



UNEP Finance Initiative



RSA's response to the UN Principles for Sustainable Insurance June 2015

RSA is one of the world's leading multinational insurance groups, we have been protecting people's homes and businesses for over 300 years. We have major operations in the UK, Scandinavia, Canada, Ireland, Asia and the Middle East, Latin America and Central and Eastern Europe and the capability to write business in around 140 countries.

Focusing on general insurance, we have around 19,000 employees and, in 2014, our net written premiums were £7.5 billion. Personal customers account for 54% of net written premiums and Commercial and Specialty Customers account for the remaining 46%. Personal motor and household insurance account for 45% of all product lines.

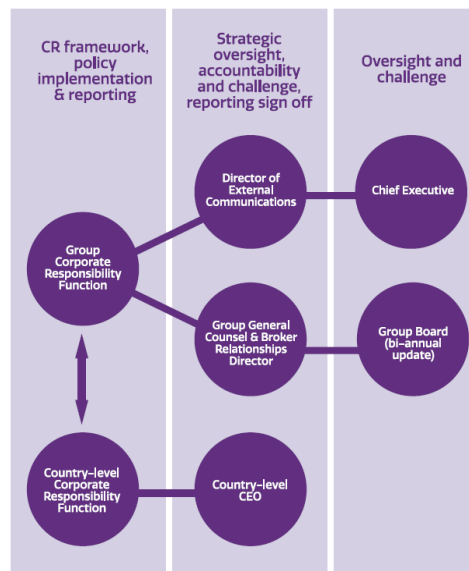
RSA Insurance Group is a founding signatory to the United Nations Principles for Sustainable Insurance (UN PSI), a global sustainability framework and initiative of the UN Environment Program Finance Initiative. We are committed to integrating these Principles into our business operations. The response below constitutes our commitment to demonstrating accountability and transparency through regular public disclosure of our progress in implementing the Principles over the 2014 calendar year, in line with Principle 4.

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Since the launch of our new Corporate Responsibility (CR) strategy in 2013, we have had 2 years of activity to support our priority themes; Safe, Secure World, Thriving Communities, Sustainable Future and Responsible Business. Despite 2014 being an important year for RSA with the implementation of a new Business Plan changing the shape of the Group in many ways; progress against our CR strategy has been good. We are on track to achieve 3 of the 4 CR targets.

In 2014, we changed our CR governance structure to reflect a shift from building our strategy to implementation and improvement. The updated structure takes into account a number of senior personnel changes (see diagram below). Country level senior management now has oversight of policy and strategy implementation within each region, supported by local CR Representatives. Regional activities are coordinated by the Group CR Function, which reports into the Group Executive. The Group Executive has oversight of the overarching policy and monitors progress against targets.

Our CR policies (<http://corporateresponsibility.rsagroup.com/downloads>) are designed to manage the operational, regulatory, and legal and reputation risks that we are exposed to, and help embed and implement the CR strategy framework. There are three key CR policies that apply across all countries of operation. These are the Environmental Policy, the Community & Charity Policy and the Human Rights Policy. Each of these policies is fully integrated into our wider corporate risk policy framework and, as such, form part of our corporate governance and risk management system framework.



Our CR governance structure

ESG and other risks are also considered as part of RSA Group's Risk Management which is overseen by the Board Risk Committee. RSA is fully committed to the effective integration of environmental and social considerations within its operations and interactions with stakeholders and fully embed and comply with all Corporate and Social Responsibility policies.

Environmental change and responses to it as well as social change are identified as an emerging risk. RSA defines emerging risks as conditions, situations or trends that could impact RSA's financial strength, competitive position or reputation within a defined future timescale and for which probability and impact are in the process of being understood and quantified. Emerging risks are kept under regular review and assessed as to their impact on our strategy.

Information about the Board Risk Committee who oversee emerging risks is detailed on pages 73 – 74 of RSA Annual Report and Accounts 2014 (<http://www.rsagroup.com/rsagroup/en/investor-relations/reports?year=2015#.VW1tBWfbly8>).

