January 2020

Corporate Responsibility Reporting Criteria 2019

Contents

The Directors of RSA are and shall be responsible for Management's Statement and for reporting the CR data as at 14 February 2020 in accordance with the reporting criteria set out on the following pages. In doing so we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of CR data that is free from material misstatement, whether due to fraud or error;

- established objective reporting criteria for measuring and preparing the CR data and applied them consistently;

- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information;

- measured and reported the CR data based on the reporting criteria.

William McDonnell
Group Chief Risk Officer
On behalf of RSA Insurance Group Plc.

20 February 2020

Introduction

This document outlines our approach to reporting on each of our Key Performance Indicators (KPIs) as disclosed in our Annual Report and Accounts, Corporate Responsibility (CR) Report 2019 and on the Group website.

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.

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

Consistent boundaries and methodologies are used wherever possible to allow comparison over time and across different businesses. Where possible, numbers previously disclosed have been restated to reflect improvements to data collection, such as replacing estimated data with actuals.

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 an operational control boundary for all business processes where we can direct the financial and operating policies 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 in any reporting year since our 2016 baseline, with the exception of sites which have reduced FTEs to 35 FTEs or fewer for 18 months, such sites are excluded from reporting from the next reporting year. A full list of the sites included within our organisational boundary can be found in Appendix 1.

Significant changes in the operational footprint of the business since 2016 are detailed in the table below. There have been no significant changes in 2019.

Business operation	FTE	Date of closure/sale
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
Quality Repair Centres (QRC)	329	Q1 2017
Oak Underwriting Plc	56	Q2 2018

Table 1: List of business operations that have closed since 2016

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 closure, environmental data will be included in the Group footprint up to the point of closure. If a site has been sold (disposed), such that it remains in operation, just no longer within RSA's operational control; we will exclude all environmental data in all years. This is to remove the impact of emissions reductions achieved by selling part of our business to a third party, and ensures information disclosed allows for a fair comparison of environmental performance year on year. Where a location falls outside of the organisational boundary due to a reduction in FTEs as described under the organisational boundary above, the location will be included within the Group footprint until the end of the year in which the number of FTEs has been below 35 FTE for 18 months, subsequent years will not be reported unless the site re-enters the reporting boundary. The impact of these small sites is immaterial in comparison to the Group's total environmental footprint and this has a very limited impact on overall performance.

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 2019.

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

Our strategy

In 2019 we launched our new corporate responsibility strategy, Confident Futures, which sets out the key focus areas for our business to make the most positive impact on society and the environment. The key focus areas for the strategy are:

Shaping a smarter tomorrow

Using our insight and resources to enhance customers' and society's understanding of the risks they face, so they can manage them more effectively. We do this by:

- Developing products and services that support people and businesses to learn about and manage risks more effectively.
- Working independently and with our partners to reach a wide audience with awareness raising information and education programmes focused on areas of customer concern.
- Demonstrating that our products, services and partnerships contribute to positive behavioural change and improve confidence about managing risks.

Building stronger relationships

Supporting our customers, people and communities by seeking to better understand and respond to their needs with clear commitments to action. Our focus areas are:

- Excellence in customer care
- A flourishing workforce
- Active in communities

Managing the everyday well

Improving how we integrate responsible business practices into our everyday operations and share how we're progressing. Our focus areas are:

- Responsible investment and underwriting
- Sustainable operations
- Responsible supply chain
- Customer privacy and data security
- Business integrity

Our Targets and KPIs

Following the relaunch of our strategy in 2019, we have reviewed and updated our targets, our subsequent reporting provides performance against these new targets. A description of our targets and KPIs are detailed under each section in the following pages. Over the coming years we aim to broaden the scope of the metrics and targets that we set to cover a wider set of our strategy.

Shaping a smarter tomorrow

KPI 1: Number of people reached by safety campaigns

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.

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.

Building stronger relationships

Active in communities

KPI 1: Amount of community investment (£ sterling)

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

1. **Direct financial support to charitable organisations or community groups (£ sterling)**
   This includes any direct financial support to registered charities including:

   - **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 RoSPA 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. This includes RSA's matched-funding contributions in support of employee fundraising activities.
   - **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 payroll giving in the UK. 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 hours)**

   RSA encourages our people to volunteer and provides up to 2 days volunteering leave per year. We therefore report on 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).

