

# MAKING THINGS BETTER TOGETHER

CORPORATE RESPONSIBILITY REPORT 2013

MAKING THINGS  
BETTER TOGETHER





# A YEAR OF ACTION

**£1.86m<sup>®</sup>** (2012: £1.6m)

## CORPORATE DONATIONS

In addition to corporate donations our employees gave 7,986 of volunteering hours and raised £344,473<sup>®</sup> for causes close to their hearts.

SEE PAGE 12 FOR MORE ON THIS STORY

**274,000**

Motorists given safety warnings through billboards on five of Moscow's most dangerous roads, thanks to INTOUCH's Responsible Driving Movement.

SEE PAGE 9 FOR MORE ON THIS STORY

**693,600**

## NUMBER OF PEOPLE WARNED ABOUT SEVERE STORMS IN CANADA

The Alberta floods were the costliest Canadian natural catastrophe on record while the European windstorms St Jude and Xaver prompted claims of £36m and £33m respectively.

SEE PAGE 13 FOR MORE ON THIS STORY

**245,100<sup>®</sup>**

Free reflectors, high-visibility vests, belts and back-pack covers were purchased and handed out in Estonia, Russia, Lithuania, Scandinavia and the UK as part of action to prevent road crash injuries and fatalities – especially in countries where the nights are long.

SEE PAGE 8 FOR MORE ON THIS STORY

## MORE THAN DRIVE

Using telematics technology we developed our own app which assesses driving skills and rewards safe drivers through discounted premiums with MORE THAN.

SEE PAGE 10 FOR MORE ON THIS STORY

**900+**

## TOYS DONATED FOR CHARITY

Employees across the Group organised Toy Appeals in December. Toys were donated to help support disadvantaged children and together we made sure hundreds of children had a present to open this year.

SEE PAGE 15 FOR MORE ON THIS STORY

**TOP 10%**

## FOR ENERGY EFFICIENCY

Having reduced our UK carbon emissions by over 13% since 2010 we now rank in the top 10% of companies in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme league table.

Group total GHG emissions in 2013 were 62,656<sup>®</sup>.

SEE PAGE 19 FOR MORE ON THIS STORY

**25,000+**

## VIEWS OF OUR EXCHANGING PLACES VIDEO

A joint venture with London Metropolitan Police to help address cycle road-safety in London.

SEE PAGE 10 FOR MORE ON THIS STORY

# THIS IS RSA

One of the world's leading multinational insurance groups, we have been protecting people's homes and businesses for over 300 years. We operate in over 30 countries and write business in more than 140. We provide insurance and protection for our customers' needs, from their homes, cars and pets to businesses, wind farms and ships. More than 23,000 people work for RSA, serving almost 19 million customers worldwide.

RSA Insurance Group plc is a member of the Association of British Insurers and the Pan-European Insurance Forum. We endorse the principles of the UN Global Compact and are committed to the tenets of the UN Declaration of Human Rights and the International Labour Organisation core standards. We participate in a wide range of social and environmental initiatives with many partners around the world.

## WHERE ARE OUR CUSTOMERS?

We have a strong diversified portfolio in developed and emerging markets.

Scandinavia	<b>2.5m<sup>1</sup></b>
Canada	<b>1.2m<sup>1</sup></b>
United Kingdom and Western Europe	<b>7.5m<sup>2</sup></b>
Emerging Markets	<b>7.6m<sup>2</sup></b>

## WHO ARE OUR CUSTOMERS?

We provide insurance for individuals and businesses, protecting cars, property, pets, liability, marine and personal accident risks.

### PERSONAL CUSTOMERS

(2012 £4.3bn)

**£4.5bn (52%)**

### COMMERCIAL AND SPECIALTY CUSTOMERS


(2012 £4.1bn)

**£4.2bn (48%)**

<sup>1</sup> Estimated number of unique customers, 2013

<sup>2</sup> Estimated number of policies in force, 2013

We make a difference by protecting people and businesses against the risks they face in their daily lives. We give confidence to innovate and invest for the future and we provide restitution when the worst does happen. We also support our customers, employees and communities around the world, promoting a safer, more sustainable future for all. We are building on the progress we have made to date and are taking our approach to the next level. This year we launched a new five-year strategy: **Making things better together.**

This report covers our corporate responsibility activities for the year to 31 December 2013 and sets out our vision and goals for the future. Our key performance indicators that have been independently assured by PricewaterhouseCoopers are indicated by the  symbol.

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For more information on our corporate responsibility activities visit:

[www.rsagroup.com/rsagroup/en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)

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# MAKING THINGS BETTER TOGETHER: THE JOURNEY STARTS HERE

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**FINDING ANSWERS TO GLOBAL CHALLENGES SUCH AS MORE FREQUENT AND SEVERE WEATHER EVENTS, THE NEED FOR A LOW-CARBON ECONOMY AND THE ISSUES FACING OUR COMMUNITIES TODAY WILL NOT BE EASY. THE DEMAND FOR COLLABORATION AND SMART IDEAS HAS NEVER BEEN GREATER**



At RSA we are determined to be responsible in how we operate as well as ambitious for our business.

Our social purpose is to help our customers manage some of the risks they face, provide restitution when the worst happens and give people confidence in these respects to live their lives. How we do this is rightly part of how we are judged.

#### **OUR APPROACH**

We have a good track record but we are not complacent. By being honest, diligent and accountable we will best serve our customers and their communities, attract and retain a diverse, talented workforce and build a better business for the future.

By partnering with external organisations we contribute towards a wider purpose. We are signatories to the UN Global Compact and are committed to integrating into our business the principles of the UN Declaration of Human Rights and the International Labour Organisation core labour standards. We are members of the ClimateWise initiative and are also active in the UN Environment Programme Finance Initiative as founding signatories to the Principles for Sustainable Insurance.

There is also much that we do internally, drawing on the strengths of our people to ensure we are making things better together. In 2013, we undertook a strategic review of our corporate responsibility (CR) activities to ensure they remained relevant to us and to those who depend on us. Our aim was to focus our attention on the areas most connected to our business and where we can have the greatest positive impact.

There are three themes for our new CR strategy: 'Safe, Secure World'; 'Thriving Communities'; and 'Sustainable Future'. These themes are underpinned by our 'Responsible Business' activities, such as our high-risk countries underwriting policy, our diversity strategy and our customer commitment. The development of the strategy involved senior leadership and the views of people from across our Group to ensure wide engagement. The themes have clear targets we are all working towards.

