale of Fairtrade products is supported by the Aviva head office, Hibernian and Morley Fund Management. Also, in a survey carried out by NUCS in the UK, 78% of staff advised they would like to see Fairtrade products in the canteens. As a result, our catering supplier for Norwich Union in the UK is now providing Fairtrade tea, coffee and chocolate bars for a trial period. A review will follow in May 2004.



In the UK, Norwich Union Insurance played a significant role in lobbying for the change in legal services resulting in the implementation of fixed fees to help reduce compensation settlement times from an average of 18 months to just 12 weeks for people who have suffered injury. It has also encouraged its major carpet supplier to take part in the internationally recognised "Rug Mark" which is working to end child labour and offer educational opportunities to children in India, Nepal and Pakistan.



HELP CHANGE A SMALL PART OF THE WORLD.

Aviva USA and NUCS work with their suppliers to ensure they responsibly dispose of computer hardware at the end of its life cycle. Aviva USA also work closely with the building managers to ensure that, as tenants, they participate in recycling schemes and encourage healthy menu options to be made available for staff in the cafeteria.

Supporting good supplier payment methods

Our businesses are also committed to supporting responsible supplier payment processes.

Generally, our typical payment terms around the group are 28 days from date of invoice, however our businesses often have average payment days of half this standard.

In Hibernian, a consolidated invoicing process with suppliers of personal computers and IT servers helps to minimise the number of invoices being handled, whilst the group property and procurement team sets up direct debits where possible and also combines multiple orders into one payment to increase efficiency and reduce waste.

The NUCS accounts payable team, which handles all supplier invoices for the major UK subsidiaries, is working to reduce the number of invoices paid outside the terms of contract. At the end of the fourth quarter 2003, this figure stood at 58% of which 70% were paid by BACS, an electronic funds transfer system; a 20% improvement on last year. A further 15% of invoices are paid between one and seven days outside of the terms of contract. The system has been improved so that the payment terms agreed at the tender stage can be linked with the efficient payment of invoices from our suppliers. Where no contract exists, the group standard of 28 days is used.

In Norwich Union Insurance, total debt has fallen some 70% on 2002 figures. Average days to pay invoices from receipt of invoice to cheque generation are 13. Norwich Union Insurance currently has 60 suppliers using the supplier e-payment system, processing some 20,000 invoices a month (expanding to 40,000 by year end 2004).

Aviva Hungary has reduced the number of people authorised to approve payment of incoming invoices, thereby almost reducing to nil the number of invoices being processed by the finance department after the due date.

In Aviva Spain, efforts are being made to reduce the number of payment days on the basis of discounts achieved for early payment.

Commercial Union Hayat complies with the agreed contract terms, which on average is 15 days after receipt of invoice. CU Hayat is one of the few companies to support such responsible payment practices since normal practice in Turkey is often to delay payment as long as possible.

Community

Key progress achieved during the year:

- Over £4.6 million donated to various worldwide community initiatives
- Increased staff involvement

Our worldwide businesses are committed to supporting and working in partnership with the communities in which we operate. Business units manage and develop community programmes locally, whilst the group sponsorship and community investment policy aims to provide guidance and direction on the types of activities businesses should and should not be involved in. Annually, we report to the main board on total spend by the business and the types of activities we support worldwide.

We calculate our support in line with Business in the Community's PerCent Standard, which not only seeks to calculate cash support given by a company, but also that of staff time, gifts in kind and management costs. In 2003, Aviva was awarded the PerCent standard 1% certificate in recognition of our support during 2002.



In most instances, businesses have a committee in place to manage their local community programmes, however, for some of our smaller operations, responsibility for community investment is usually that of the local CEO.

In the UK, a charities committee, together with Norwich Union's community sponsorship team, co-ordinates the community programme for UK businesses. In France an Aviva Foundation manages the business's support for children and the elderly, whilst Delta Lloyd has a donations committee which is responsible for co-ordinating support for a broad range of charities. Aviva Australia's Guiding Star committee co-ordinates support for their six chosen charities.

Supporting our communities in 2003 and beyond

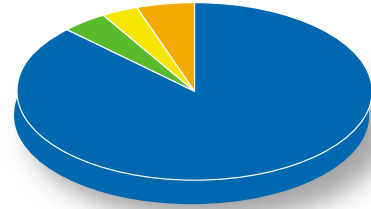
Our support worldwide varies from business to business, ranging from youth education and development schemes to crime prevention initiatives, in line with our business values.

In the larger businesses, it is often common practice to build focused partnerships with one or two key charities, and therefore support fewer ad hoc initiatives. For example, in 2003, Norwich Union in the UK entered a five-year partnership with NCH, the children's charity to help support, educate and build confidence in the UK's most vulnerable young people. In the USA and Canada, our Aviva businesses continue their longstanding partnerships with the United Way campaign; a charity supporting a broad range of charitable causes. In 2003, Aviva India focused their support on two key charities, the Asharan Hope Foundation, a children's orphanage and St Josephs old age home.

Most Aviva businesses support key charities not only financially, but also through staff volunteering and donations of gifts, such as IT equipment; furniture; company branded materials and in the UK, the use of office space free of charge.

Overleaf are further examples of the types of support given by the group worldwide, both financially and through staff involvement.