- Time volunteered by RSA employees during work hours to support a charitable or community activity includes:
- Time away from day-job to support a charity with a task (e.g. gardening, fence building, woodland management, beach clean-up);
- Time away from day-job to share skills with local community (e.g. reading at a school, conducting an employability workshop, mentoring).
- Time away from day-job to support fundraising

The CR teams and CR Representatives keep lists of volunteers and hours volunteered for each activity and report to the Group CR team on a quarterly 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. Gifts in Kind (£ sterling)

This includes non-financial donations made by RSA employees or RSA Group to a registered charity (e.g. office space, clothes, IT equipment, catering equipment, books, pencils, food and toys). The value of the donation is calculated by understanding how much the charity would pay for the item if they were to buy the same item second-hand from the open market.

4. Leveraged funds: Employee funds raised for charity (£ sterling)

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).

RSA reports on the amount of money our people raise for charities and good causes each year. The data collected includes all money raised as part of company or staff-led activities. If an employee has applied for matched-funding, this can be considered as company-led activity.

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 funding[1]
- 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

[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).

provide a better understanding of the fundraising activities. Clear guidance for data collection and reporting is given to CR Representatives with the Community Investment Policy.

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.

Managing the everyday well

Sustainable operations

Targets	KPI
Achieve a 37% reduction in carbon emissions by 2025; achieve a 50% reduction in carbon emissions by 2030 (from 2016 baseline).	**KPI 1:** Tonnes of carbon dioxide equivalent presented as both absolute emissions (tCO_2e) and emissions per employee (tCO_2e/FTE).

KPI 1: Tonnes of carbon dioxide equivalent presented as both actual (tCO2e) and per employee (tCO_2e/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 and company owned vehicles.

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, and water and paper consumption. Business travel includes air, rail, hire cars, taxis, 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 CO_2e.

Flight and rail details are supplied directly from travel agents or teams managing travel within the local organisation. Kilometres (or miles) measured from car usage is collated via expenses systems within each business/country which reimburses employees on a cost per km (or cost per mile) 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 2018 may be included in the 2019 carbon footprint. Kilometres (or miles) travelled combined with details of the vehicle type (diesel, petrol, alternative fuel) are used to convert data into CO2e. Where km (or mileage) data is not available, we use litres of fuel or estimates are made using total spend on fuel. In previous years we have tracked hotel nights as part of our scope 3 emissions, this year we have decided to remove this from our reporting boundary due to it not being standard practice to include hotel stays. Hotel stays have been removed from previous years data to ensure they are directly comparable.

From 2017 onwards our environmental performance has been tracked and monitored through a single, software platform, *Envizi*. The Envizi software is used to store data collected by our third party consultants EcoAct (formerly Carbon Clear), measure, calculate and report all emissions data from raw value data detailed above. Data is entered with custom start and end dates, allowing our consultants to enter data in line with how it's received.

We aim to collect as much data as possible throughout the reporting year at quarterly intervals, though certain items can only be collected in retrospect for the year. These are detailed in the table below;

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

Table 2: Frequency of environmental data reporting

Within each country, there is a CR Representative responsible for collecting and reporting 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 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 *Envizi*. This data is used to normalise our carbon footprint and enable us to report against our target. This data is also used, where required, for estimations. FTE data is provided by the CR Representatives in each country and CR representatives are asked to verify that the data provided for the year is correct at year end. The CR Representatives obtain the FTE figures from the Facility Managers at each site or from the Human Resources team. If recent updates are unavailable, FTE data is assumed to remain approximately the same since the previous update. Monthly FTE values are used for estimations where available and year-end FTE values are used to report progress against our target.

Envizi 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. These include, but are 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.

Previous year carbon emissions numbers are subject to variance from those signed off by PwC due to improvements in data made between the timing of assurance and the availability of actual data. Where actual data becomes available where data has been accrued or extrapolated this will be substituted into reporting for the following year.

Changes in KPI1 reporting

We have continued to refine our reporting methodology, prior to 2017 emissions from offices with less than 50 employees were estimated and included in our reporting. In 2017 we updated our methodology to remove sites with less than 50 employees from the scope of our reporting and in 2019 we have further enhanced this with a rule in our boundary related to sites with less than 35 FTEs. This is to reduce reliance on estimates for sites where we have considerably reduced our floor area and the number of employees on site. The emissions for 2016-2019 have been calculated using the updated boundary set out in this document. In order to demonstrate a fair comparison between data year on year, any site that has recorded more than 50 FTEs in any reporting year since our 2016 baseline, has been considered in all years with the exception of sites that have fallen below 35 FTE for a period of more than 18 months.