### SAFE, SECURE WORLD

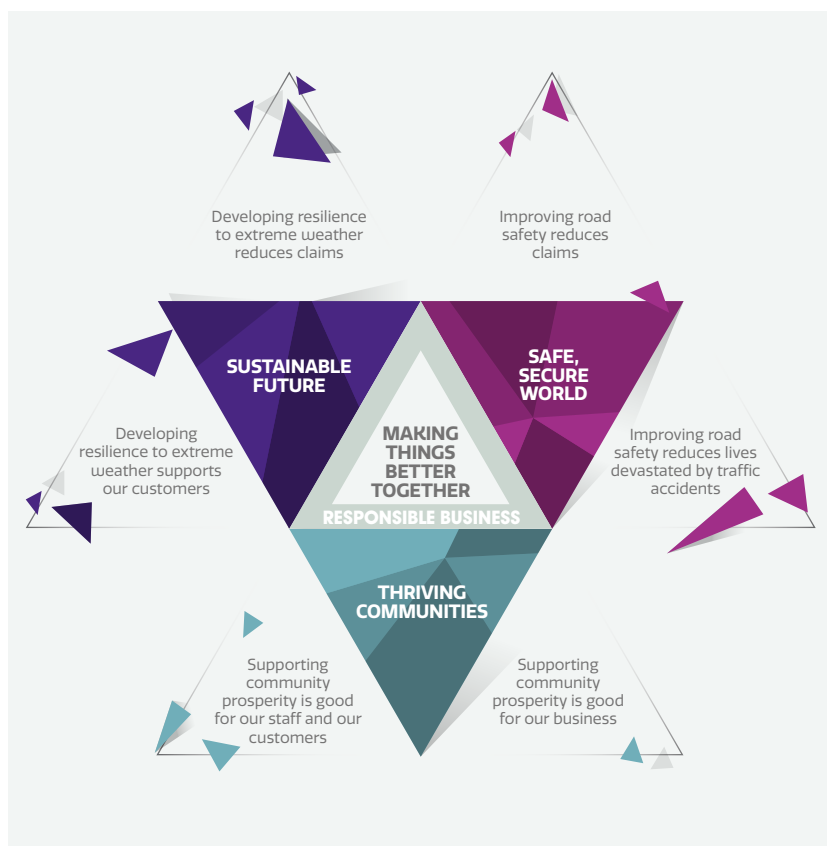
We are helping create a safe, secure world by doing more to tackle the issue of road safety. As a leading international motor insurer, we understand the terrible impact of the one million deaths and 50 million injuries which happen each year on the world's roads. So, in the next five years we aim to give practical advice through road-safety campaigns in all of our core countries and provide incentives, technology and advice to our policy holders which will support safer driving.

### THRIVING COMMUNITIES

We are supporting thriving communities because they are good for people, local economies and for our business. We are passionate about good causes and charities which are close to our hearts and gave £1.86m in 2013 as well as almost 8,000 hours of employee time. But there is more we can do for lasting social benefit. So by 2018 we are looking for new ways to create positive impacts where we do business. This includes raising the aspirations of young people, championing the next generation of entrepreneurs and empowering our people to double the amount of time volunteered and funds raised for charity.

### SUSTAINABLE FUTURE

We are focused on building a sustainable future because of the impact extreme weather can have on our customers. This year alone we have responded to devastating floods in Canada and the UK and the windstorms which battered Northern Europe as well as the many other smaller incidents which were no less traumatic for those affected by them. We believe our low-carbon commitment will help secure a sustainable future and so by 2018 we will reduce our carbon footprint by 20% per employee and introduce a range of new initiatives to protect the environment and help our customers adapt to a changing world.



"WE ARE POSITIVE ABOUT THE FUTURE AND HOW WE CAN MAKE THINGS BETTER FOR OUR CUSTOMERS, STAFF AND THE COMMUNITIES IN WHICH WE OPERATE"

### RESPONSIBLE BUSINESS

By focusing our CR activity around these three themes and our commitment to responsible business, we are fulfilling our social purpose and providing a source of motivation and pride for our people. Many of them found the issues we faced as a business this year unsettling. Where the behaviour of some senior leaders has fallen short, as it did in our Irish operations, there are repercussions right across the Group. Although this incident was investigated and shown to have been down to the activities of a few individuals, we have taken action to make sure it can never happen again by promoting a culture of

honesty, reinforcing our whistleblowing policies through improved communications and other measures to make sure we behave in an exemplary manner at all times.

While 2013 was a challenging period for us, we are positive about the future and how we can make things better for our customers, staff and the communities in which we operate. That is why corporate responsibility is not just linked to our business strategy, it is a core part of it. We will be judged by our deeds, not our words, so this report sets out in detail exactly what we have done and what we will do to make things better together.

I believe in this agenda because a responsible business is a stronger business. Our new CR strategy is helping us achieve both.

Stephen Hester  
Group Chief Executive

# GLOBAL ISSUES

**THE WORLD FACES SOME DAUNTING CHALLENGES. THE POPULATION IS SET TO REACH NINE BILLION BY 2050. DEMAND FOR HOUSING, FOOD, FRESH WATER AND ENERGY WILL PUT GREATER PRESSURE ON FINITE RESOURCES. CLIMATE CHANGE IS LIKELY TO INCREASE THE RISKS SOCIETY FACES**

As a major company in the business of risk and protection, we have a responsibility – and a commercial need – to anticipate and respond to global trends.

Demographic change and new customer behaviours are creating opportunities for RSA. A rising middle class and greater demand for insurable assets such as cars and homes in faster-growing economies is one example.

Behind this, however, lie trends which will increase the risks facing our customers and communities.

Our annual material issues research sheds light on the social and environmental considerations most relevant to our business and stakeholders.

## 9bn PEOPLE BY 2050

### POPULATION GROWTH AND URBAN LIVING

#### Issue

By 2050, there will be two billion more people on the planet. About 70% of the world's population will live in cities.

#### Relevance

Greater demand for food, energy and water will present challenges in many countries, potentially causing political and social unrest and rising crime.

Rapid growth creates new and expanding markets, but unplanned urban expansion will put strain on social and physical infrastructure, creating greater vulnerability to natural catastrophes for millions.

Meanwhile, global traffic fatalities are expected to triple to 3.6 million by 2030, with the majority in towns and cities. The World Health Organisation predicts that by 2020 road accidents will be the third-biggest burden on global health systems – overtaking tuberculosis, HIV and cholera.

Safety and security and environmental resilience will be increasingly important issues.

## 50% DISTRUST FINANCIAL SERVICES

### RESPONSIBLE BUSINESS

#### Issue

Research by Edelman suggests only 50% of citizens trust financial service providers 'to do what is right'.\*

#### Relevance

In an age of instant connectivity, public trust can rapidly be lost. Corporate probity, supply chain integrity, value for money, product quality and customer service are essential ingredients in building and maintaining a good reputation.

\* Edelman Trust Barometer 2013  
<http://www.edelman.com/trust-downloads/global-results-2/>

## 73m YOUNG PEOPLE UNEMPLOYED IN THE WORLD TODAY

### INEQUALITY AND THE YOUTH DILEMMA *Issue*

Inequality is rising and there are 73 million young people out of work around the world. In some European countries more than 50% of 16 to 25 year-olds are long-term unemployed.

#### *Relevance*

In 2013, the World Economic Forum identified severe income disparity as the greatest risk to the world in the next 10 years. A skewed distribution of income harms the pace of sustainable growth and leads to poverty and financial exclusion.

Many developed countries are ageing but others are experiencing a 'youth bulge'. Nearly three billion people worldwide – almost half the global population – are aged under 25. While millions are excluded from work, business leaders remain concerned about a lack of skills and experience. Progress will depend on creating enough jobs to satisfy the new generation.

Education, skills development and enterprise creation will be vital issues.

## \$125bn 2013 COST OF NATURAL CATASTROPHE\*

### MORE FREQUENT EXTREME WEATHER *Issue*

Around the globe, the number of weather-related catastrophes and the associated economic losses have been increasing in recent decades. According to Swiss Re\*, total global losses have more than doubled as a proportion of GDP over the last 30 years.

#### *Relevance*

While it is currently not possible definitively and directly to link individual weather events to climate change or man-made global warming, we have to prepare for the likelihood of greater and more intense extreme weather.