Cash	£4,110,000
Gifts in kind	£181,000
Staff time	£168,000
Management time	£236,500



Health and welfare

Delta Lloyd continues its long-standing support for Stichting Sterrekind, a foundation dedicated to the well-being of children spending long periods in care institutions. In 2003, Delta Lloyd's support for Simavi, a development aid organisation, helped to carry out water projects in India and other countries.



Commercial Union Polska helps to raise health awareness through its support for the prophylactic medical examination programme, which enables medical staff to visit rural communities and smaller towns in Poland that otherwise do not have access to specialist help.

Aviva Malaysia, together with the Malaysian Foundation for Community Studies and Development, supported the Orang Asli (indigenous people) rural development programme, which aimed to help the local community develop sustainable livelihoods and improve their standard of living.



Aviva staff help build the multi-purpose hall for the Orang Asli community in Malaysia.

Youth education and development

As part of Norwich Union's sponsorship of UK Athletics, £4 million is devoted to the development of the sport at grassroots level. Norwich Union also launched the "Do The Right Thing Campaign", aimed at creating more opportunities for children to do more sport, whilst tackling the major issue of children's obesity. The business continues to remain one of the main sponsors of Music for Youth, the national charity that promotes music teaching and performance among young people.

Commercial Union Polska supports the "Stay with us" scholarship programme, aimed at providing scholarships for talented young scholars to develop their passion for further research and education at Polish universities.

Commercial Union Hayat supported the Society Volunteers Foundation by providing ten year-long scholarships for university students, whilst also donating funds to the Turkish Foundation for Education to help support their educational activities in underdeveloped parts of Turkey.

Our businesses worldwide also support youth development by donating old computers to children's charities, orphanages and elementary schools.



Our partnership with children's charity NCH in the UK provides opportunities for staff teambuilding whilst making a difference to the community, including this garden makeover at King's Lynn, Norfolk.

Crime prevention

Norwich Union in the UK works with Crime Concern in helping to reduce crime in the community. In 2003 the Norwich Union Neighbourhood Apprenticeship scheme, which seeks to train local residents in high crime areas on community safety, development and project management, was piloted in three cities in the UK. Norwich Union is looking to extend this initiative in 2004 by piloting a Youth Apprenticeship scheme whereby young adults would work with local youths under the age of 16 to help find solutions to local problems of youth crime.

In The Netherlands, Delta Lloyd supports the Rhythm and Blues project dedicated to helping young offenders rehabilitate themselves into mainstream society under police supervision.

Aviva Canada continues to support the Neighbourhood Watch programme. In 2003, it provided technical and financial resource to develop a national Neighbourhood Watch website providing educational materials to increase public awareness on crime prevention in the community.

Staff involvement

Our staff are encouraged to support charitable causes through various initiatives, for example, staff volunteering, mentoring, payroll giving and fundraising initiatives, which the company fund-matches.

In 2003, some 11,500 hours were donated through staff volunteering across our businesses. We expect this figure to be higher next year due to both an increase in staff volunteering opportunities around the group and improved data gathering on such activities.

Aviva Australia and Morley Fund Management launched staff volunteering programmes in 2003 enabling employees to take paid leave to participate in volunteering initiatives. Commercial Union Polska has also set up a staff community volunteering scheme, which the company supports by matching volunteers with organisations and providing training.

In Ireland, 20 Hibernian staff volunteered at the 11th Special Olympics World Summer Games over a two week period. One member required 80 hours of training to carry out his specific volunteering role.

The Aviva head office in London has established a partnership with Black Business Brokerage, an organisation responsible for supplying volunteers to small, ethnic minority led businesses. Around 12 Aviva employees are currently participating in the mentoring scheme, providing specialist skills from tax and financial assistance to project management and business planning.

Our businesses in the UK, Ireland, USA, Canada and Australia offer payroll giving schemes, which enable employees to donate directly from their salary, before tax, to a charity of their choice. In one instance, Aviva USA fund-matches employee giving at a rate of 50 cents for every dollar donated by employees.

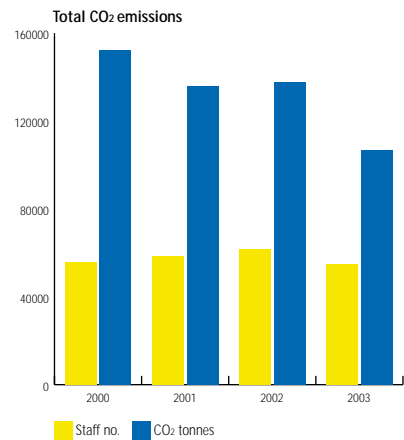


Matched funding is another opportunity for the company to support the efforts of employees. In the UK for instance, 25% of the £1.3 million charitable donations budget is aimed at staff matching. One of the UK business's key staff fundraising initiatives is the employees' chosen charity of the year. In 2003, Multiple Sclerosis Society was chosen and received a cheque for £200,000 thanks to staff fundraising and pound-for-pound matched support by the company.

Environment

Key progress achieved during the year:

- 22.3% reduction in total CO₂ emissions
- Significant increase in use of renewables-sourced electricity
- 33% decrease in paper usage
- Increase in waste recycling
- 20% reduction in total business mileage



The growing focus on the broader CSR programme has not diminished the close attention we continue to pay to our environment programme, which is now entering its seventh year. All of our businesses have further embedded environmental criteria into their activities and this year, particularly in our more mature businesses, we have registered some special successes, which are reflected in the environmental data presented in the graphs in this report.

