

January 2021

Corporate Responsibility Reporting Criteria 2020

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The Directors of RSA are and shall be responsible for Management’s Statement and for reporting the CR data as at 19 February 2021 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.*

19 February 2021

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 2020 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 hierarchy.

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 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.

There have been no significant changes in the operational footprint of the business in 2020.

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 2020.

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 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 our strategy.

Shaping a smarter tomorrow

KPI 1: Number of people reached through Smarter Tomorrow programmes

We define a Smarter Tomorrow programme 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 for example road safety, water safety, online safety, safety in the workplace, safety at home (this is not an exhaustive list).

A programme does not need to be over a sustained period of time, a one-off activity can constitute a programme. A programme does not have to be concurrent; events, interventions and communications during the reporting period can constitute a Smarter Tomorrow programme.

Evidence will include photos from events, press coverage and internal communications. Details on programmes 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 programme. For example, number of attendees at an event, number of hits on a website, readership of newspaper that a programme 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 risk education, education & employability, social inclusion, emergency relief and environment. 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 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. 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	KPIs
Achieve a 37% reduction in carbon emissions by 2025; achieve a 50% reduction in carbon emissions by 2030 (from 2018 baseline).	<p>KPI 1: Tonnes of carbon dioxide equivalent presented as both absolute emissions (tCO₂e) and emissions per employee (tCO₂e/FTE).</p> <p>KPI2: Total energy use (kWh)</p>

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).

KPI 1: Tonnes of carbon dioxide equivalent presented as both actual (tonnes CO₂e) and per employee (tonnes CO₂e/FTE)

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

Scope 1 includes emissions from natural gas consumption, diesel, liquid petroleum gas and company owned vehicles.

Scope 2 includes emissions from the generation of purchased electricity, district heating, steam and chilled water. In 2020 we are reporting both location-based and market-based scope 2 emissions. The market-based reporting figure reflects emissions from electricity purchased backed by renewable energy certificates.

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, 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.

PwC assure our scope 1, scope 2 location-based and scope 3 business travel emissions.

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. Similarly, monthly travel date will include refunds processed in the claimed month rather than the purchased month. Therefore, in some instances, expenses or refunds from 2019 may be included in the 2020 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.

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 1: 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.

KPI 2: Total energy use (kWh)

In line with the Streamlined Energy and Carbon Reporting (SECR) requirements in 2020 we are also reporting our global energy consumption in kWh. This covers energy use from:

- Electricity consumption
- Gas combustion
- District heating and cooling
- Transportation

To calculate our total energy consumption we use data from meter readings (automatic and manual), invoices from energy suppliers or an annual energy statement. Transportation data is collected from receipts for purchased fuel and expenses claims for car travel, this is converted to kWh via our *Envizi* reporting platform using standard conversion factors. Our transportation energy use does not include air travel or rail travel due to having no industry approved method for the conversion. Where data is not available, for example at landlord controlled sites where we use electricity or gas, we apply our estimation methodology (see pg. 10-11).

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.
 - o Many of our offices are in multi-tenanted buildings where the landlord apportions 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:
 - 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.
- 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:
 - o Sites with missing data
 - o Sites with missing evidence
 - o 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.
 - o If data values are significantly higher/lower than previous years, queries are sent to the CR Representative.
 - o 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.

Due to 2020 being an atypical year due to travel restrictions imposed by the COVID-19 pandemic, we have chosen to infill travel data not yet received for months in Q4 (where we anticipate receiving the actual data in 2021) with the data for the previous month received. This action has been taken to avoid overestimating emissions which would have occurred should the usual accrual method have been followed.

