

In all the countries we operate in, our people play a key role in helping us deliver our corporate responsibility strategy. Our award winning social investment programme not only empowers our employees to make a difference, but also develop new skills and better understand the communities we serve. In 2014, we gave over 6,500 hours volunteering time, with nearly 3,000 hours spent on improving the life-chances of young people through education and employability programmes.

We are proving our commitment to safeguarding our customers from the risks of everyday life by doing more to tackle the issue of road and water safety. In 2014, we launched a Global Road Safety hub with the charity Brake and ran major road safety campaigns in thirteen countries, reaching over 35 million people with education, advice and safety equipment.

We have also strengthened our ability to protect customers and communities from future risks brought about by natural disasters and weather-related catastrophes. Every year, we use SMS to warn thousands of customers about impending extreme weather events. Our extensive research has helped us understand the impact of environmental risks on our customers' lives and how we can better protect them should the worst happen. Our insurance products also support the transition to a more environmentally sustainable future; we insure the manufacture of more than 25% of the world's wind turbines and cover around 80% of the world's offshore wind farms.

We aim to ensure that our operations have limited impact on the environment and that we support the shift to a resilient, low carbon world through the products and services we provide. We have reduced our annual carbon footprint by 15% from a 2013 baseline, predominantly through our drive to minimize business travel.

Of course we know that we can only truly deliver on our ambitious vision if we operate with financial strength and transparency; and have the discipline to sustain it. The discovery of claims and financial irregularities in RSA Ireland had widespread repercussions across the business and it was clear that we had to learn some important lessons. The independent review from PwC, instigated after the irregularities were discovered, describes RSA Group Control Framework as appropriate in terms of structure and design. Additional assurance testing from newly appointed external auditor KPMG and RSA Group Internal Audit confirms that the financial and claims irregularities were isolated

to Ireland. Nevertheless, RSA has adopted PwC's recommendations to enhance the operational effectiveness of Group-wide assurance processes and Irish financial controls. As a result, we have improved and strengthened our approach, for all our stakeholders.

We continue to work with our partner organisations to deliver our strategy. We are signatories to the UN Global Compact and are committed to integrating into our business the principles of the UN Declaration of Human Rights and the International Labour Organisation core labour standards. We are members of the ClimateWise initiative and are also active in the UN Environment Programme Finance Initiative, as founding signatories to the Principles for Sustainable Insurance.

Reviewing our performance in 2014 provides us with an opportunity to celebrate the progress we have made, while recognising there is still plenty more for us to do. As our business continues to change, we will report on the progress made against the challenging five-year targets we set ourselves in 2013. Once the operational change and disposal process has completed we will review the impact of these changes on our long-term corporate responsibility commitments and targets.

Inspired by our renewed focus on providing the best possible service for customers and other stakeholders, we have developed a new, digital approach for reporting on our corporate responsibility performance, based on tailoring content to meet the needs of different audiences. Alongside factsheets, which provide more information than ever before about our strategy and performance, we have produced an interactive digital tool to help people understand our biggest issues and films that bring to life the positive impact of our initiatives and programmes around the world. Not only does this approach make key information more accessible to our stakeholders, it reduces our paper usage, helping to minimise our environmental impact.

When it comes to corporate responsibility, people often say that actions speak louder than words. Never is this truer than in challenging times. This is why I would like to invite you to explore for yourself RSA's demonstrable and ongoing commitment to making things better, together, for our customers, employees and communities around the world.



Stephen Hester, Group Chief Executive

Global Issues

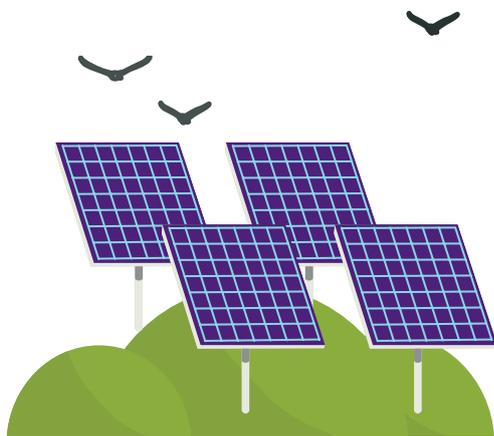
As a major company in the business of risk and protection, we have a responsibility – and a commercial imperative – to anticipate and respond to global trends. Our material issues research sheds light on the social and environmental considerations most relevant to our business and stakeholders.