This spurt of progress is the result of initiatives taken over the years and is a testimony to the fact that managed programmes need to be built and well entrenched before they can be expected to yield the sort of sound results that come from culture change.

All this has resulted in some businesses winning awards for their environmental efforts and Aviva as a group being given an AAA rating in the 2003 Ecovalue 21 report from Innovest, a US-based ratings agency.

This year we have displayed our key environmental data in the form of graphs. The Aviva consolidated environmental data picture and each of the sets of data from our business units can be viewed in the full CSR report on www.aviva.com/csr.

Property management

In 2003, NUCS managed the building of three new offices for the UK business at Monks Cross (York), Broadlands (Norwich) and Exeter. From the outset the premises were designed with efficiency in mind and feature sustainable materials such as wall cladding with timber from sustainable sources and aluminium which is recyclable, lighting controls (presence detection) along with low energy controls and lamps to reduce energy consumption. In Norwich, materials were sourced locally where possible to reduce transportation and the associated pollution. The building also features a naturally-lit atrium to ensure that the interior is light and airy. Also, energy costs are reduced through a displacement ventilation system utilising free cooling when outside temperatures are low enough (18-20 degrees Celsius). In Exeter, solar shading has been implemented to reduce the temperature increases caused by solar gain in the peak summer months and hence energy used to cool the building. Thermal glazing (insulated glass) was also introduced to reduce energy consumption. The building at Monks Cross in York achieved a "very good" BREEAM rating.

Restructuring of floor space in Aviva Australia's Sydney office helped to reduce unused floor space and enabled half the tenancy to be sub-leased.

Commercial Union Sigorta, the general business in Turkey, has also trialled presence sensor lighting in 2003 and will be rolling this out in 2004.

Energy and water use

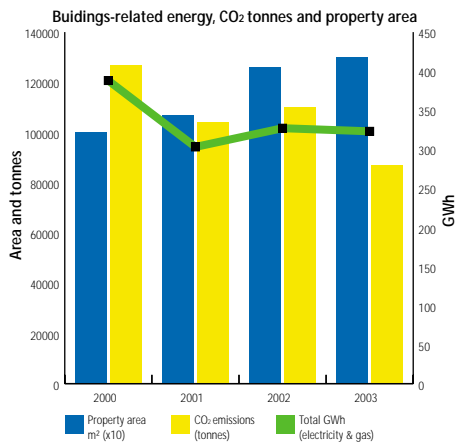
In October 2003, NUCS signed a two-year contract for fully renewable-sourced electricity with zero CO₂ emissions covering 86% of our electricity consumption within the NUCS managed property portfolio in the UK. This will result in an annual CO₂ emissions reduction of some 69%, equivalent to 32,000 CO₂ tonnes per annum based on the baseline figure of October 2001. Also, 40% of Hibernian's electricity is now generated from zero CO₂ emissions energy sources.

In Aviva France, a GTC (gestion techniques centralisées) system switches off all lights, heating, air-conditioning and ventilation at 8:30pm and during weekends.

All business units have instituted energy savings, including staff "switch off" campaigns being in place for 72% of the business, by staff numbers.

Aviva Australia continues to promote "computers off when not in use", a campaign which has been running since 2001. Audits have shown that the number of computers left on after-hours dropped from 30% to under 10% by December 2003. Efforts will continue to reduce this down to zero (excluding data gathering equipment). The business has also signed up to the Federal Government's Greenhouse Challenge.





In the UK in 2003, new IT projects were initiated to replace some 36,000 computers to rationalise and standardise the software used on a daily basis and deliver new and robust voice and data networks. Some environmental features of this exchange exercise are:

- all redundant IT equipment going to an IT equipment recycling supplier
- the provider of the new equipment taking back all packaging, and
- all the equipment being set to sleep mode after ten minutes inactivity to save energy.

In Turkey, both Commercial Union Sigorta and Commercial Union Hayat have instructed security guards to switch off lights when all staff members have left the office, to help reduce energy consumption.

Aviva USA has purchased a reverse osmosis water filtration system to reduce the consumption of bottled water. All employees have been provided with Aviva-branded water bottles, which have extra wide necks to ensure effective cleaning for good hygiene instead of employees re-using unhygienic plastic bottles. Morley Fund Management and Aviva's head office in London have also installed water bottling systems for re-using water bottles for meetings.



Paper use

Paper purchased has reduced dramatically over the year by 33% and reflects concentrated efforts around the group to cut down on paper use.

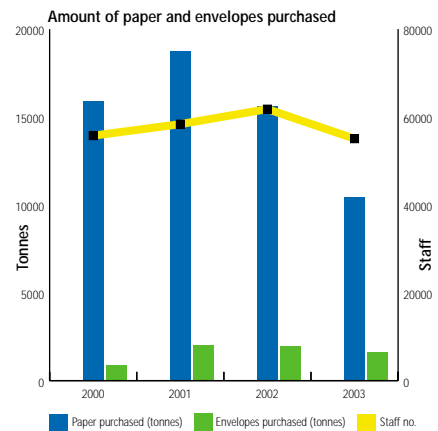
Aviva Canada has moved its monthly newsletter, *Grapevine*, online, eliminating monthly printing of some 3,000 colour copies.