\* Munich Re Topics Geo 2013  
[http://www.munichre.com/site/corporate/get/documents\\_E435413367/mr/assetpool.shared/Documents/0\\_Corporate%20Website/\\_Publications/302-08121\\_en.pdf](http://www.munichre.com/site/corporate/get/documents_E435413367/mr/assetpool.shared/Documents/0_Corporate%20Website/_Publications/302-08121_en.pdf)

\* Swiss Re Sigma (no 1/2014)  
[http://media.swissre.com/documents/sigma1\\_2014\\_en.pdf](http://media.swissre.com/documents/sigma1_2014_en.pdf)

## 80% MORE ENERGY NEEDED BY 2050

### CLIMATE CHANGE AND RESOURCE SCARCITY

#### *Issue*

By 2050, the world will need 80% more energy and 60% more food than it does today. By 2030, the global middle class is likely to top five billion, up from two billion in 2013. With the most up-to-date scientific analysis showing that increased atmospheric CO<sub>2</sub> concentrations are caused by human activity, burgeoning consumption will add to the challenges we face and put further pressure on finite natural resources.

#### *Relevance*

The impact of recent climate-related extremes such as heatwaves, droughts, floods, cyclones and wildfires reveals the significant vulnerability and exposure of some ecosystems and many human activities, according to the latest analysis from the Intergovernmental Panel on Climate Change (IPCC Working Group II Fifth Assessment Report (AR5)).

The development of an adequately adapted, resilient, lower carbon world will be essential in minimising the environmental, human and financial impacts from climate change.

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See how this global context has informed and shaped the development of our new strategy.

# WHAT MATTERS MOST TO RSA



## MATERIALITY MATTERS

Following the principles of 'inclusivity, materiality and responsiveness' set out in the AA1000 standards, every year we consult extensively with stakeholder groups that can influence or be affected by our business. These include customers, peers, suppliers and NGOs.

Collaboration with organisations and partners such as ClimateWise, the United Nations Environment Programme Finance

Initiative, Principles for Sustainable Insurance, Forum for the Future, World Wildlife Fund (WWF), Business in the Community, Maplecroft and the Sustainable Shipping Initiative adds to our analysis of social and environmental risks.

In addition, we commission research to collate the opinions of international analysts, investors, academics and other experts and we survey our employees to find out their views. The collective responses feed into our materiality matrix (see figure above) which helps match the direction of our CR strategy to the issues that matter most.

The result of our analysis is a fresh strategy: Making Things Better Together, which sets RSA on an ambitious five-year journey from 2014 to 2018.

New targets are framed within three areas of focus: Safe, Secure World; Thriving Communities; and Sustainable Future, underpinned by our Responsible Business activities. These capture the sustainability issues most relevant to our business and the areas where we believe we can make the most difference.



## SAFE, SECURE WORLD

Our products and services help make communities safer places to live, work and travel. Motor insurance is a substantial part of our business and we have a clear commercial interest in making the world's roads safer. The statistics are bleak, with more than a million people killed in traffic accidents each year and 50 million injured.

As well as the human tragedy there is an economic impact. Most countries lose between 1-3% of their Gross National Product and global road fatalities are forecast to triple by 2030. Road safety is an issue of concern for everyone at RSA.

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## THRIVING COMMUNITIES

Our customers and our business do well when they are part of prosperous communities.

Worldwide, youth unemployment has risen by more than four million since 2000. As SME businesses are the backbone of most economies, accounting for more than 50% of Gross Domestic Product and nearly two-thirds of employment, they are a sector which can help meet this challenge and therefore we want to see them grow.

We look to create positive social impact wherever we do business, encourage our employees to focus their community action on this and empower them to support the causes they feel passionate about.

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## SUSTAINABLE FUTURE

Globally we have seen more weather-related catastrophes in the last five years than in the previous thirty. Helping people, businesses and communities cope with future extreme weather such as floods, droughts and storms will be increasingly important to our business. We must continue to support practical solutions to help customers adapt to the challenges they face, with risks managed and mitigated wherever possible and restitution swift when claims are made.

As a business, we will limit our own environmental impacts, encourage suppliers to do the same and do all we can to support the transition to a low-carbon economy.

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## RESPONSIBLE BUSINESS

We are working hard to be responsible in every part of our business from product development and claims processes to the way we engage with customers, employees and suppliers. By being transparent in how we manage our operations we help build trust.

Researching and reporting on our customer-service performance is a core element of how we reward employees. Diversity and inclusion are at the heart of our business, building strong teams which challenge existing thinking.

We report on our risk-management strategy, the responsible approach we take to investment and ensure we have robust governance underpinning all our CR activity.

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# SAFE, SECURE WORLD

**THIS YEAR WE RAN 11<sup>®</sup> MAJOR ROAD-SAFETY CAMPAIGNS, PURCHASED AND HANDED OUT 245,100<sup>®</sup> HIGH-VISIBILITY JACKETS OR BELTS, USED INNOVATION AND SOCIAL MEDIA TO SPREAD SAFETY MESSAGES AND SAW MORE THAN 400 EMPLOYEE VOLUNTEERS BRING OUR ROAD-SAFETY WORK TO LIFE ON THE GROUND**

## ISSUES

- Every 25 seconds, someone in the world is killed on the roads.
- The five biggest road dangers are speeding, drink-driving and not using helmets, seat belts and child restraints.
- Half the world's road-traffic deaths are motorcyclists, pedestrians and cyclists.
- Road-traffic injuries are the leading cause of death for young people globally.
- More than three-quarters of road-traffic deaths are young males.
- 80% of people who die on the roads live in middle-income countries even though these countries only have half of the world's vehicles.

## RESPONSE

### Five-year vision

We work to protect millions of people around the world every day, helping them to live safer, more secure lives.

## ACTION

### Targets

By 2018, all countries in which RSA operates will be running at least one annual road-safety campaign.

### Key Performance Indicators

- Number of road-safety campaigns;
- Campaign reach (numbers of people);
- Amount of high visibility personal equipment distributed (where appropriate);
- Number of vulnerable road users reached (young/old pedestrians, cyclists).



Our products and services protect people from the risks they face on the way to and from home, school and work.

Personal and business motor insurance are among our largest product lines so we have a commercial as well as a human interest in making roads safer.

We encourage safer driving with discounts for drivers with a good record and run campaigns on road-safety awareness with the help of committed employees.

## SAY YES TO SAFE DRIVING

Road-safety billboards on some of Moscow's most dangerous roads were viewed by nearly 274,000 motorists, thanks to our Russian business INTOUCH's Responsible Driving Movement. In 2013, the 'Manifesto of the Movement' was signed by partner organisations, road-safety volunteers, employees and journalists – uniting a community of people who advocate safe driving. The movement launched its own website with more than 30,000 unique users a month. INTOUCH asked people to 'Say Yes' by uploading images of responsible driving actions. It then displayed a selection of over 600 contributions on two digital screens in the centre of Moscow.



**274,000**  
**MOTORISTS SAW ROAD-SAFETY WARNINGS ON FIVE OF MOSCOW'S MOST DANGEROUS STREETS, THANKS TO OUR RUSSIAN BUSINESS INTOUCH'S RESPONSIBLE DRIVING MOVEMENT**

## CAN YOU SEE ME NOW?

Long winter months in Scandinavia mean that millions travel to and from home, work and school in darkness. Visibility is therefore critical.

In October we again staged National Reflector Days in Sweden, Norway and Denmark. Working with the Children's Accident Prevention Foundation for a third year, Codan in Denmark launched a campaign video on TV, public transport and in busy areas. Volunteers handed out 107,000 reflectors and a night-time 'Reflector Run' attracted 500 participants in two cities. All Danes were then invited to upload photos on Facebook to share how they 'lit up' Denmark.

In Sweden, Trygg-Hansa sent 450,000 customers an e-newsletter about the day and made free reflectors available via its website. Volunteers delivered visibility education in more than 100 schools and purchased 85,000 reflective slap wraps to be distributed to the public. To keep the message alive, young 'reflector ambassadors' were recruited in several partner schools.



