

Corporate Responsibility Reporting Criteria 2016

January 2017



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Introduction

This document outlines our approach to reporting on each of our Key Performance Indicators (KPIs) as disclosed in our Corporate Responsibility (CR) Report 2016.

General Principles

We report on those performance indicators that we have assessed as most material to our business through an assessment of both internal and external stakeholders. Please refer to the “Our Issues” section of the CR webpages.

We aim to collect data that is as accurate and complete as practically possible. Where this is not achievable, assumptions or estimations are made according to the Data estimation criteria.

Consistent boundaries and methodologies are used wherever possible to allow comparison over time and across different businesses.

Scope and boundaries

Organisational boundary

RSA Insurance Group plc (“RSA”) is a registered business in the UK with operations throughout the world. We report on our CR performance within a financial control boundary for all operations we have the ability to direct the financial and operating policies of with a view to gaining economic benefits from its activities. Within this boundary, we report on the performance of operations with 50 Full Time Equivalent (FTE) employees or more. A full list of the sites included within our organizational boundary can be found in Appendix 1.

Significant changes in the operational footprint of the business over the course of 2016 has seen a number of offices closed, as detailed below.

Country	FTE	Date of closure
Argentina	632	29/04/2016
Brazil	306	29/02/2016
Chile	450	29/04/2016
Colombia	180	31/03/2016
Mexico	371	31/05/2016
Uruguay	107	30/06/2016
Russia	226	29/01/2016

Table 1: List of offices that have closed in the reporting period

In order to take these changes into consideration, we report our CR data as follows:

Environmental Data: Where an operation (country or office) falls in scope and has been exited by sale or closure, environmental data will be included in the Group footprint up to the point of sale or closure.

Community data: Where an operation (country or office) falls in scope and has been exited by sale or closure, community data will be excluded in the Group total for the full year, regardless of when operational control was relinquished.

Reporting period

All the figures in our report cover a 12-month period which corresponds to our financial year that is 1st January – 31st December 2016.

The process of measuring and reporting on our CR performance is detailed in our Community and Charity Policy and Environmental Policy which are applicable to all operations.

Our Targets and KPIs

Following a review of our targets in 2015, we updated them and our 2016 CR Report reports performance against these new targets. A description of these targets and KPIs are detailed under each section in the following pages.

Safe, secure world

Target	KPIs
Run at least one safety campaign every year in each core region we operate in.	KPI 1: Number of safety campaigns run each year in each core region. KPI 2: Number of people reached by each campaign.

KPI 1: Number of safety campaigns run each year in each core region.

We define a safety campaign as any external or internal event or events organised and funded by RSA Group Companies for members of the public or RSA employees to promote safety in our everyday lives.

A campaign does not need to be a sustained programme, a one off activity can constitute a campaign. A campaign does not have to be concurrent; events, interventions and communications during the reporting period can constitute a safety campaign.

Evidence will include photos from events, press coverage and internal communications. Details on campaigns are collated annually for the reporting period, coordinated through the Group CR team. We rely on the CR Representatives in each country to inform us of activities in this area and as such there may be activities taking place that are not reported to us.

KPI 2: Number of people reached by each campaign.

Where possible, we will collect information on the number of people impacted by the campaign. For example, number of attendees at an event, number of hits on a website, readership of newspaper that a campaign has been published in.

Thriving communities

Target	KPIs
Run a community programme in each core region we operate in that engages and develops our people, supports our local communities and makes a difference for our customers.	KPI 1: Amount of community investment, including: <ul style="list-style-type: none"> Charitable spend Value of volunteering hours (and number of volunteering opportunities/hours) Amount of employee funds raised for charity KPI 2: % of volunteering opportunities supporting employability skills or social enterprise.

KPI 1: Amount of community investment (£ sterling)

Community investment includes direct financial support to registered charities, but can also includes schools and universities and organisations with a charitable purpose, the value of our volunteering hours and employee raised funds.