Aviva France has installed a new fax server which has reduced the need for physical fax machines by half. This in turn has reduced the amount of paper being used in the machines by 2,000 sheets per day; the equivalent of 2.6 tonnes per year.

In Hibernian, all general insurance claims are now on the new e-claims system. In 2004 the rollout of imaging technology will help achieve a paperless claims management system.

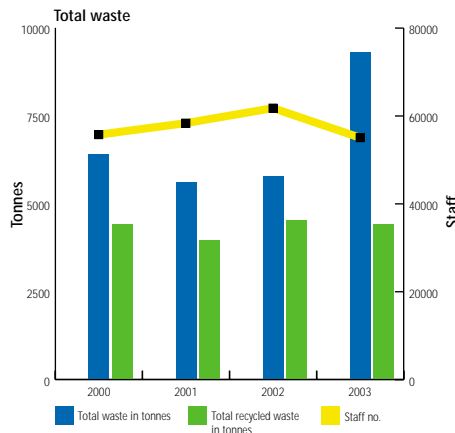
Aviva Spain has increased the consumption of recycled paper by 40%, whilst also continuing to promote double-sided printing to reduce paper consumption.

In Asia, our businesses reduced overall paper usage by 22% over the year. This is significantly due to stabilisation of operation to new Aviva name change in 2002. The Asian businesses also continue to introduce measures to help achieve its objective of a paperless office for example; setting up the Genlink business-to-business transaction system between Singapore, Malaysia, Hong Kong and Thailand; introducing e-forms and e-Leave systems in Malaysia and in Hong Kong, e-Performance; e-Medical Payment Advice; e-Bulletin and departmental websites have been established.

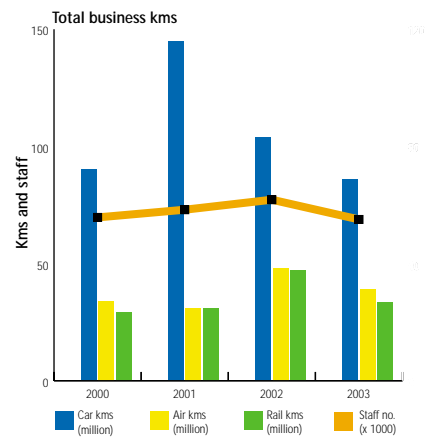


Commercial Union Polska implemented a number of further initiatives to help reduce paper consumption, including:

- expansion of electronic press monitoring service to all CU Polska staff and agents, providing them with up-to-date financial news at the click of a button.
- CLUB21, an internal publication for staff and agents, being made available electronically allowing cost, resource and time saving and making it a more efficient method of delivering company news and bringing CU Polska one step closer to becoming a "paperless office"
- the use of recycled paper for internal copying purposes.



NOTE Total waste data has increased this year as some businesses have reported waste streams which they have not been able to report on previously. This includes organic and IT waste.



Waste management

Morley Fund Management, together with PaperRound, launched paper and aluminium can recycling in 2003. Morley also disposed of approximately 100 desks through Green-Works, a not-for-profit social enterprise donating redundant office equipment to schools, charities, community groups and start-up businesses.



Aviva Hong Kong has been awarded a Wastewi\$e logo for its waste reduction activities. The scheme, run by the Hong Kong Special Administrative Region's environmental protection department, encourages the private sector to initiate waste reduction activities. During 2003, they donated 28 computers and associated equipment to the Hong Kong Youth Hostels Association.



Commercial Union Polska has implemented recycling of paper, aluminium cans, glass and organic materials throughout its head office.

In December 2003, Aviva head office won the Corporation of London's Gold award in recognition of excellent control of waste management. One of the recent recycling initiatives to help achieve the award was the installation of two wormeries. These worms will help reduce the amount of kitchen waste thrown out by caterers each day.

Also, Aviva head office donated second-hand equipment from ex-company flats to the Westminster Council Social Services in London.

Further rebranding to the Aviva name occurred in some of our businesses.

One example was Aviva Canada, which recycled materials with the CGU name and logo.

Further examples of good waste management practices in 2003:

- Aviva France arranged for the recycling of Abeille sales agency signs.
- A surprise waste audit was carried out in Aviva Canada which found that over 70% of head office staff were following the waste paper recycling protocols.
- Recycling of organic waste has been introduced into Aviva Australia. The waste is turned into organic fertilizer.
- Commercial Union Hayat in Turkey has implemented segregated bins for ease of recycling waste.
- Plastic cup recycling in the UK has been extended to more locations. By April 2004, a further 25 sites will have full recycling facilities for paper, cardboard, plastic cups, glass, cans, toner cartridges, mobile phones and IT equipment.

Travel and transport

Total business mileage for Aviva businesses worldwide has decreased by 20%, whilst car mileage around the group has decreased by 17.8% over the year.

In the first quarter of 2003, Morley Fund Management upgraded its videoconference facilities to encourage employees to avoid unnecessary travel. Morley also encouraged employees to consider more environmentally responsible modes of travel to work, for example cycling, by providing more cycle storage racks and improved shower and changing facilities. Police briefings were also held on personal safety, including safe cycling tips.