Meanwhile employees in Norway purchased and handed out 30,000 reflectors. In total 400 employee volunteers across Scandinavia participated in the visibility campaign.

Police joined in as volunteers along with customers and business partners.

**"CODAN HAS LIFTED THE NATIONAL REFLECTOR DAY CAMPAIGN TO A LEVEL THAT WE COULD NOT HAVE ACHIEVED BY OURSELVES OR WITH ANY OTHER PARTNER."**

**HENRIETTE MADSEN**  
 Head of Child Accident Prevention Foundation NGO Børneulykkesfonden

## TECHNOLOGY CAN REDUCE RECKLESSNESS

Accessing motor insurance can be hard for younger drivers as they suffer higher accident rates. In some markets, technology is making things easier. In the UK we work with insurer ingenie, which enables young drivers to qualify for lower premiums by fitting a telematics 'black box' in cars to analyse driving behaviour and offer tips for improvement. This year we developed our own mobile app – MORE TH>N Drive – which offers customers lower premiums if they drive safely. Similarly, our Russian brand test-launched a telemetric product linked to discounted premiums.

## HEALTHY EYES, SAFER ROADS

In partnership with the Optical Confederation and Brake, our Fit to Drive campaign in the UK focuses on the importance of regular eye tests. Making sure drivers meet the minimum standards set out by EU law will help cut an estimated 2,000 crashes a year.

This year we staged events at the Houses of Parliament and the Scottish Parliament with optometrists checking the eyesight of numerous Members of Parliament. We also set up a road-safety and eye health working group to bring together campaigners who want drivers to take greater responsibility for their vision. More than 500 of our employees had their eyes checked in a series of UK roadshows.

# 3,300

**DRIVERS WHO VOLUNTARILY TESTED THEIR KNOWLEDGE OF TRAFFIC REGULATIONS IN A NATIONAL DRIVER EXAM ORGANISED BY OUR LITHUANIAN BUSINESS**

## STAY CALM, STAY SAFE

As one of its three safe-driving initiatives this year, our Lithuanian business launched 'Zero Road Rage' in September. Backed by research revealing that 95% of drivers experience anger, fear or stress behind the wheel, the campaign is supported by the Ministry of Transport and the Lithuanian Road Administration. It kicked off with road signs on three highways where emotions are known to run high and will target young drivers in particular until 2015. Meanwhile, RSA-branded stress-relieving punch bags at five shopping malls in Estonia also drew attention to traffic rage. This was one element of an award-winning campaign to promote safer behaviour among the country's drivers and pedestrians. It won national recognition from the Estonian Road Administration Office.

## EXCHANGING PLACES

We joined forces with the London Metropolitan Police to launch a video showing cyclists and HGV drivers what the road is like from other users' perspectives. With 25,000 hits on YouTube so far, it was put together as part of the Metropolitan Police's 'Exchanging Places' programme which aims to tackle London's rising cycle-accident rate.







## NEW MEDIA, STRONGER MESSAGES

Email, texts, websites, Facebook and Twitter all helped our business deliver road-safety messages more effectively than ever and generate debate. In Brazil, we developed a series of regular email bulletins on issues such as speed and signage. Safe driving tips on Twitter in Argentina attracted 17,300 followers. RSA Ireland published web pages on winter and summer driving to highlight the precautions customers should take in hazardous conditions. Our businesses in Lithuania, Latvia and Poland ran National Driving Tests using social media. In Latvia, 25,000 customers assessed their driving skills online.

## 500 CUSTOMERS WHO ATTENDED POLAND'S TOP DRIVING SKILLS TRAINING CENTRE



## SPONSORING BRAKE'S NEXT STEPS

This year RSA agreed to sponsor Brake's 2014 launch of an international website ([roadsafetyweek.org](http://roadsafetyweek.org)). It will support the roll-out of Brake's highly impactful Road Safety Week to more countries around the world.

"ROAD ACCIDENTS ARE A MAJOR KILLER SO WE'RE SETTING TARGETS THAT WILL PLACE OUR BRANDS AT THE FOREFRONT OF ROAD-SAFETY ISSUES AROUND THE WORLD. THIS IS THE RIGHT THING TO DO."

**MIKE HOLLIDAY-WILLIAMS**  
Chief Executive, Scandinavia  
Safe, Secure World Focus Area Director



# THRIVING COMMUNITIES

**THIS YEAR WE CONTRIBUTED £1.86m<sup>®</sup> TO CHARITABLE CAUSES, INCLUDING DONATIONS MATCHING MONEY RAISED BY OUR EMPLOYEES. 7,986 VOLUNTEER HOURS SUPPORTED PEOPLE CHALLENGED BY ISSUES SUCH AS UNEMPLOYMENT OR LACK OF WORK SKILLS AS WE LAUNCHED SCHEMES TO BOOST YOUNG PEOPLE'S LIFE CHANCES AND ENCOURAGE SOCIAL ENTERPRISE**

## ISSUES

- Unemployment worldwide rose by 4 million to 194 million in 2013.
- Small businesses play a crucial role in economic growth. In the UK, small businesses accounted for 47% of private-sector employment and 33.1% of turnover.
- Young people were the worst affected, with nearly 13% of under-24s unemployed in 2013.
- Engaging staff through community investment programmes gives a range of benefits, including developing communication, leadership and problem-solving skills.

## RESPONSE

### Five-year vision

We empower our people to champion the issues that are close to their hearts, helping communities to thrive around the world.

## ACTION

### Target

Over the next five years we will double our annual community contribution. (Defined as the value of corporate donations, value of hours volunteered and funds raised for charity by our employees, based on a 2013 baseline.)

### Key Performance Indicators

- Amount of corporate donations;
- Number of volunteering opportunities/hours;
- Amount of employee funds raised for charity;
- Number of education and employability events supported by our people;
- Number of entrepreneurs supported by our people.



We are concentrating on a double challenge: high youth unemployment; and the need to develop the enterprise and entrepreneurship vital to economic growth. At the same time, we enable everyone to give to the good causes they feel passionate about and provide matched funds and time off for volunteering.

The humanitarian response to extreme weather this year brought to life the community spirit that exists across RSA.

## EMPLOYEES PULL TOGETHER FOR EMBATTLED ALBERTA



Flash floods in Alberta, Canada caused devastation in June, submerging thousands of homes and businesses. Our first priority was to warn local communities and prevent damage where possible. RSA Canada reached 693,600 people with alerts on local radio as the storms approached.

We then began helping affected customers, despite the Calgary office being evacuated for three days. The claims team worked from the claims director's home at makeshift desks while others worked remotely.

A \$100,000 corporate donation was made to the Canadian Red Cross and we matched donations made by our employees. Meanwhile, 31 staff volunteered for two days in High River, one of the most flood-ravaged regions, helping relief work by handing out supplies and supporting stricken families. In November, the Canadian Red Cross recognised our contribution to the largest emergency response in the country's history.

## TURNING TALENT INTO SOCIAL CHANGE



In line with our commercial strategic focus on the SME sector, we contribute to the economic development and the growth of social entrepreneurs and small businesses through our CR programme.

A social enterprise is a business that trades for a social purpose and aims to generate income by selling goods or services, rather than through grants and donations. A partnership with The School for Social Entrepreneurs (SSE) began this year. The charity's mission is to help entrepreneurs from all backgrounds turn their ideas into sustainable businesses that stimulate positive change in the community.

RSA is backing the SSE's learning programme, start-up scheme and student bursaries. Mentoring is a key ingredient. In 2013, we paired seven RSA executives in the UK with students who had taken part in an 'Apprentice'-style pitch.