Quality Assurance of data

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

STEP 1: Data submission process

- CR Representatives receive invoices or emails from landlords with consumption data of each office.
  - 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 obtained. Evidence includes:
  - PDFs or scans of supplier invoices
  - Emails clearly from a third party supplier / landlord / building managers detailing data values and periods
  - Excel versions of supplier reports accompanied by a PDF or EML copy of the supplier's email showing the file as an attachment
  - 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.
  - Scanned copies of the supplier invoice / report, or the third party email detailing the total building consumption values
  - An excel spreadsheet showing the apportionment calculations or an explanation of the calculations within the comments section
  - 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.
- CR Representative send the consumption data to EcoAct by a predetermined quarterly deadline
- EcoAct conduct a data quality and supporting evidence check (see Step 2)

STEP 2: Data Quality and supporting evidence check

- Each quarter following the quarterly submission deadline, EcoAct review the collected information received from the CR Representatives. This is used to determine:
  - Sites with missing data
  - Sites with missing evidence
  - Sites with significant variation to previously reported values
- 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 reviewed data is entered by EcoAct into the relevant fields on Envizi with the accompanying evidence.

STEP 3: QA Process

- The Group CR team conduct a high-level comparison of data values against previously reported values on a quarterly basis.
- Where data values differ significantly from previous values a more in-depth check is performed to reconcile data with the uploaded evidence.
- Queries are directed to CR Representatives if further clarification or investigation is required. Data is either amended as per query or a comment is provided to explain the anomaly.
- A quarterly review meeting takes place with the Group CR Team and EcoAct to discuss progress, performance and issues of concern.

Data estimation hierarchy

For some of our sites, it will not be possible to acquire actual data for all periods concerned. For these, our third-party consultants (EcoAct) are responsible for conducting estimations. EcoAct estimate data per the hierarchy of preference below.

1. **Accrue actual data** – In most instances, only partial Q4 data is available in time for year-end reporting. Envizi automatically estimates missing temporal information by multiplying typical consumption to date per day, multiplied by the missing number of days. Missing data where actual data has been available in prior periods has also been estimated in this fashion.

2. **Extrapolate data:** Where we know data to be relevant, yet unattainable (e.g. electricity consumption in buildings where RSA receives an occupancy charge only) we extrapolate consumption. To do this, we determine an intensity per m2 or FTE at sites in a similar location and multiply the actual floor area or FTE by the corresponding benchmark on site. The benchmark used (m2 or FTE) is dependent on the performance metric. We will prioritise the use of floor area to estimate onsite electricity and thermal energy, whereas we prioritise the use of FTEs to estimate missing travel mileage and water consumption. If the preferred data is unavailable, we will use the alternative of the two benchmarks.

3. **Accrue Extrapolations**: If there is insufficient actual data coverage in any given period (e.g. Q4 2019), extrapolations cannot occur. If this is the case, Envizi will automatically estimate for periods of missing data in a similar manner to part 1; determining a typical extrapolated consumption rate per day for the site, and multiplying by the number of missing days.

ENDS

Appendix 1: Organisational Scope

Country		Office locations	2017 FTE	2018 FTE	2019[1] FTE	Reason for variance
UK and International	**RSA UK**	Birmingham	45	46	48	Relocation into new office 2017. Site reduced to fewer than 50 FTEs during FY2017 but has remained in scope as it has been previously reported on and remains above 35 FTE threshold.
		Chelmsford	221	206	191	
		Fenchurch Street	787	525	636	
		Glasgow	388	230	183	
		Halifax	690	686	677	
		Horsham	917	842	642	
		Liverpool	1,434	1,297	1127	
		Manchester	761	537	487	
		Peterborough	575	775	718	
		Sunderland	464	434	434	
	RSA India (GCC)	India	68	83	87	
	Ireland	RSA House Dublin (DUNDRUM)	291	431	383	Increase between 2017 and 2018 due to closure of 123.ie office and consolidation to RSA House.
		123.ie, Dublin	201	N/A	N/A	Office closed 2018, employees moved to RSA House, Dublin.
		Belfast	73	67	63	
		Knocknacarra	148	156	157	New location in 2017 due to closure and merger of Ballybrit and Liosban offices.
	Western Europe	France	76	72	64	
		Netherlands	54	52	47	See note 2.
		Spain	61	68	74	
	Middle East	Oman, Ruwi	112	173	213	
		Saudi Arabia, Riyadh	104	90	84	
		UAE, Dubai	181	192	198	
Canada	**RSA**	RSA Canada - Calgary (Western Office)	100	89	81	
		RSA Canada - CNS Vancouver	98	110	108	
		RSA Canada - Dartmouth (Atlantic Office)	160	136	149	