Our businesses in Australia and the UK have implemented initiatives to help promote responsible travel. In Australia, Aviva teamed up with RACV to initiate a carpooling scheme for staff. An internal registry is provided by RACV for staff wishing to travel to/from work in a car-pool scheme. In the UK, NUCS created an intranet-based staff car share scheme which can be used by staff for regular journeys into work or one off business trips to other offices. Green travel plans have also been introduced in respect of the new buildings.

Although overall air travel has reduced over the year, some businesses have reported an increase in air travel in 2003. This is due to the development of new business opportunities in India and China, which should reduce again as these businesses become further established.

Helping to promote CSR leadership

An important element of the Aviva CSR programme consists of playing our part in helping to promote better understanding of the practice of CSR and its relevance to corporate performance.

Aviva's chairman gave a major speech on CSR (viewable at www.aviva.com/csr) in Gothenburg in October 2003, whilst opening a new study centre on CSR.

The group chief executive, who is currently chairman of the Association of British Insurers (ABI), spoke in February 2004 at an ABI event for analysts on the subject of "CSR and the Bottom line", together with the chief executive of BT and the chairman of WH Smith. The ABI will follow that event with a project bringing together financial and CSR directors and mainstream and SRI analysts to develop tools to factor CSR performance into company assessments.

Norwich Union Insurance has endowed a chair this year at INSEAD in Leadership and Responsibility. This will help promote thought leadership in CSR as well as provide a resource for the development of our senior management.

The director of CSR was invited to address the CEOs of over 100 French companies at the Elysee Palace in October at an inaugural meeting of the French Global Compact signatories. Aviva has also played a part in a European Commission funded multi-stakeholder project to develop a view on the future of CSR reporting within Europe. We have also been invited to participate in two further projects, one on human rights and the other on CSR management and terminology. Such involvements not only permit us to express our opinions, but also to benefit from the views of others in productive debate.



Celebrating the launch of the Aviva Chair from left: Gabriel Hawawini, Dean of INSEAD; Henri-Claude de Bettignies, The Aviva Chaired Professor in Leadership and Responsibility and Patrick Snowball, Group Executive Director, Aviva General Insurance.

CSR issues for the financial sector and Aviva's response

Managing structural change

Considerable attention has been paid to the so-called practice of "offshoring". Relocation, outsourcing and other forms of industrial change have been a factor of industrial life for centuries. While business drivers, such as quality of service and cost containment, should alone determine where a business is located, the management of any resultant change is a matter of acute CSR significance.

The European Commission's Managing Change Report gives close guidance on how such structural change should be managed. It also sets out how one should report on such change.

We have followed this guidance closely in the recent movement of some operational activities to India, taking great care to look after the career interests of the UK staff involved. We have taken account of opportunities for local redeployment or relocation across our UK businesses, and have offered support for re-skilling and life-long learning. In 2003, 4,500 UK staff vacancies were created through natural staff turnover. In respect of the 1,200 operational roles created in India last year, there were 21 compulsory redundancies in the UK.

In India, we have also been rigorous in our selection of local partners with reputations as good corporate citizens. We work only with those who have transparent policies on recruitment, progression and procurement, and who have a demonstrable track record in gender equality and a total absence of religious discrimination. Our partners

have strong CSR policies, which are fully in alignment with those of Aviva.

The main driver for such structural change in a business must be improved service to our customers and we therefore monitor satisfaction levels very closely. We are pleased to note that, despite the relative infancy of our overseas call centres, our monthly checks already reveal excellent progress. At the same time as this investment overseas, it should not be overlooked that we have also invested in new centres in the UK, including the UK's first ever purpose built call centre in Norwich.

Promoting financial capability

Whether a financial product is mis-bought or mis-sold, the negative impact on consumer trust in the industry and the reputation of individual organisations is the same. Aviva, like any other financial services provider, must therefore do its utmost to ensure that its contribution to the equation is above reproach, by being thoroughly open and transparent about its products and services.

Our business reports from around the world show just how seriously this subject is being taken. This applies not only in the UK, but also overseas, particularly in some of the newer markets, such as those in Eastern Europe. There, and in Turkey, where we are the only provider to operate a compliance team, we believe that our striving for the highest standards of transparency will secure both our good name and our long-term sustainability as well as protect the interests of our customers.

There is also a need for greater financial education and, in the UK, Norwich Union has undertaken an array of initiatives, including the following:

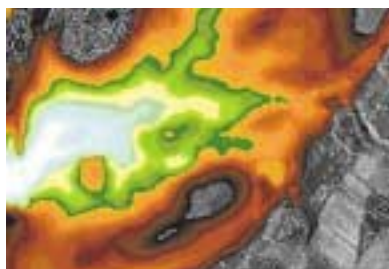
- Norwich Union has been an enthusiastic participant in the "Raising Standards" initiative. It was also one of the first firms to be awarded the "Raising Standard" quality mark in October 2001 and successfully renewed its accreditation in March 2003. This important voluntary initiative promotes greater transparency and better communications with customers and seeks to restore public confidence in the financial services industry.
- Following its activity in equity release, it has co-sponsored a website to promote the merits of responsible and inexpensive borrowing and lending. This is part of the government's strategy to build a low-cost, safe borrowing culture that is good for individuals, good for business and therefore good for the country as a whole.
- Norwich Union is working with the Citizenship Foundation on a number of initiatives to support the Citizenship curriculum within schools. The Citizenship Foundation is an independent charity working to promote more effective citizenship through education about the law, democracy and society.
- The company has also provided funding to develop comprehensive secondary school material for teachers and pupils for the Citizenship syllabus and is sponsoring the National Youth Parliament competition.