Social entrepreneur Helen Cotton (left), who set up See Change Films, a not-for-profit venture that uses film to promote social change, was mentored by Matt Poll, director of MORE TH>N Home and Pet. Helen created our 'Exchanging Places' video (page 10).

[www.seechangefilms.com](http://www.seechangefilms.com)

## SME SUPPORT IN EMERGING MARKETS

This year staff in Argentina worked with the NGO Fundación Impulsar, whose mission is to help develop local SMEs. Al Ahlia in Oman supported a government drive to encourage SME growth, launching an indemnity product specifically for the sector. In the United Arab Emirates RSA supported recognition of the UAE SME sector through sponsorship of the Gulf Capital SMEinfo Awards.

## INSPIRING THE NEXT GENERATION

We already have a strong track record of partnering with charities and social enterprises to support young people and in 2013 we were delighted to launch a programme that will help raise the aspirations of young people in the UK. We entered a three-year partnership with the Dame Kelly Holmes Legacy Trust that works with disadvantaged young people to build their skills, employability and self-belief. At the centre of the scheme is the charity's Give Back Team, a group of elite athletes who use personal experience of life's highs and lows to act as role models.

Our partnership provides the Give Back Team access to the RSA 'Learning Zone', an online learning portal, and provides them with personal development and work experience as they too move into new careers and become mentors to young people.

Our support will help the charity reach more young people. So far, it has helped 104,000 get their lives on track and that figure will reach 200,000 by 2016. With a million young people not in work, education or training in the UK, we are encouraging employees to get involved in events and fundraising for the trust.

## YOUNG FUTURES IN THE MAKING

Financial literacy and entrepreneurship are the focus of partnerships with Junior Achievement in Ireland and Lithuania. This year seven volunteers delivered life skills training to 138 students in five local schools across Galway and Dublin. Primary school children discovered the simple principles of earning and saving via story books and stickers. Secondary students learned about local elections, tax and enterprise. Others gained practical skills on how best to apply for jobs. In Lithuania, staff welcomed students to their offices for a taste of the world of insurance.



Photo: RSA volunteers join Dame Kelly Holmes (fourth from left) to support young people.



## BEING BIG HEARTED

We keep a 'big hearted' culture alive by creating charity partnerships and programmes that everyone can get behind. During 2013 we also continued to help our employees with their fundraising and volunteering efforts to support the causes close to their hearts. Employees raised £344,473<sup>Ⓐ</sup> for charities this year and donated 7,986 volunteering hours.

# £344,473<sup>Ⓐ</sup>

EMPLOYEE FUNDRAISING

## TOYS TO MAKE CHILDREN SMILE

Colleagues across the globe helped 'make a child smile' at Christmas. In the UK, toys and books were donated to charities which support families or children in hospitals or hospices. Similar collections took place in Argentina, Brazil, Ireland, Mexico and Sweden.



# 7,986

VOLUNTEERING HOURS

# £1.86m<sup>Ⓐ</sup>

CORPORATE DONATIONS

"OUR EMPLOYEES ARE NATURALLY BIG HEARTED AND WE ENCOURAGE THAT. I'M CONFIDENT WE CAN DO EVEN MORE TO HELP OUR LOCAL COMMUNITIES, IMPROVE THE LIFE CHANCES OF YOUNG PEOPLE AND INSPIRE A NEW SENSE OF ENTREPRENEURIAL SPIRIT."

ADRIAN BROWN  
Chief Executive, UK and Western Europe  
Thriving Communities Focus Area Director



# SUSTAINABLE FUTURE

**THIS YEAR WE WORKED TO BUILD OUR UNDERSTANDING OF ENVIRONMENTAL RISKS AND ENCOURAGE LOW-CARBON GROWTH. WE USED SMS TO WARN MILLIONS ABOUT IMPENDING EXTREME WEATHER AND DEVELOPED NEW PROGRAMMES THAT WILL MAKE SUSTAINABILITY AND OUR RESOURCE-REDUCTION TARGETS RELEVANT TO EVERY EMPLOYEE**

## ISSUES

- Transition to a low-carbon economy requires us to develop products and services that promote energy efficiency and renewable power sources and help our customers do things differently.
- Growing environmental threats mean that companies must work ever closer with supply chains for sustainable solutions and smart ideas.
- Weather-related incidents in our markets cost £293m in claims, £52m above the five-year average for 2009-13.
- Our industry has a huge role to play and a commercial need in helping society plan for, prevent and mitigate future environmental risks.
- Accelerating greenhouse gas emissions could lead to a 3-6° increase in global warming.

## RESPONSE

### Five-year vision

We take action to support transition to an environmentally-sustainable world by helping our customers respond to changing risks and promoting new ways of working that save energy and resources and create less waste.

## ACTION

### Target

- By 2018, we will reduce our carbon emissions by 20% per employee.
- We will support our customers through the development of products and services that help them respond to changing environmental risks and opportunities.

### Key Performance Indicators

- Measurable reduction in carbon emissions per employee for:
  - Water, paper, energy use, business travel and waste production;
- Products or communication campaigns that support customers' response to environmental risks and opportunities.



The risks of extreme weather are of great concern to our business and stakeholders. In the UK alone, flooding between December 2013 and the end of February 2014 is predicted to cost insurers around £450m. Along with the year's fierce storms, the cost of extreme weather over this period is forecast to be £1.1 bn. We are working to get a better understanding of environmental risks and help our customers and wider society mitigate and adapt to them. At the same time, we have a duty as a major global business to limit our own impacts and support our employees, suppliers and customers to do the same.

## FLOOD COVER FOR ALL

In the year of the UK's wettest winter on record, our industry and the Government formally agreed the Flood Re scheme in June 2013. Flood Re scheme will replace the industry's existing Statement of Principles and make insurance available to around 500,000 UK households at risk of flooding. Led by the Association of British Insurers (ABI), this is a reinsurance scheme – financed by insurers – which will provide customers in high-flood-risk areas with affordable cover. The ABI set up a project board of industry CEOs to work out a path to implementation soon after the scheme was announced. Once the Water Bill 2013-14 gains Royal Assent and is made into an Act of Parliament, Flood Re will become an independent organisation and implementation of the scheme is likely to be set for summer 2015.

## WINDSTORM ST JUDE: HOW WE RESPONDED

One of two extreme storms to hit Europe in 2013, St Jude swept through Denmark in October, battering homes, businesses and the landscape. Twenty-four hours in advance, our Danish business sent SMS text alerts to 10,000 Danish customers and emailed a further 70,000. This action helped people secure their cars and premises and get to places of safety in time, creating a measurable reduction in small claims. Extra employees were deployed to man the phones, answering 83% of claims calls within 60 seconds. A survey revealed that 92% of the Danes who have signed up for text alerts use the service to prepare for the extreme weather.

# 92%

**CUSTOMERS WHO SAID TEXT ALERTS FROM OUR DANISH BUSINESS IN GENERAL HELP THEM PREPARE FOR EXTREME WEATHER SUCH AS THE STORMS IN OCTOBER AND DECEMBER 2013**

## EXTREME WEATHER, IMMEDIATE HELP

We make sure we have a practical presence in communities when major weather events hit. In the UK, our Emergency Response Vehicle is deployed in heavily-affected areas following floods. It provides a base for our loss adjusters and a place where people can drop in for help and advice. We contact Members of Parliament and provide them with information so that they can reassure their constituents and let them know that we are available locally to help people as quickly as possible. In many countries we flag up the danger of incoming freezing conditions, floods and storms using geo-mapping technology, websites, SMS texts and social media. We also support the research and development of resilient flood-prevention measures, including sustainable drainage systems.