1. Our financial support includes the following:

- Community spend:** donations to support longer-term charitable partnerships or to support our CR focus areas of education, employability and social enterprise. For example, a donation to our partner charity School for Social Entrepreneurs or to support an employability skills workshop.
- One-off spend:** one-off ad hoc donations made in response to a specific need or request for support. For example, donations to match the fundraising efforts of staff, to support their volunteering activities or donations to emergency appeals.
- Commercial activity spend:** activity that is linked to our business and promotes the RSA brands or a product in partnership with a charity. For example, sponsorship of an event or payments to a charity based on the number of policies sold.

The Group CR team and CR Representatives keep their own records of financial support to charities. At year end, financial reports are run in each country to cross check the financial support to charities. A final list of spend is reviewed in each country and submitted to the Group CR team.

The Group CR team review all data centrally, supported by the CR updates from the CR Representatives. The Group CR team collate a final report which is reviewed by the Group Audit Committee.

We rely on the CR Representatives in each country to inform us of financial support and as such there may be payments that are not reported to us.

RSA use the Charities Aid Foundation (CAF) for all payroll giving. RSA provides CAF with an annual donation which is then donated directly to charities by CAF. The total annual donation to CAF may not all be spent in the year in which it was donated.

2. Value of volunteering hours (£ sterling) (and number of volunteering opportunities/hours)

RSA encourages our people to volunteer and provides up to 2 days volunteering leave per year. We therefore report on the number of volunteering opportunities (some individuals may have taken part in more than one activity), the number of hours volunteered to support charitable and community activity during work hours and the value of that volunteering time to our business (based on the average hourly pay within each country that the volunteering took place).

The CR teams and CR Representatives keep lists of volunteers and hours volunteered for each activity and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to provide a better understanding of the volunteering opportunities. Volunteering data is collected for all individuals working for RSA during the reporting period.

We rely on the CR Representatives in each country to inform us of volunteering undertaken and as such there may be volunteering opportunities/hours that are not reported to us.

3. Employee funds raised for charity (£ sterling)

RSA reports on the amount of money our people raise for charities and good causes each year.

The data collected includes all money raised by our people that meet one or more of the following criteria:

- The individual/team raising the money has been supported by RSA with matched funding¹
- The individual/team raising the money has been supported by RSA to take part in the fundraising activity (e.g. their place in a sponsored run has been funded by RSA)
- The individual/team is raising the money for a partner charity of RSA
- The fundraising activity is organised/supported by a group of RSA colleagues
- The fundraising activity has taken place during work time.

The CR teams and CR Representatives record the amount of employee funds raised for charity and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to provide a better understanding of the fundraising activities.

The majority of employee funds raised for charity has in the past taken place in the UK and further controls are in place; data is collected from each office and checked against the matched funding records to ensure that there is no double counting.

Clear guidance for data collection and reporting is given to CR Representatives with the Group Community and Charity Policy.

At RSA we are keen to support the fundraising efforts of our people and encourage them to support the causes close to their hearts. We provide matched funding, and in the UK we provide opportunities for them to share details of their fundraising activities through Yammer (an in-house social media site).

KPI 2: The percentage of our volunteering opportunities supporting employability skills or social enterprise

RSA reports on the number of volunteering opportunities (some individuals may have taken part in more than one activity) each year and in addition we report on the percentage of these opportunities that are supporting our CR focus areas of education and employability and social enterprise. We are keen to increase our skill sharing volunteering opportunities, so will be reporting on this development.

The CR teams and CR Representatives keep lists of volunteering opportunities and organisations supported and report to the Group CR team on an annual basis. The Group CR team review all data centrally, supported by the quarterly CR updates provided by the CR Representatives, to record those that are supporting employability skills and social enterprise. Volunteering data is collected for all individuals working for RSA during the reporting period.

We rely on the CR Representatives in each country to inform us of volunteering undertaken and as such there may be volunteering opportunities/hours that are not reported to us.

¹ Where our people have raised money as part of a team not made up of other RSA employees (individual claim) or where they have raised money as part of a team not made up of RSA employees (team claim), we will only include the amount raised which we have matched (£ for £ up to £200 for an individual and £500 for a team).