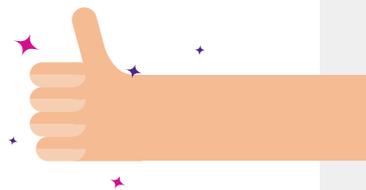
Climate Change and Resource Scarcity

There is a 95% certainty that human influence has been the dominant cause of the observed climate warming since the mid-20th century¹. Continued emissions of greenhouse gases will cause further warming and changes in all components of the climate system. Coupled with this, a growing global population means by 2030 the world will need 50% more energy and 35% more food than it does today². But the Earth has a finite amount of natural resources that can be used to satisfy this demand.

These are the challenges that we face and the development of an adequately adapted, resilient and lower carbon world will be essential in responding to them.



Trust in Business



The financial crisis brought to light a range of issues that questioned business trust and integrity. Financial malpractice, rigging of London Interbank Offered Rate (Libor) interest rate scandals and miss-selling of financial products have rendered the financial services industry one of the least trusted today.

Research from Edelman shows that only 50% of UK citizens trust businesses, and that year on year, levels of trust are decreasing. Though trust in the financial sector has risen slightly from 53% in 2014 to 54% in 2015, there is a long way to go for the sector, which is currently rated the third least trusted³.

Research by PwC predicts that from 2017, most insurance sector customers globally will be digitally fluent⁴. They will be better informed, have higher expectations of businesses, trust their own peers more than advertising, and express their voice via social media. As such, companies are under greater scrutiny. Corporate responsibility, supply chain integrity, value for money, product quality and customer service are therefore essential ingredients in building and maintaining a positive reputation.

¹ IPCC (2014) Working Group II Fifth Assessment Report (AR5)

² National Intelligence Council (2012) Global Trends 2030: Alternative Worlds

³ Edelman (2015) Trust Barometer

⁴ PwC (2014), Insurance 2020 http://www.pwc.nl/nl_NL/nl/assets/documents/pwc-insurance-2020-the-digital-prize.pdf

Population Growth and Urban Living



In 1800, 2% of the world's population lived in cities. Today the figure has risen to 50%, and every week around 1.5 million people join the urban population, through a combination of migration and population growth⁵. By 2050, it is estimated that there will be nine billion people on the planet, 70% of whom will be living in cities⁶.

Rapid growth such as this creates new and expanding markets, but unplanned urban expansion will put strain on social and physical infrastructure. There will be greater demand for food, energy and water which could

cause political and social unrest in many countries. Due to more people living in cities, there will be greater vulnerability to natural catastrophes.

It is expected that global traffic fatalities will triple to 3.6 million by 2030⁷ in the growing urban areas, making road accidents the third-biggest burden on global health systems (by 2020), overtaking tuberculosis, HIV and cholera, according to a prediction by the World Health Organisation⁸.

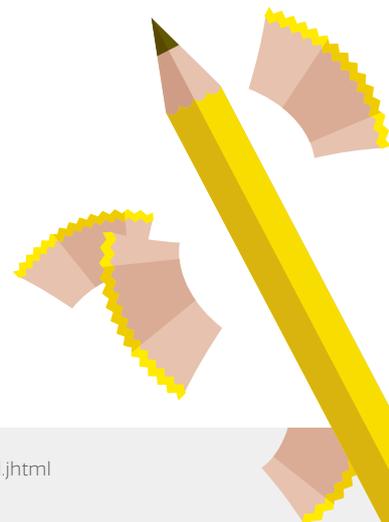
Inequality, Unemployment and Financial Exclusion

Young people, particularly young women, continue to feel the effects of the global financial crisis. The International Labour Organisation (ILO) predicts that youth unemployment will rise to 13.1% in 2015, three times higher than the adult unemployment rate, with the situation not set to improve until at least 2018⁹.

Nearly three billion people worldwide are aged below 25. With millions excluded from work, business leaders remain concerned about a lack of skills and experience. Progress will depend on creating enough jobs to meet the demands of the new generation. Investment in enterprise, particularly smaller enterprises, employability skills and development of social policies that support them, is needed to help address this challenge.

The global employment gap, the number of jobs lost since the start of the financial crisis, is expected to reach 280 million by 2019¹⁰. Not only have jobs been lost since the financial

crises, but the ILO describes that financial inequality has worsened, especially in developed countries. In emerging economies, the closing of the income gap has slowed. A skewed distribution of income harms the pace of sustainable growth and leads to poverty and increased financial exclusion.