"WE'LL ALL NEED TO WORK TOGETHER TO DELIVER OUR GOAL OF REDUCING ENVIRONMENTAL IMPACTS AND EVERYONE WITHIN THE ORGANISATION HAS A ROLE TO PLAY IN THAT. IT IS ALSO AN OPPORTUNITY FOR US TO WORK WITH OUR CUSTOMERS AND SUPPLIERS TO ACHIEVE SOMETHING GREAT. BY COMBINING OUR EFFORTS AND HELPING PEOPLE TO ADAPT TO ENVIRONMENTAL CHANGE WE CAN PREVENT LOSSES AND CLAIMS HAPPENING IN THE FIRST PLACE AND OFFER EVEN MORE PEACE OF MIND."

VANESSA EVANS

*RSA Group Human Resources Director  
Sustainable Future Focus Area Director*



## REDUCING IMPACTS IN THE SUPPLY CHAIN

We ask suppliers to encourage customers to retrofit energy efficient technologies and reuse building materials where feasible. Our UK Managed Home Claims initiative was recognised by the Carbon Trust for 'demonstrable carbon reductions' last year, for its use of rapid drying techniques in flood-affected areas. Similarly, our motor claims teams assess potential to increase the volume of recycled parts and reduce the number of total write-offs.

## CAMPAIGNING FOR A LOW-CARBON ECONOMY

RSA is underpinning the growth in renewable energy sources. We insure the manufacture of more than 25% of the world's wind turbines and cover around 80% of the world's offshore wind farms. With more than 30 years of experience in this sector, we also work with WWF and other environment groups to promote renewables as a critical part of the energy mix for a low-carbon future. RSA is an active member of Renewable UK and the European Wind Energy Association (EWEA). Along with many other businesses this year, we signed an EWEA pledge calling for more ambitious renewable-energy targets. We also worked in partnership with Vestas and Co-operative Energy to campaign for greater investor certainty in the UK renewables market.





## 2t CO<sub>2</sub>

**BY 2018 WE AIM TO REDUCE THE CARBON FOOTPRINT PER EMPLOYEE TO 2 TONNES CO<sub>2</sub>**  
(20% reduction from a baseline of 2013)

**WE OFFSET EQUIVALENT CARBON EMISSIONS FOR OUR UK, IRELAND AND GROUP HQ OPERATIONS IN RENEWABLE ENERGY PROJECTS IN CHINA, INDIA AND SOUTH AMERICA. THESE ARE CERTIFIED TO THE VOLUNTARY CARBON STANDARD**

**IN 2013, RSA WAS RANKED AS THE HIGHEST-PLACED GENERAL INSURER IN THE CRC ENERGY EFFICIENCY SCHEME LEAGUE TABLE AND WAS RANKED IN TOP 10% OF ALL COMPANIES**

**UK OPERATIONS ACCREDITED TO THE CARBON TRUST STANDARD FOR THE THIRD CONSECUTIVE TIME**

## KEY ENVIRONMENTAL DATA

	2013 <sup>®</sup>	2012	
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>®</sup>	Scope 1*	12,968	13,262
	Scope 2**	25,787	27,263
	Scope 3***	23,901	19,946+
	TOTAL	62,656	60,471
Energy consumption (MWh) <sup>®</sup>	114,325	107,283	
Water consumption (m <sup>3</sup> ) <sup>®</sup>	270,572	210,423	
Paper consumption (tonnes) <sup>®</sup>	1,920	2,107	
Waste production (tonnes) <sup>®</sup>	5,014	5,398	
Waste recycling (%) <sup>®</sup>	60	70	

\* All direct GHG emissions

\*\* Indirect GHG emissions from consumption of purchased electricity, heat or steam

\*\*\* Other indirect emissions

## ENVIRONMENTAL FOOTPRINT

We are committed to reducing our direct and indirect environmental impacts. The focus is on the 94% of our footprint that comes from business travel and energy use in our buildings.

### THE YEAR'S PROGRESS

Improved data capture meant that our 'Scope 3' emissions increased, in part causing gross tonnes of CO<sub>2</sub> equivalent to rise by 2,185 tonnes Group-wide. We remain on track to achieve our previous 2020 target for a 50% reduction in CO<sub>2</sub>(e) emissions (relative to the value of net written premiums from a 2006 baseline).

We are now focused on meeting our new 2014-18 target based on CO<sub>2</sub>(e) impacts per employee (baseline 2013). This will provide us with a stretching, meaningful carbon intensity target to work towards.

Improved measurement revealed some regional increases in energy and water use (see [www.rsagroup.com/rsagroup/en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)).

**ENERGY:** Ireland's Dundrum office remained powered by 100% renewable energy. In Chile, lights are turned off automatically when offices are unoccupied. Investment in building renovation in Lithuania cut energy use and reduced heating costs by £40,000.

**BUSINESS TRAVEL:** we continued to advocate use of video and teleconference facilities. In the UK we launched Green Drive: low CO<sub>2</sub> cars, insured by RSA, offered through the staff benefit scheme. The use of new data sources for recording flight travel for around 90% of the global business has improved emissions reporting, as did the inclusion of hotel stays in our data capture.

**WATER:** we know we have more to do to reduce water consumption and continue to integrate a range of water-saving initiatives. Our LEED silver-certified head office in Canada is forecast to reduce water use by 40% a year. In Mexico, the installation of water tanks provided harvested rainwater for the office's plants.

**WASTE:** having worked with a UK third-party contractor to improve the accuracy of our waste data in 2012, we reported a significant increase in the volume of waste last year. This year we saw a 7% decrease in waste generated across the Group.

**PAPER USE:** similar to initiatives across the Group, in Ireland the claims teams use electronic documents rather than paper where feasible and created a web repository of claims guidance. Electronic documents for both consumers and brokers continue our paper use reduction.

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# RESPONSIBLE BUSINESS

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**THIS YEAR WE TOOK STEPS TO INTEGRATE CORPORATE RESPONSIBILITY MORE DEEPLY INTO OUR DAILY BUSINESS AND STRENGTHENED THE GOVERNANCE OF OUR CR PROGRAMME. WE REFRESHED OUR APPROACH TO RESPONSIBLE MARKETING AND LAUNCHED AN INTERNATIONAL INITIATIVE TO INCREASE THE DIVERSITY OF OUR WORKFORCE**

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"OUR RESPONSIBILITY AS A BUSINESS STARTS WITH OUR PEOPLE. WE WANT A WORKFORCE THAT IS DIVERSE, MOTIVATED AND PROFESSIONAL, AND WHICH SHOWS THE LEADERSHIP NECESSARY TO MAKE OUR CR STRATEGY A SUCCESS. IT HAS TO REALLY MEAN SOMETHING TO OUR CUSTOMERS, THE COMMUNITIES WE SERVE AND THE ENVIRONMENTS WE OPERATE IN. TOGETHER, WE BELIEVE WE CAN MAKE A DIFFERENCE."

DEREK WALSH  
*Group General Counsel and Group  
Company Secretary, Chairman of  
the CR Steering Committee*

Financial services underpin economic and social development. They encourage enterprise and help people escape poverty. But research shows that only 50% of citizens trust financial service providers to do the right thing. We are responding to this challenge by doing more to build responsible relationships with customers, employees and suppliers.

## RESPONSIBLE CUSTOMER RELATIONS

Whatever the medium used to promote our products, we are committed to marketing them in a way that is fair, clear and not misleading. Regulatory compliance requirements are set out clearly throughout the business. This year we refreshed the governance process that ensures both new and existing products have customer needs and fairness at their heart.