Climate change

2003 witnessed one of the five warmest years on record. Extreme warm temperatures persisted across continental Europe and numerous reports indicated evidence of accelerated melting of the Arctic and Antarctic ice sheets. Potential species extinction and coral bleaching are gaining increasing prominence. Newspaper headlines expound that, "Climate change over the next 20 years could result in a global catastrophe costing millions of lives in wars and natural disasters", and yet, "Global warming will plunge Britain into new ice age 'within decades'". What does it all mean and how do we at Aviva approach this vital topic?

Climate change plays an integral part in our suite of businesses, across fund management, life business and general insurance. Thermal climatic conditions are among the environmental factors that have the strongest impact on personal well-being and health. The intensification of weather extremes and the resulting increase in loss potentials present new challenges, not least for insurers. Our reinsurance business aims to mitigate the potential losses that may result from extreme natural perils. In the UK, Norwich Union Insurance is currently rolling out the well publicised Digital Flood Mapping model that will enable us to implement improved risk selection, risk rating and pricing, and provide appropriate insurance to those people who would ordinarily be refused cover.

Recent studies performed at the UK Hadley Centre have highlighted the importance of the contribution of greenhouse gases to climatic change. Despite the issues surrounding the ratification of the Kyoto Protocol our pioneering efforts in reducing CO₂ emissions is a great illustration of Aviva's concerted efforts to benefit the global environment.



Norwich Union's digital elevation model overlain on top of an orthorectified radar image of the ground surface. The darker, brown colours represent the higher land.

The value of partnerships

At Aviva, we believe in the value of building and maintaining long-standing partnerships with leading organisations committed to developing and shaping the CSR agenda.

Aviva is a signatory to the United Nations Global Compact. Many of the challenges, which CSR seeks to address are of global complexity and can only be effectively addressed at that level. The United Nations enjoys unparalleled convening authority and, as the personal initiative of the Secretary-General, the Global Compact presents the best means of addressing CSR challenges at an international level.

Aviva chairs the forum of UK signatories to the Global Compact and is committed to doing its best to ensure that the Global Compact successfully reaches its full potential.



One of our key external involvements has been the FORGE group of insurers and banks, which we chair and which has been a source of mutual help for its members since its inception in 1998. With widespread stakeholder involvement, it has produced guidance on the management and reporting of, firstly, the environment and, secondly, CSR. It is now engaged on its third project, which is to generate reliable CSR key performance indicators for the financial sector and to produce guidance on practices, which will enhance public trust.

Our allegiance to the United Nations Environment Programme Finance Initiative continues. We remain enthusiastic members of the asset management and climate change working groups, as well as of the newly formed sustainability management and reporting forum.

We are proud of our associations with Business in the Environment and Business in the Community, both of which have been great sources of help in defining Aviva's course in respect of both the environment and CSR generally. Our involvement with BTCV continues to offer a welcome route for staff engagement, whilst that with Earthwatch provides us both with another route to express our interest in climate change through the award we sponsor and with opportunities for best practice exchange within CERG (its corporate grouping).

Our membership of the Institute of Business Ethics (IBE) helps keep us abreast of latest thinking on the subject and we used the services of the IBE in the redraft of our standards of business conduct policy.

Our partnership with WWF has been of special value to us over the years, providing us with insightful perspectives on a range of matters, on the environment and beyond.

Both WWF-UK and Amnesty International Business Group remain key members of the Aviva CSR review group and we regard their input as a vital contribution to the annual review of Aviva's CSR programme and policy review.

Comment from our partners

We have invited some of our long-standing partners to share their views on the value of partnership with Aviva.



Aviva was recognised in the Business in the Community Corporate Responsibility Index 2003, as being one of the Top 100 Companies that Count. Which begs the question – what are they doing right? They seem to do three things really well. Firstly, they have successfully translated corporate values and commitments into mainstream management practice. They are able to measure and report how this actually works in practice and they can demonstrate that they are taking action to maximise the positive attributes of what they offer.

Let me work through these in turn. Translating values into mainstream management practice is a major challenge for all companies. Aviva's success in this seems to be driven in equal measure by example from the top management team and by wholesale adoption of codes and principles that set the tone of responsible business behaviour. Aviva's ongoing challenge will be to maintain the high standards they have set.

From my unique outsider perspective of Aviva, I see a company that has spent the past year working hard to consolidate internal data collection and management. This should enhance the quality of reporting and ensure the company continues to make progress in its journey for greater accountability and transparency.

During the past year Norwich Union in the UK has unveiled a really innovative business solution – they have commissioned a digital map of Britain to identify and understand flood patterns across the country. Not only will this create a more accurate way to look at the risk of flooding – it should also mean that customers will, in time, enjoy more appropriate

insurance premiums related to the specific risk of flooding. This solution ties corporate responsibility and environment and marketplace firmly together. It is this kind of thinking, which goes to the heart of responsible business practice because it goes to the heart of core business and illustrates why Aviva is a "Company that Counts".