Sustainable future

Targets	KPI
By 2018, we will reduce our carbon emissions by 12% per employee from a 2015 baseline.	KPI 1: Tonnes of carbon dioxide equivalent presented as both actual (tCO2e) and per employee (tCO2e/FTE).
Deliver at least one awareness/support campaign each year in each core region we operate to support our customers adapt to climate change and reduce their greenhouse gas emissions.	KPI 2: Number of awareness/support campaigns.

KPI 1: Tonnes of carbon dioxide equivalent presented as both actual (tCO2e) and per employee (tCO2e/FTE)

We measure our environmental performance using a carbon footprint, including Scope 1, 2 and 3 emissions.

Scope 1 includes emissions from RSA owned sources that are controlled by us, including natural gas consumption, diesel, liquid petroleum gas, company owned vehicles mileage and fugitive emissions from air conditioning.

Scope 2 includes emissions from the generation of purchased electricity, heating and steam and chilled water purchased from non-owned sources.

Scope 3 includes all other emissions from non-owned sources that are related to RSA activities, including business travel, waste, water and paper consumption. Business travel includes air, rail, hire cars, taxis, hotel nights and mileage from private cars used for business where data is available. Travel is recorded as kilometre (km) or miles travelled by a passenger and converted into CO2e.

Air and rail travel data is collated from the central booking system managed by a third party supplier. Where countries do not have access to this system, flight and rail details are supplied directly from those travel agents or teams managing travel within the local organisation. Kilometres measured from car usage is collated via expenses systems within each business/country which reimburses employees on a cost per km travelled basis. Employees are encouraged to claim expenses in the month that the spend was incurred, however in some cases expenses are claimed a few months after the incurred spend therefore in some instances, expenses from 2015 may be included in the 2016 carbon footprint. Kilometres travelled combined with details of the vehicle type (diesel, petrol, alternative fuel and engine capacity) are used to convert data into CO2e. Where km data is not available estimates will be made using total spend on or litres of fuel.

We use an online reporting system to collect and measure our consumption data. The system developed by Ecometrica is called *Our Impacts* and allows multiple users to enter data which is then converted into a carbon footprint using latest emission factors from recognised public sources.

Data is entered into the system quarterly and annually as per the table below.

Quarterly	
By Country	Company owned vehicles
By site/office	Natural Gas/Electricity/District heating
Annually	
By Country	Business travel
	Paper
By site/office	Waste
	Water

Table 2: Frequency of environmental data reporting

Within each country, there is a CR Representative responsible for collecting and entering this data. The full list of sites is shown in Appendix 1.

For each data value entered, evidence of the source of information is also uploaded on the system. Evidence includes invoices, supplier reports, expenses systems and travel agency data. Where evidence is unavailable or the office is in a multi-tenanted building, an explanation for the reason why there is no evidence is provided.

Employee data or headcount data is measured in Full Time Equivalent (FTE). One FTE is equivalent to one employee working full time. This data along with floor space numbers are collated on *Our Impacts*. This data is used to normalise our carbon footprint and enable us to report against our target. The data is also used where required, for estimations. FTE data is inputted into *Our Impacts* by the CR Representatives in each country for each quarter. The CR Representatives

obtain the FTE figures from the Facility Managers at each site or from the Human Resources team. Average FTE is used for estimations and to report progress against our target.

Ecometrica's *Our Impacts* converts data into a carbon footprint with consideration to the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting Standard, together with the latest emissions factors from recognised public sources including, but not limited to, the Department for Environment, Food and Rural Affairs (Defra), the International Energy Agency, the US Energy Information Association, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

Changes in KPI1 reporting in 2015 and 2016

The emissions for 2015 and 2016 have been calculated using a different organisational scope to previous years, reporting all sources of emissions from operations with 50 or more full time equivalent (FTE) employees. In previous years, emissions from offices with less than 50 employees were estimated, but these have been removed from the scope of the 2015 and 2016 reported emissions.