When customers suffer loss, we aim to get their lives and businesses back on track as quickly as possible. In the UK, we have one of the largest internal loss-adjusting teams and take pride in supporting our customers when it matters most.

We use several research tools to gain customer feedback on the management of claims, including our Customer Satisfaction Measure and the Customer Voice. Results feed into our Net Promoter Score (NPS), the worldwide metric we use to measure customer satisfaction. In the UK we introduced an incentive scheme to reward great service instead of sales volumes. It is based on NPS results and the quality of individual employee calls. Call quality is assessed against regulatory, service and underwriting requirements.

## ACCESS TO INSURANCE

Barriers to insurance can be a significant factor in financial exclusion. Our stakeholder and material issues analysis highlights social inclusion as an area where we can contribute to equitable, sustainable development – particularly in developing countries.

Microinsurance provides risk cover to low-income households at low cost. It also builds household and community resilience to natural catastrophes.

In the UK we offer Tenant's Contents Insurance, a flexible home-contents policy for social-housing tenants. In Colombia and Mexico we provide products specifically for low-income households. In Oman this year, we supported a government initiative to support low-income groups such as taxi drivers. Royal Sundaram in India offers micro-enterprise and health cover to people.

We are a member of the Financial Inclusion Taskforce in the UK and the United Nations Environment Programme Finance Initiative's insurance working group. In 2013, we commissioned Forum for the Future to investigate best practice in microinsurance to determine what drives success commercially and as a force for social good.

## OUR CUSTOMER FOCUS

We help customers in 140 countries cope with events that cause loss, distress and disruption. Our CR activities therefore encourage safety at home, at work and on roads to reduce risks and claims (see Safe, Secure World and Sustainable Future).

The sustainability of our business relies on satisfying customer expectations consistently. We work hard to deliver experiences that inspire customers and brokers to seek out our products, renew policies and recommend us. Over the past five years we have achieved an average of 80% policy retention.

## CUSTOMER COMPLAINTS

On occasion we fail to meet customer expectations. We take all complaints seriously and a dedicated team ensures all complaints are handled fairly and promptly. The lessons learned help us improve our processes and tackle the root causes before problems arise.

The UK Financial Conduct Authority (FCA) requires us to publish complaints data for UK operations. In 2013, we received close to 15,000 complaints (2012: 16,000), equivalent to circa 0.2% of our customer base. Every six months the latest data is published at: [www.rsagroup.com/rsagroup/en/aboutus/commitments](http://www.rsagroup.com/rsagroup/en/aboutus/commitments)

In the second half of 2013, we upheld 56% of complaints and resolved 97% within the eight-week period specified by the FCA. UK customers still unhappy with the way a complaint is handled can refer to the Financial Ombudsman Service (FOS). In the last six months of the year, 484 cases were referred to the FOS and 32% were resolved in the customer's favour, compared to the general insurance industry average of 40%.

# 47%

## REPRESENTATION OF FEMALE EMPLOYEES ON THE EXECUTIVE DEVELOPMENT PROGRAMME

## DIVERSITY AND INCLUSION

We always undertake to appoint the best person for the job, promoting equal opportunities and a workplace that supports people from all walks of life.

Our policy is to make sure that recruitment, talent selection, development, reward, performance management and promotion are carried out solely on the grounds of merit.

In order to reflect the needs of our customers, facilitate innovation and collaboration and ensure we have the capabilities we need for the future, we believe that fostering a diverse workforce and inclusive culture are central to our long-term success. In 2013, we initiated a global Diversity and Inclusion programme, with a number of workstreams to develop further the diversity of our workforce.

The gender breakdown for the Group at 31 December 2013 was:

	Total	Female	Male
Group Board of Directors	10	2	8
Group Executive Committee	12	2	10
Top 100	87	20	67
Senior Management Group	926	259	667
Group Overall	23,330	12,132	11,198



## EMPLOYEE RELATIONSHIPS

Across the Group we place great emphasis on informing and involving employees with clear and regular communication about our strategy and any changes that affect them. We have formal and informal channels to support open dialogue such as our intranets and our 'Share' e-newsletter. We want everyone to feel able to have their say and stage regular webexes with senior leaders as well as local business conferences.

We enjoy constructive relations with recognised trade unions. A partnership with Unite covers collective bargaining on behalf of non-management employees; the Management Association (TMA) represents managerial staff; in Scandinavia we meet with national unions to negotiate changes that affect employees; there is a collective bargaining agreement with the Professional Employees Union in British Columbia, Canada; and our European Works Council consults once a year.

In 2013, 92% of employees responded to our annual employee engagement survey, run by Gallup. RSA again achieved an employee engagement score in the top 5% of Gallup's global database for companies of 1,000 employees or more. During the year, we were recognised as a great place to work in many of the markets where we operate.

# 92%

## RESPONSE TO OUR ANONYMOUS ANNUAL EMPLOYEE SURVEY CONDUCTED BY GALLUP



## BUSINESS ETHICS

What we do and say matters. We have a highly engaged workforce that demonstrates high standards of ethical conduct. The behaviour we expect of employees is spelt out in our People Expectations and everyone is obliged to comply with our code of business conduct, published on our intranets.

We run mandatory training on business ethics including anti-bribery and corruption and whistleblowing. For relevant people, modules cover insider information. Staff in roles that are especially high risk undergo advanced ABC training and may be subject to financial probity and criminal checks. A group-wide confidential whistleblowing policy is in place to encourage and enable employees to raise concerns about suspected wrongdoing or malpractice. This was refreshed in early 2014.

Periodic audits test our regional businesses against our Group ABC Compliance Policy.

## HEALTH, SAFETY AND WELLBEING

Our policies and procedures comply with regulations as a minimum. Beyond that, we offer colleagues a healthy workplace and support their wellbeing – principally through Occupational Health services.

Programmes vary from country to country. In 2013, we launched a Wellbeing Zone on the UK intranet. In Lithuania, we introduced blood tests and vaccinations for staff. In Poland 'Life Harmony' provides nutritional, personal training and general medical advice.

This year we saw a decrease in the number of reportable injuries (see table). The majority of injuries remain minor non-reportable incidents like cuts and strains.

Group	2013	2012
Reportable injuries	12	19
Minor non-reportable injuries	275	232
Accidents per 1,000 employees	12.1	10.6

# 2,000

ONLINE LEARNING RESOURCES AVAILABLE TO 23,000 STAFF

## TRAINING AND DEVELOPMENT

We build and maintain a culture of high performance, providing continuous development to help people gain the skills needed to do a great job. Everyone is encouraged to fulfil their individual and combined potential. Details are published in our 2013 Annual Report.

Alongside our award-winning leadership development programmes and a Fast-Track programme for emerging talent, we have Centres of Excellence and Academies to support specialist and technical expertise around the world. These cover marketing, eBusiness and technical training for underwriting, claims and actuarial staff.

In line with our diversity strategy, we aspire to have equal numbers of male and female participants on our leadership programmes. In 2013, the representation of females on the Executive Development Programme was 47%, up from 18% in 2012.

Learning Zone is our global online training hub. It offers 2,000 resources in 13 languages to 23,000 staff. In addition to mandatory modules, the zone offers courses ranging from the technical aspects of insurance to project management and communications.

## SUPPLIERS

Improving standards in our supply chain is a crucial part of responsible business. Our Responsible Procurement Principles are set out in contracts. We assess suppliers against these principles and work with them to address any weak spots, including human rights.

In 2013, a number of our businesses rolled out improved environmental and ethics-related contracts in their markets. In Scandinavia, a code of conduct was successfully applied to all supplier contracts.