Patrick Mallon
Director
Benchmarking and Reporting
Business in the Community



WWF has been on a journey with Aviva since 1999, when the Business Education Unit first started to work on corporate sustainability issues and share ideas and experience with partners in the private sector. It is a two-way relationship which enriches both parties. WWF values the opportunity to give strategic input to Aviva through its group CSR team, and Aviva's director of CSR provides invaluable advice and wise counsel through WWF's Programmes Committee. This has included sharing experiences of establishing strong and effective monitoring and evaluation systems, an issue with which both corporates and NGOs must wrestle.

During 2002, Aviva has continued to be an active participant in the Sustainability Action Network – the business-to-business learning forum convened by WWF. The launch in January 2004 of the second WWF publication on the business case for CSR, "To Whose Profit? (ii): Evolution – Building Sustainable Corporate Strategy", has been a success in no small measure due to the key contributions of Aviva within the development and research stages of the document. To date there have been over 1,100 downloads and 400 requests for hard copies. The report identifies opportunities for creating value and competitive advantage, and draws upon a series of action research workshops which involved six blue chip companies, as well as input from a range of recognised experts in

organisational change, corporate strategy development and financial valuation.

WWF is now undertaking a root and branch review of its programmes of work with business and industry. Aviva's ongoing support and advice is important during the review and has helped us to maintain momentum. A recent meeting of CSR managers across various businesses, convened for us by Aviva, has given invaluable feedback and insight into the potential for WWF to add value in this area in the next few years.

Andrew Lee
Director of Campaigns
WWF



Earthwatch is an international environmental organisation that engages people worldwide in scientific field research and education to promote the understanding and action necessary for a sustainable environment. Aviva has been a member of Earthwatch's Corporate Environmental Responsibility Group since 1997, reflecting a long-term commitment and support to Earthwatch and the environment. This has allowed an extremely valuable partnership to develop, in which Aviva has been able to inform and guide Earthwatch's work with the private sector, as well as play an important role in its seminars and other events. It has also allowed Earthwatch to better understand Aviva's own contribution towards achieving a sustainable environment for all.

Aviva continues to sponsor the Aviva/Earthwatch Award for Climate Change Research, which recognises and raises awareness of the fact that climate change represents perhaps the most critical threat to biodiversity, as well as to human livelihoods and a healthy and sustainable future for the planet. It also represents one of the most significant environmental risks facing the global insurance sector and is therefore a key issue for Aviva. The award is presented each year to climate change related research being carried out by one of Earthwatch's leading scientists in the field.

David Hillyard
Director of Programme
Development
Earthwatch Institute (Europe)



Financial support by Aviva for BTCV's UK and overseas conservation holiday programme ensures that BTCV can publish a visually appealing and informative publication to recruit our 4,000 volunteers.

In recent years the relationship with Aviva has broadened. Annually, around 40 Aviva staff participate in conservation holidays and BTCV has benefited from advice from Aviva on health and safety issues.

In 2004, we will explore working together in Eastern European countries where business and environmental issues combine.

There is a greater understanding today that environmental improvements are closely linked with economic, cultural and social issues. Working with Aviva heightens BTCV's profile and reputation, particularly within the business community, a key area of support for BTCV's charitable aims.

Tom Flood
Chief Executive
BTCV

How others view Aviva's CSR performance

For the second consecutive year, Innovest, a US-based ratings agency, ranked Aviva first for CSR performance among the world's leading insurers. We also received Innovest's AAA rating in the Ecovalue 21 report.



Aviva continues to be the only UK insurer in both the Dow Jones Sustainability World and STOXX indexes and we are a member of the FTSE4Good index series.



In 2004 we have been ranked top of our sector and overall 5th in Business in the Community's CR Index results. We continue to be included in Business in the Environment's Index of Corporate Environmental Engagement and this year were placed 1st in our sector and 29th overall.

In October 2003, Aviva was awarded Business in the Community's PerCent Standard certificate in recognition of our community investment worldwide for the previous year.

Assurance

Aviva has changed its assurance practice and provider and is now committed to annual external assurance. The assurance process has evolved and for the first time this year covers the entire CSR summary report. It is accompanied by local CEO sign-off of each business report and of a statement that the CSR policy is being implemented locally and that implementation will be developed in the coming year.

Independent review statement

To the management of Aviva plc

We have been asked to review Aviva's "Corporate Social Responsibility (CSR) Report 2004 – a summary" (the Report) in accordance with the scope of work described below. Aviva management has prepared the Report and are responsible for the collection and presentation of information within it. Our responsibility in performing our work is to Aviva management in accordance with the terms agreed, we do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation.

Our scope of work

We have undertaken a series of activities to review the progress made in CSR during 2003 in order to provide a basis on which to challenge the Report's content. We have completed the following activities:

- Interviewed key management and functional staff identified as having group responsibilities for the CSR programme.
- Interviewed nominated CSR managers from five Aviva businesses to understand the processes for managing and reporting progress on CSR within those businesses.
- Reviewed a selection of group CSR documentation such as: Board reports on CSR, minutes of the CSR review group and CSR steering group meetings, and guidance documents on CSR reporting.
- Reviewed the CSR progress reports received from each of the Aviva businesses covering CSR activities in 2003.
- Tested that data in the Report has been correctly transposed from internal reporting processes.

Our conclusions

Based on the scope of work described above, we conclude that:

- The examples used in the Report to illustrate CSR progress within the Aviva businesses have been drawn from the CSR progress reports submitted by each business.
- The data in the Report has been correctly transposed from internal reporting processes.
- The Report's content is consistent with evidence obtained during the course of our work.