⁵ PwC (2014) <http://www.pwc.com/gx/en/issues/megatrends/rapid-urbanisation-ian-powell.html>

⁶ UN (2013) World Population Prospects: the 2012 Revision

⁷ WHO (2013) Global Road Status Report 2013

⁸ WHO (2007), cited in http://www.academia.edu/1643043/ROAD_TRAFFIC_ACCIDENT_A_LEADING_CAUSE_OF_THE_GLOBAL_BURDEN_OF_PUBLIC_HEALTH_INJURIES_AND_FATALITIES

^{9,10} ILO (2015) World Employment Social Outlook Trends 2015

More Extreme Weather Events

Around the globe, the number of weather related catastrophes and the associated economic losses have been increasing in recent decades. According to Swiss Re, total global losses have more than doubled as a proportion of world GDP during the last 30 years¹¹ and by 2020, demand

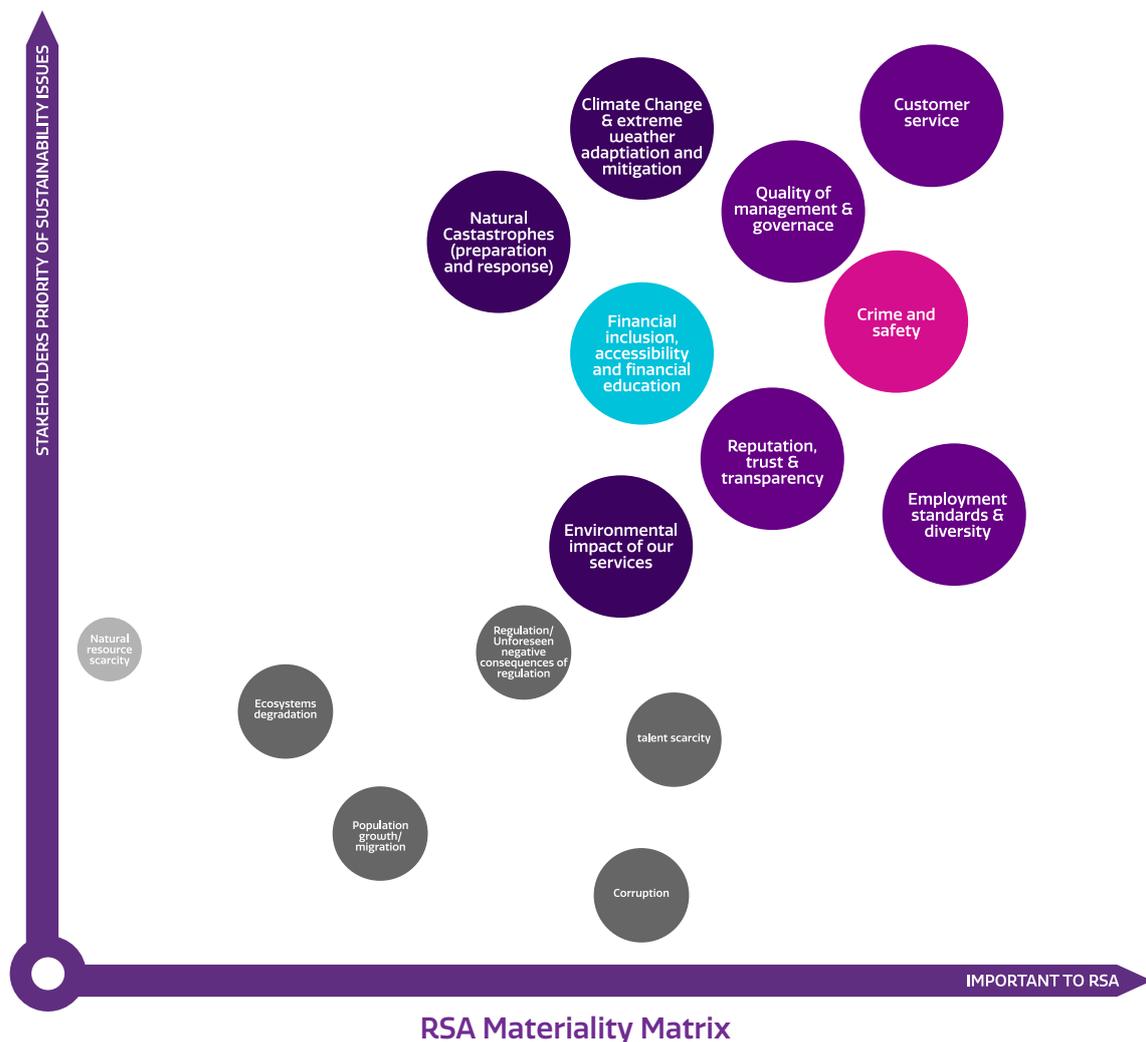
for natural catastrophe reinsurance will double in high-growth emerging markets, such as Asia and Africa, and rise around 50% in mature markets¹². We need to plan for these risks, find ways to protect those most affected.