Previously, some Scope 3 emissions (fuel used in hired cars) were misreported as Scope 1 emissions. This has resulted in a significant reduction in Scope 1 emissions from 2014 – 2015 and again in 2015 – 2016. Due to these changes, we restated our baseline year as 2015 for our carbon reduction target and amended our target accordingly.

KPI 2: Number of awareness/support campaigns.

We define an awareness/support campaign as any external event or events organised and funded by RSA Group Companies for members of the public and RSA customers to encourage sustainable lifestyles and to promote resilience to extreme weather events.

A campaign does not need to be a sustained programme, a one off activity can constitute a campaign. A campaign does not have to be concurrent; events, interventions and communications during the reporting period can constitute an awareness/support campaign.

Evidence will include marketing material, webpages and internal communications (if applicable). Details on campaigns are collated annually for the reporting period, coordinated through the Group CR team. We rely on the CR Representatives in each country to inform us of activities in this area and as such there may be activities taking place that are not reported to us.

Quality Assurance of data

Once data has been entered into *Our Impacts*, a Quality Assurance (QA) process is carried out as described below.

STEP 1: Data Entry process

- CR Representatives enter consumption data value into relevant fields on *Our Impacts*
- CR Representatives receive invoices or emails from landlords with consumption data of each office.
 - o Many of our offices are in multi-tenanted buildings where the landlord proportions the energy, water, waste consumption for each tenant. In these cases, it is almost impossible to get invoices. Some landlords provide a summary of environmental performance and others tie these costs into the monthly rental charges.
- With each data value, evidence of the source of the value is uploaded. Evidence includes:
 - o PDFs or scans of supplier invoices
 - o Emails clearly from a third party supplier / landlord / building managers detailing data values and periods
 - o Excel versions of supplier reports accompanied by a PDF or EML copy of the supplier's email showing the file as an attachment
 - o Spreadsheets showing meter readings from site manager or facility manager, where the spreadsheet will be accompanied by an EML copy of the site manager's email.
 - o Scanned copies of the supplier invoice / report, or the third party email detailing the total building consumption values
 - o An excel spreadsheet showing the apportionment calculations or an explanation of the calculations within the comments section
 - o An excel spreadsheet showing the extrapolation of the data to cover the entire site or assessment period, or an explanation of the calculations within the comments section
- Comments on the evidence provided and how the data has been collected are added.
- Once the CR Representative has completed entering all their data, they save the data and mark as complete. This means that the data is ready for QA.

STEP 2: Data Quality and supporting evidence check

- Each quarter, there is a deadline for data entry. Once this date has passed, an initial check is done by the Group CR team to determine:

- Which sites have missing data
- Which sites have missing evidence
- Missing data is requested from the CR Representatives.
- Where sites have data and evidence, each data value is checked against the evidence provided to make sure that they match.
 - If data values are significantly higher/lower than previous years, queries are sent to the CR Representative.
 - If data values do not match the evidence, queries are sent to the CR Representative.
- Once data values match evidence and most queries have been dealt with for a site, the Group CR team informs Ecometrica that that site is ready for a high-level check.

STEP 3: QA Process

- Ecometrica conduct a high level comparison of data values against previously reported values.
- Where data values differ by more than 5% from previous values a more in depth check is performed to reconcile data with the uploaded evidence.
- Queries are initially sent to the Group CR team for explanations and then directed to CR Representatives if need be.
- Data is either amended as per query or a comment is provided to explain the anomaly.

Data estimation criteria

Missing consumption values are calculated for sites using one of the following methods depending on existing and historical data availability:

- In most regions, Q4 data has been estimated based on Q1-3 data where available and extrapolated over the entire period (366 days in 2016) or where Q1-Q3 data is not available, 2015 data has been used to estimate using the methods below.
- Where data have been provided but do not cover the entire assessment period for a specific site (be that quarterly or half yearly) the value will be extrapolated to cover the entire period based upon the number of days within the reporting period and the FTE.
- Where data values have not been provided but exist for a previous reporting period (no earlier than 2013) and are robust (i.e. actual / extrapolated from incomplete data / estimated by RSA based upon knowledge of that specific site), 2016 values will be estimated based upon:
 - the historical intensity data (consumption per unit floor area), where floor areas are available or where floor area is not available, 2016 values will be estimated based upon the historical intensity data (consumption per FTE).
 - Where data values have not been provided and are not actual or robust for a previous reporting period (no earlier than 2013), 2016 values will be estimated based upon FTE and the existing actual or robust data for other sites within the same geographical region.