Ernst & Young LLP
London, 26th March 2004

Our businesses

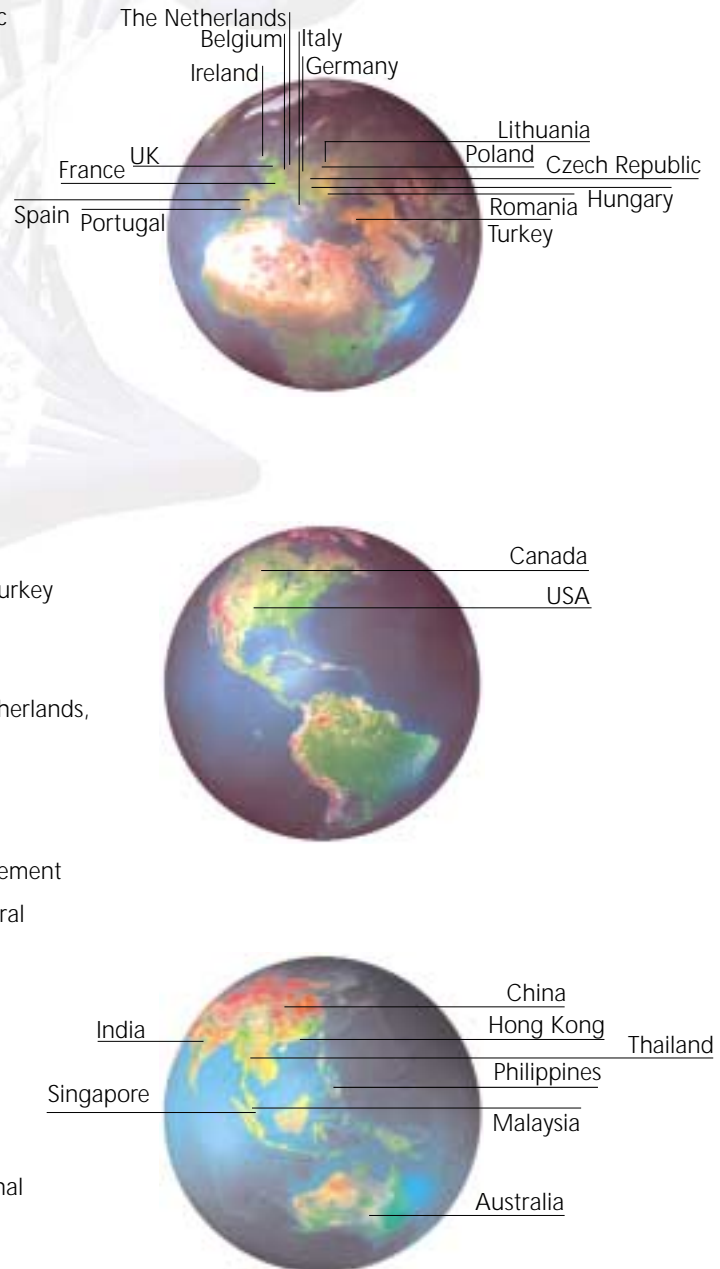
The Aviva CSR report is compiled from reports and contributions from our businesses around the world. Primary contributors are:

Stephen Teo and local representatives	Aviva Asia
Simon Morgan and Robert Gill	Aviva Australia
Ron Savoie	Aviva Canada
Charles Anderson	Aviva COFCO, China
Austin Kimm	Aviva Czech Republic
Hervé Poreaux	Aviva France
Julian Wilford and Richard Skelding	Aviva Head Office
Laszlo Szabo	Aviva Hungary
Vivek Khanna	Aviva India
Riccardo Marrosu	Aviva Italy
Raluca Badulescu	Aviva Romania
Jorge Martinez	Aviva Spain
Tom Hart	Aviva USA
Andrzej Gladysz	Commercial Union Polska
Renata Stancikaite	Commercial Union Lithuania
Nihal Turkdonmez	Commercial Union Hayat ve Emeklilik, Turkey
Eda Kalayci	Commercial Union Sigorta, Turkey
David Brilleslijper	Delta Lloyd, The Netherlands, Belgium, Germany
Bruno Cavalinhos	Eurovida, Portugal
Lionel Hogan	Hibernian, Ireland
Jane Tebbey	Morley Fund Management
Jane Willetts and Joe Coyne	Norwich Union Central Services
Nick Pierson	Norwich Union Insurance
David Czerwinski, Andrew Morgan and Emma Bugg	Norwich Union Life

Other significant contributors are:

Paul Lumbis	Aviva Life International
Stephen Pain	Group Corporate Affairs, Aviva
Hilary Oliver	Group HR, Aviva
Vinay Mistry	Group Re-Insurance, Aviva
Tammie Crockford	Group Strategy and Development, Aviva
Phil Reeves	Purchasing, Norwich Union Central Services

And our partner organisations and auditors.



If you have any comments or queries about this corporate social responsibility report, please contact:

Anthony Sampson

Director of CSR

Aviva plc

St Helen's

1 Undershaft

London EC3P 3DQ

United Kingdom

Telephone +44(0)20 7662 2245

Fax +44(0)20 7662 7263

anthony.sampson@aviva.com

www.aviva.com/csr

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