We use our procurement power to influence and to galvanise suppliers behind our sustainability goals where possible. A significant proportion of this spending is handled by our claims teams. In the UK, we have piloted a new approach to domestic and commercial property claims management following a flood or fire, setting out the principles for sustainable claims in partnership with ClimateWise. Launched in 2013, it is now a core part of our CR strategy.

## INVESTMENT MANAGEMENT

The majority of our UK equity assets are managed by F&C Asset Management. F&C follows a policy of active communication on environmental, social and governance issues. This year it engaged 17 companies across the portfolio on issues ranging from climate change to labour standards. Analysis conducted with WWF to understand better how environmental issues can be incorporated into fixed-income investment decisions was again shared with our investment teams, following on from similar work in 2012.

## PUBLIC AFFAIRS

RSA engages with political opinion formers and policy makers throughout the entire course of the electoral cycle. This can be through proactive engagement when there are big events such as a major flood or through a regular contact programme with key stakeholders. We apply the principles of openness, transparency, honesty and integrity to all involvement with policy makers. The company adheres to the principles of best practice so that, to the best of our knowledge, the information we provide is unbiased, complete, up to date and not misleading. We do not make donations to any political parties.

## MANAGING RISKS

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

As part of our Group Risk Framework, our policies define our risk appetite in relation to social and environmental issues including human rights. Compliance is reviewed by the Group Executive Committee and Board. Analysis of social and environmental risks feed into our annual materiality assessment (see page 6).

Please see our Annual Report for more information on risk management, published at:

[www.rsagroup.com/rsagroup/en/investor-relations/reports/annual-report-2013](http://www.rsagroup.com/rsagroup/en/investor-relations/reports/annual-report-2013)

## CR GOVERNANCE AND MANAGEMENT

We established a more robust corporate responsibility governance structure, led by a CR Steering Committee of senior executives (established in late 2012). Members set the tone and direction of our strategy and ensure that leadership from the top filters down through the business and that CR plans are in line with the plans for the business more broadly. After reviewing stakeholder analysis and the material issues for our business this year, the committee agreed our new five-year strategy (see page 6). Ultimate responsibility for our CR policies rests

with the Group CEO (see [www.rsagroup.com/rsagroup/en/corporate-responsibility/responsible-business](http://www.rsagroup.com/rsagroup/en/corporate-responsibility/responsible-business), for our governance structure diagram).

Everyday responsibility for implementing strategy lies with the Director of External Communications, the Group CR team and a network of managers in our operating countries. Each country's CEO is held accountable for fully integrating CR into their operations, guided by the CR Steering Committee.

## HUMAN RIGHTS

Our policies commit RSA to protecting human rights and eliminating discrimination wherever we operate. Global developments are monitored constantly. We are signatories to the UN Global Compact and shape our operational and CR strategies to its 10 principles on human rights, labour, the environment and anti-corruption.

RSA does not underwrite business in countries where this would breach sanctions or where we identify a clear human rights risk unless the activity we insure has a humanitarian purpose. High-risk countries are graded via a number of criteria, including the socio-political status quo. We review our register at least twice yearly based on, for example, HM Treasury's and other relevant sanctions lists, our risk analysis and information from local managers. Each region reports human rights breaches quarterly, with none reported in 2013.



# HOW WE REPORT

## THIS REPORT DESCRIBES HOW WE APPROACH CR AND PRESENTS THE KEY DEVELOPMENTS IN 2013. IT CAN BE READ IN CONJUNCTION WITH OUR CR WEBSITE AND ANNUAL REPORT AND ACCOUNTS

### PARAMETERS

The 2013 RSA Insurance Group plc (RSA) CR reporting covers the 2013 calendar year. Our CR report is published in May for the Annual General Meeting.

### SCOPE

Our CR report covers our group structure, including Scandinavia, Canada, UK and Western Europe and Emerging Markets businesses. We report on the performance indicators that we have assessed as most material to our business and include progress towards the goals that form our CR strategy. Further information detailing our reporting criteria can be found on the RSA CR website.

We continue to review our Group structure and throughout 2014 will work towards ensuring new entities are incorporated within the scope of our reporting.

### ASSURANCE

RSA engages external assurers to make certain that data and claims within our reporting is fair and accurate.

PricewaterhouseCoopers (PwC) has issued a limited assurance report which includes selected community and environmental data. The assurance process was carried out in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial' and, in respect of the greenhouse gas emissions information, with reference to the International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements' (ISAE 3410), issued by the International Auditing and Assurance Standards Board. Within our CR report the  symbol indicates key data that has been externally assured. The Key Performance Indicators in our report have been prepared in accordance with our reporting criteria and can be found on the RSA CR website along with the PwC full assurance statement.

In addition to the external assurance provided by PwC, our environmental data is quality assured by Ecometrica, a Carbon Disclosure Project Gold partner specialist in environmental data accounting. Their report can be found on the RSA CR website.

### EXTERNAL INDICES

We provide regular information to the Carbon Disclosure Project, Dow Jones Sustainability Index, FTSE4Good Index and other organisations that assess the economic, environmental and social performance of companies.

We report in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Guidelines, which continue to provide a valuable framework for our CR reporting. Our full GRI Standard Disclosure Index for RSA's 2013 reporting, covering our printed and online CR report, additional content on the RSA CR website and Annual Report and Accounts 2013 is available on the RSA CR website.

RSA supports the UN Global Compact and its 10 principles covering human rights, labour, environment and anti-corruption.

For more information on our corporate responsibility activities visit:

[www.rsagroup.com/rsagroup/en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)

## AWARDS

In 2013, we were recognised as a great place to work in many of the markets in which we operate. Our CR programme was again recognised by a number of external bodies: we retained 'Platinum' status in Business in the Community's annual CR index; ranked as 'Prime' by Oekom; and were listed as a constituent of the FTSE4Good index.

### GROUP

Winner of the 2013 Gallup Global Workplace Award – presented to the world's most engaged and productive organisations

### UK

8th in The Sunday Times Top 25 Best Big Companies to Work for 2013

### CANADA

Awarded a Canadian Red Cross Plaque in recognition of our philanthropic contribution to the Alberta flooding disaster

### LITHUANIA

Best Employer 2013 in Lithuania, Aon Hewitt study

Best Employer 2013 in Central Eastern Europe among big companies

### POLAND

Link4 awarded first place for Best Employer 2013, Aon Hewitt study

Best Employer 2013 in Central Eastern Europe

### LATVIA

Sustainability Index – Silver status

### CHILE

9th Best Company to Work for in Chile

### HONG KONG

Granted Caring Company status for the 12th year by Hong Kong Council of Social Service

### DENMARK

CSR Strategy Prize – Denmark Corporate Responsibility Awards

Gold Stevie Award – Denmark 'Company of the year – Insurance' (awarded for our work on Corporate Responsibility)

### OMAN

Winner of the 2013 Insurance and Service Sector Award for Corporate Governance

Awarded the Best Performer in Corporate Governance Excellence across industries within Oman

### MEXICO

4th in financial sector Great Place to Work rankings – first in insurance

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## CONTACTS

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

Peter Collins, Group and UK Head of Corporate Responsibility:  
[peter.collins@gcc.rsagroup.com](mailto:peter.collins@gcc.rsagroup.com)

Natalie Tickle, Group and UK Charity and Communities Corporate Responsibility Manager:  
[natalie.tickle@uk.rsagroup.com](mailto:natalie.tickle@uk.rsagroup.com)

For general enquiries, please contact us at the following address:  
[corporate.responsibility@gcc.rsagroup.com](mailto:corporate.responsibility@gcc.rsagroup.com)

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

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## SOURCES

Please see our CR website for sources of information.

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