END

APPENDIX 1: ORGANISATIONAL SCOPE

Country		Office locations	2015 FTE	2016 FTE	Reason for variance
UK and International	RSA AR	QRC RSA Hardgate Road - Glasgow	52	52	
		QRC RSA Triumph Close - Leeds	63	63	
		QRC RSA Bentley Road - Walsall	86	100	
RSA UK		Birmingham	335	335	
		Chelmsford	221	222	
		Chipping Norton	56	56	
		Fenchurch Street	787	787	
		Glasgow	388	388	
		Halifax	690	690	
		Horsham	917	917	
		Liverpool	1434	1,434	
		Manchester	761	761	
		Peterborough	575	575	
		Sunderland	461	460	
	RSA India (GCC)	India		62	46
Ireland		RSA House Dublin (DUNDRUM)	349	346	
		123.ie, Galway	271	209	Restructuring within the office
		Belfast	87	82	
		Knocknacarra		105	New location as Ballybrit and Liosban offices have merged to this new location
Western Europe		France	76	76	
		Netherlands	54	54	
		Spain	58	58	
Middle East		Oman, Ruwi	125	114	
		Saudia Arabia, Riyadh	73	100	
		UAE, Dubai	181	186	
Canada	RSA	RSA Canada - Calgary (Western Office)	145	144	
		RSA Canada - CNS Vancouver	133	133	
		RSA Canada - Dartmouth (Atlantic Office)	160	160	
		RSA Canada - GCAN, Toronto (HO University)	117	117	
		RSA Canada - Head Office (York)	600	564	
		RSA Canada - Montreal (McGill College Ave)	158	158	
		RSA Canada - RTI Sherbrooke (RSA Travel)	96	96	

		RSA Canada - Sheridan	538	538	
		RSA Canada - UC Quebec City Office	167	167	
Canada - Johnson	Johnson	Corporate Head Office (Fort William Building)	422	422	
		Richmond Hill	274	274	
		Edmonton	128	128	
		Halifax (CA)	83	107	Closed in June 2016, moved to Dartmouth (Atlantic Office)
Scandi	Denmark	Denmark Codanhus	985	965	
		Denmark Aarhus	107	114	
	Sweden	Sweden Stockholm HQ	605	548	
		Sweden Malmo (M10)	206	205	
		Sweden Malmo (M12)	178	196	
		Sweden Vaxjo	166	150	
		Sweden Sundsvall	117	124	
		Sweden Gotenburg	61	61	
		Sweden Umeaa (D.19)	75	78	
		Sweden Umeaa (K.16)	75	78	
	Norway	Norway Codan Oslo	241	251	
Office Closures		Hong Kong	145	0	01/04/2015
		Singapore	165	0	01/04/2015
		China	86	0	21/05/2015
		India	982	0	20/07/2015
		Italy	293	0	31/12/2015
		Russia Moscow	226	55	29/01/2016
		Brazil São Paulo	306	77	29/02/2016
		Colombia Bogotá (Main Office & Branch)	180	45	31/03/2016
		Argentina Capital Federal, Buenos Aires	632	158	29/04/2016
		Chile Santiago Main Office	450	113	29/04/2016
		Mexico Mexico City	371	93	31/05/2016
		Uruguay Montevideo	107	54	30/06/2016
TOTAL				14,589	

Data notes: FTE figures reported in this table are average FTE figures from Q1-Q4 2016. The India FTE for the Actuarial Academy has reduced and is now out of scope. Office closures from 2015 and 2016 are included for reference.