Issues that Matter to RSA

Macro global issues, as identified by our key stakeholder groups, have helped to shape our strategy and inform the selection of our core materiality issues. We also surveyed our employees to find out their views. These collective responses feed directly into our materiality matrix (see below) which matches the direction of our Corporate Responsibility

(CR) strategy with the issues that matter most both to key stakeholders and on a wider global perspective.

Our **interactive materiality tool** provides a more detailed explanation of the issues and our response.



¹¹ Swiss Re (2014) Sigma (no 1/2014) http://media.swissre.com/documents/sigma1_2014_en.pdf

¹² Swiss Re (2013), cited in Wall Street Journal <http://www.wsj.com/articles/SB10001424052702304773104579265801477830612>

What's Our Strategy?

In order to address the most important global issues, and take action on the topics most material to us, our strategy focuses on four distinct areas. These are Safe, Secure World; Thriving Communities; Sustainable Future and Responsible Business.

Our products and services help make communities safer places to live, work and travel. Through our Safe, Secure World activity we aim to make people's homes and possessions as safe as possible, and protect people from risks they face in everyday life. Motor insurance is a substantial part of our business. We have a clear commercial interest in making the world's roads safer, though it is the human tragedy of traffic accidents that motivates us to make roads safer for all users.

Our customers and our businesses do well when they are part of prosperous communities. Worldwide, youth unemployment is three times higher than adult unemployment. Through Thriving Communities, we will support young people to develop the skills and confidence they need for the workplace. Small and medium size businesses are the backbone of most economies, accounting for more than 50% of GDP and nearly two-thirds of employment. They can play a significant role in helping meet the challenge of unemployment; therefore we want to see them grow. We look to create positive social impact wherever we do business, encouraging our

employees to focus on this and empowering them to support the causes they feel passionate about.

Globally we have seen a greater frequency of weather-related catastrophes in the last five years than in the previous thirty. Helping people, businesses and communities cope with future extreme weather will be increasingly important to our company. Through our Sustainable Future initiatives, we will continue to support solutions that help customers to adapt to new challenges, with risks managed and mitigated wherever possible and claims resolved swiftly. As a business, we will limit our environmental impacts, encourage suppliers to do the same and do all we can to support the transition to a low-carbon economy.

We strive to be a responsible business, from product development and claims processes to the way we engage with customers, employees and suppliers. By being transparent in how we manage our operations, we help build trust. We report on our customer-service performance, our risk-management strategy and ensure we have robust governance underpinning all our corporate responsibility activity. Diversity and inclusion are at the heart of our business, helping us to build strong teams which challenge existing thinking and help us find better ways of working.



Our Governance

In 2014 we changed our Corporate Responsibility (CR) governance structure to reflect a shift from building our strategy to implementation and improvement. The updated structure also takes into account a number of senior personnel changes within the CR Steering Committee.

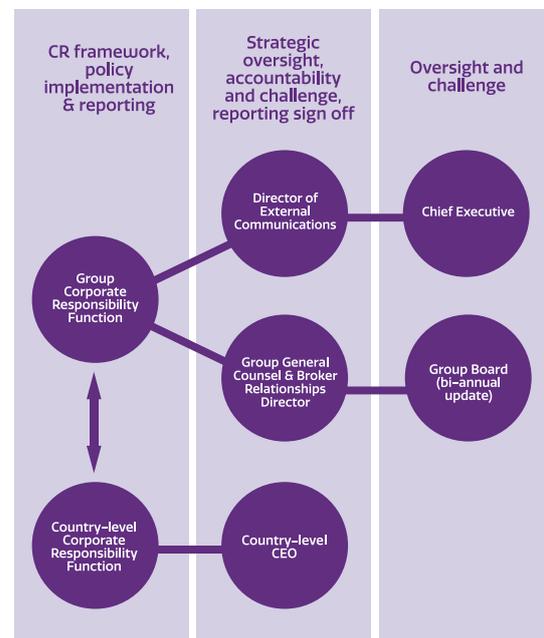
Country level senior management now has oversight of policy and strategy implementation within each region, supported by local CR Representatives. Regional activities are co-ordinated by the Group CR Function, which reports into the Group Executive. The Group Executive has oversight of the overarching policy and monitors progress against targets.