		RSA Canada - FCP	117	69	N/A	This site was closed in FY2018. The site has been included up to the point of closure.
		RSA Canada - Head Office (York)	572	405	466	
		RSA Canada - Montreal (McGill College Ave)	141	124	114	
		RSA Canada - RTI Sherbrooke (RSA Travel)	65	64	48	See note 2. This site also moved location in FY2019.
		RSA Canada - Sheridan Mississauga	538	546	630	Moved office location June 2018.
		RSA Canada - UC Quebec City Office	114	90	92	
Canada - Johnson	**Johnson**	Corporate Head Office (Fort William Building)	593	583	670	
		Richmond Hill	274	222	291	
		Edmonton	79	63	64	
Scandi	**Denmark**	Denmark Codanhus	856	770	758	
		Denmark Aarhus	108	133	140	
	Sweden	Sweden Stockholm HQ	482	442	424	
		Sweden Malmo (M10)	222	349	321	
		Sweden Malmo (M12)	194	233	219	
		Sweden Vaxjo	159	20	N/A	See note 3.
		Sweden Sundsvall	115	22	N/A	See note 3. .
		Sweden Gotenburg	50	34	N/A	See note 3.
		Sweden Umeaa (D.19)	78	129	143	
		Sweden Umeaa (K.16)	78	N/A	N/A	This has been incorporated into Umeaa (D.19)
	Norway	Norway Codan Oslo	350	220	190	
Office Closures	**RSA AR**	QRC RSA Hardgate Road – Glasgow	52	N/A	N/A	See note 4.
		QRC RSA Triumph Close – Leeds	63	N/A	N/A	See note 4.
		QRC RSA Bentley Road – Walsall	100	N/A	N/A	See note 4.
	RSA UK	Chipping Norton	56	N/A	N/A	This site was disposed in FY2018 with the sale of Oak Underwriting Plc. Emissions have therefore been removed from all years.

Data notes:

[1] FTE figures reported in this table are year-end FTE figures from Q4 2019 for sites with more than 50 FTEs included for reporting purposes.

[2] Site reduced to fewer than 50 FTEs during FY2019 but has remained in scope as it has been previously reported on and remains above 35 FTE threshold

[3] Site reduced to fewer than 35 FTEs for 18 months and has therefore been excluded from FY2019 reporting year but has been included up to point of exclusion.

[4] Site disposed Q1 2017.

Appendix B

Summary of adjusted and unadjusted misstatements

Scope 1 tCO_2e	Scope 2 tCO_2e	Scope 3 tCO_2e	Total tCO_2e
3,093	7,202	7,880	18,175

KPI	Country	Energy Type	Adjusted	Site	Overstatement/ Understatement	Amount kw/h	Amount tCO_2e	Proportion of tCO_2e compared to Scope total	Explanation
Scope 1	Various	Natural Gas	Yes	Various	Understatement	10,998	2.7	0.09%	The floor space for Envizi did not match the supporting evidence for Sunderland. This affects Sites where Natural Gas is estimated. We have tested additional floor space samples and therefore deemed this an isolated incident. Various RSA sites where estimates are based on floor area have now been corrected which totals to the adjustment shown.
Scope 2	UK	Electricity	Yes	Belfast	Overstatement	1,163	-0.3	-0.01%	There was a mis-interpretation of the electricity invoices whereby they were counting an extra day for apportionment purposes. There was a small decrease in the Scope 2 balance.
Scope 2	Various	Electricity	Yes	Various	Understatement	14,873	3.9	0.05%	The floor space for Envizi did not match the supporting evidence for Sunderland. This affects Sites where Electricity is estimated. We have tested additional floor space samples and therefore deemed this an isolated incident. Various RSA sites where estimates are based on floor area have now been corrected which totals to the adjustment shown.
Scope 2	Various	Electricity	Yes	Various	Understatement	60,481	15.7	0.20%	There was a technical fault with the sub-meters for RSA Chelmsford - there are a small number of other tenants on site at RSA Chelmsford, so these sub meters are used to determine how much energy RSA has used. RSA made the decision to include the meter reading for the full site.