ENDS

Appendix 1: Organisational Scope

Country		Office locations	2018 FTE	2019 FTE	2020 ¹ FTE	Reason for variance
UK and International	RSA UK	Birmingham	46	48	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	206	191	189	
		Fenchurch Street	525	636	560	
		Glasgow	230	183	172	
		Halifax	686	677	646	
		Horsham	842	642	593	
		Liverpool	1,297	1,127	1,101	
		Manchester	537	487	471	
		Peterborough	775	718	688	
		Sunderland	434	434	425	
	RSA India (GCC)	India	83	87	91	
	Ireland	RSA House Dublin (DUNDRUM)	431	383	386	
		Belfast	67	63	64	
		Knocknacarra	156	157	151	New location in 2017 due to closure and merger of Ballybrit and Liosban offices.
	Western Europe	France	72	64	58	
		Netherlands	52	47	41	See note 2.
		Spain	68	74	64	
	Middle East	Oman, Ruwi	173	213	212	
		Saudi Arabia, Riyadh	90	84	84	
		UAE, Dubai	192	198	183	
Canada	RSA	RSA Canada - Calgary (Western Office)	89	81	76	
		RSA Canada - CNS Vancouver	110	108	95	
		RSA Canada - Dartmouth (Atlantic Office)	136	149	138	
		RSA Canada - FCP	69	N/A	N/A	This site was closed in FY2018. The site has been included up to the point of closure.
		RSA Canada - Head Office (York)	405	466	445	

		RSA Canada - Montreal (McGill College Ave)	124	114	120	
		RSA Canada - RTI Sherbrooke (RSA Travel)	64	48	47	See note 2. This site also moved location in FY2019.
		RSA Canada - Sheridan Mississauga	546	630	590	Moved office location June 2018.
		RSA Canada - UC Quebec City Office	90	92	90	
Canada - Johnson	Johnson	Corporate Head Office (Fort William Building)	583	670	728	
		Richmond Hill	222	291	288	
		Edmonton	63	64	59	Moved office location May 2018.
Scandi	Denmark	Denmark Codanhus	770	758	703	
		Denmark Aarhus	133	140	143	
	Sweden	Sweden Stockholm HQ	442	424	416	
		Sweden Malmo (M10)	349	321	705	All Malmo locations have been combined under one site.
		Sweden Malmo (M12)	233	219	N/A	
		Sweden Vaxjo	20	N/A	N/A	See note 3.
		Sweden Sundsvall	22	N/A	N/A	See note 3.
		Sweden Gotenburg	34	N/A	N/A	See note 3.
		Sweden Umeaa	129	143	148	
	Norway	Norway Codan Oslo	220	190	188	

Data notes:

¹ FTE figures reported in this table are year-end FTE figures from Q4 2020 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.

Appendix 2: Summary of Unadjusted Differences

Summary of adjusted and unadjusted misstatements - RSA 2020

Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	Total tCO ₂ e
3,104	5,580	1,732	10,416

KPI	Country	Energy Type	Adjusted	Site	Overstatement/ Understatement	Amount kw/h	Amount tCO ₂ e	Proportion of tCO ₂ e compared to Scope total	Explanation	
Scope 2	UK	Electricity	No	Halifax	Overstatement	42,409	-	9.9	-0.18%	There was an error when calculating the apportionment for electricity into months when an actual meter reading was removed instead of the estimate reading.
Scope 2	Various	Electricity	No	Various	Overstatement	1,847	-	0.5	-0.01%	There was an error when calculating the apportionment for electricity into months when an actual meter reading was removed instead of the estimate reading. As Halifax affects the estimates calculation, this caused an overall overstatement noted.
Scope 2	Oman	Electricity	No	Muscat - CBD Ruwi	Understatement	197,745		88.5	1.59%	Where actual data was present in the last two years, the amount of emissions should have been accrued for but had instead been estimated for. The adjustment is based on the difference between the amount that should have been accrued and the estimated amount initially reported.
Scope 2	Various	Electricity	No	Various	Overstatement	126,251	-	36.2	-0.65%	Electricity meter readings have been doubled counted for Horsham and Sunderland during estimate extrapolation calculation leading to an overstatement of emission figures.