Our CR policies are designed to manage the operational, regulatory, 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. Our external policy positions can be read [here](#).

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. CR policies are managed as operational risk policies and as such have a Group Executive Owner and Group Managing Owner. Implementation and embedding at a local country level is managed by Local Country Managing Owners with

oversight from Local and Regional risk teams and Group Managing Owners.

Implementation is assessed twice a year through a formal policy implementation scoring process. Each country assesses policy implementation and provides a rationale and score via the RSA Governance Risk and Compliance Portal. Policy breaches, as well as other exceptions and challenges, can also be logged using the portal. Data is captured and status reports are created and presented to the Executive Owners who ultimately sign off compliance and implementation levels before reporting to the Board Risk Committees.



Our CR governance structure

Revising Our Targets

2014 was an important year for RSA. Our new business plan was established at the beginning of the year designed to tighten strategic focus, build capital strength, and put in place foundations to improve business performance. Embedded within this is our Corporate Responsibility (CR) strategy and vision. Good progress has been made in executing both in the face of challenging market conditions and through widespread operational changes.

Managing major transformation is not easy and there have been significant changes to our executive management team and in the regions where we operate. Our refocused business has

leadership positions in Scandinavia, Canada, UK, Ireland and parts of Latin America. These changes have impacted on the delivery of our CR Strategy and targets. We are, however, on track to achieve three of our four CR targets by 2018 from our 2013 baseline.

The refocus of the Company will require us to review our baseline and targets in 2015. During this review, we will continue to implement the strategy and are determined to make things better, together in 2015 and beyond.

Performance Summary

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Safe, Secure World – 2018 target

2014 progress

All countries in which RSA operates will be running at least one annual road-safety campaign

On target

We are on track to meet our 2018 road safety target. Thirteen countries ran significant road safety campaigns in 2014, up from eleven in 2013. We also established a global road safety week hub together with the road safety charity, Brake. Find out more about this [here](#).

We distributed over 163,000 high visibility items in the UK, Denmark and Sweden, and relaunched the Green Cross Code Man in the UK, with the campaign video being viewed by over 370,000 people within two weeks of launch. Find out more in our [Safe, Secure World](#) factsheet, or in our story [here](#).

Thriving Communities – 2018 target

2014 progress

Over the next five years we will double our annual community contribution

Behind target

Our employees dedicated 6,691 volunteer hours in 2014, and 42% of this was spent on education and employability programmes. Our corporate donations totalled £1,141,511. To find out more, see our [Thriving Communities](#) factsheet.

Given the reduced scale of our business and the budget challenges we experienced in 2014, we are behind target. Our strong commitment to supporting causes important to us and our communities remains, and we will continue to invest in education and employability volunteering in particular. In 2015 we will revise our target baseline, and build on the work we have been involved with to date of which we are so proud.



Sustainable Future – 2018 target

2014 progress

Reduce our carbon emissions by 20% per employee

On target

Support customers through the development of products and services that help them respond to changing environmental risks and opportunities

On target

We are on track to meet our 2018 target of reducing carbon emissions by 20% per employee, to 2 tonnes of CO₂e. Our environmental performance has improved across almost all of our reporting criteria. We have reduced our total carbon emissions by 15%, our paper use by 10% and energy consumption by 7%. We also increased recycling by 7%. We still, however, have some improvements to strive towards when it comes to our water use and waste. Visit our [Sustainable Future](#) factsheet to find out more.

We have continued to provide products and tools for customers to help them to increase their resilience to extreme weather events. For example, the VisAdapt website tool, developed in collaboration with other Scandinavian insurers and academics, allows users to find out about the risks their homes face from extreme weather now and in the near future. Read more about this in our [Sustainable Future](#) factsheet, or in the story [here](#).

Contact Us

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

corporate.responsibility@gcc.rsagroup.com

To find out about our reporting criteria, [click here](#), and for PwC's assurance opinion, please [click here](#).