Information about our CR Governance can be found on our Overview factsheet (http://corporateresponsibility.rsagroup.com/sites/default/files/overview_factsheet_2014_0.pdf).

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

We take corporate responsibility issues in our supply chain seriously; it underpins our brands and our regulatory compliance. It is a mandated part of our Group Third Party Contracts Policy, and is integral to our other Group Policies.

Supplier codes of conduct are created on a country-by-country basis, and supplier and risk reduction processes mirror this approach. The policies are therefore tailored to meet a country's particular situation and needs. In the UK, we run a central Strategic Sourcing and Supplier Relationship Management (SRM) function. Strategic Sourcing are responsible for selecting, negotiating and



contracting with suppliers, whereas the SRM function provide a governance structure, tools, advice and guidance to the business to apply SRM. When procuring goods and products, Strategic Sourcing are responsible for ensuring that we get the best service at the right price from suppliers. If appropriate, products and services are procured locally.

The SRM function then manages the suppliers going forward. Various tools (e.g. Supply Chain Conduct Risk Checklist, Corporate Responsibility Questionnaire) are used to continually assess the performance of the suppliers and to identify any reputation risks or opportunities such as swapping to local suppliers. With higher risk areas, we look for evidence of high environmental standards as supplier selection criteria and then look to maintain through the engagement. Our critical areas are in Claims, e.g. Motor Repairs and Property - restoration and recovery, building work etc. Within these high risk areas, we would consider fair trade products where available.

All material risk and value suppliers in the UK are managed by the SRM function and are contracted under very strong terms and conditions that meet the requirements of RSA's Human Right Policy (http://corporateresponsibility.rsagroup.com/sites/default/files/group_human_rights_policy_statement_0.pdf). Adherence to the policy throughout the lifetime of the contract is managed by SRM Managers with any risks/issues being tracked, managed and escalated using the Risk and Issue Log. The SRM Managers report quarterly performance using a Supplier Performance Management Tool (SPMT), which is analysed, challenged and consolidated for reporting to the Risk Committees by the SRM Programme.

More information on how we work with suppliers, customers and our employees can be found on our Responsible Business Factsheet (http://corporateresponsibility.rsagroup.com/sites/default/files/responsible_business_factsheet_2014_1.pdf).

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

We work together with a number of external partners, including Forum for the Future, ClimateWise, CBI's Energy and Climate Change Committee, ABI's Climate Change Working Group and partner with several social enterprises and charities.

Through these organisations, we contribute to research around emerging environmental and social risks and opportunities and where possible disseminate the results to the relevant business areas. We endeavour to incorporate recommendations from research into our operations, products and services. For example, a survey of our Danish customers revealed that 3 out of 4 private customers expect us to focus on extreme weather inspired us to develop a free SMS alert in case of extreme weather. An alert that 92% of the receivers have used to prepare for extreme weather.

Our public affairs strategy is a combination of reactive and proactive engagement. In the UK, we work across departments, such as the Treasury and DEFRA. We engage with officials, government departments, partners and MPs throughout the election cycle on issues that are most relevant to RSA. We do so in an open and transparent way, ensuring our advice and information is unbiased and accurate. In 2014, we focused on three topics in particular – flooding, driver safety, and how to reduce the cost of insurance claims.



For more information about how we work with governments and key stakeholders, visit our Responsible Business Factsheet (http://corporateresponsibility.rsagroup.com/sites/default/files/responsible_business_factsheet_2014_1.pdf).

Principle 4 - We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

RSA has been actively monitoring and publicly reporting on progress on its management of ESG issues annually since 2008. All previous reports can be downloaded from our CR webpages at <http://corporateresponsibility.rsagroup.com/downloads>.

Our reporting has grown in scope of material issues and geographic coverage, also in the level of independent third party assurance of our work. We have responded to the DJSI, CDP investor surveys over the years and report against these principles and the ClimateWise Principles. We value the process of responding our Communication Of Progress as part of our membership of the Global Compact.

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