

Taking the right  
steps forward

## Customers

# 50m

Aviva is the world's fifth-largest insurance group and the largest insurance services provider in the UK. **Despite the tough economic climate in 2008 our overall customer base has grown.**

## The environment

# carbon neutral

We were the first insurance company to be carbon neutral across our worldwide operations. **77% of our people think we act responsibly towards the environment.**

## Our people

# 54,000

We have employees in 27 countries. **72% of our people say that Aviva is a great place to work.**

## Communities

# £9.6m

We have increased our investment in initiatives that can make a difference. **Employee volunteering has almost doubled in the last two years.**

## Suppliers

# £6bn

Our global, annual procurement contributes to local economies.

### Aviva Investors

Australia | Canada | China  
France | Germany | Ireland  
Italy | Luxembourg | Poland  
Romania | Singapore | Spain  
Taiwan | United Kingdom  
United States

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### UK

Our life and general insurance businesses are based in York and Norwich respectively, with operations spread across the UK. We also have colleagues working in operations in India and Sri Lanka

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### Europe

Belgium | Czech Republic  
France | Germany | Hungary  
Ireland | Italy | Lithuania  
Netherlands | Poland  
Romania | Russia | Slovakia  
Spain | Turkey

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### North America

Canada | United States

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### Asia Pacific

Australia | China | Hong Kong  
India | Malaysia | Singapore  
South Korea | Sri Lanka  
Taiwan

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# Responsibility.

## Responsabilité Odpowiedzialność 責任

*n.* Being accountable for  
one's actions and decisions

In any language – and in any Aviva business around the world – responsibility means taking positive action. At Aviva, we believe that by acting responsibly for the long term in how we do business we will help meet our ambition to provide prosperity and peace of mind to our customers.



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This report provides an overview of Aviva Group corporate responsibility performance in our worldwide operations for the year ended 31 December 2008.

Wherever you see this symbol, you can find further information online, including policy statements and regional overviews.

[www.aviva.com/cr](http://www.aviva.com/cr)



# Chairman's statement



Our CR approach remains a key element in achieving "one Aviva, twice the value"

2008 will be remembered as a year of great turmoil in the world's financial markets. The impacts of the credit crisis are being felt by many across the globe, from large institutions to individuals. Among the many questions and challenges raised is one which I believe cuts right to the heart of things – the question of sustainability, in terms of business practice, customer confidence and market recovery.

While many organisations are left wrestling with these issues, Aviva's approach to corporate responsibility (CR) means we are working hard to understand and respond to the challenges. As well as managing our own direct impact on the environment and society, we place great emphasis on influencing sustainable behaviour among our customers, suppliers and the companies in which we invest. Now, more than ever, the links between corporate conduct and public confidence are highlighted and I believe Aviva holds up well under scrutiny.

We have continued to reduce our carbon emissions and maintained our status as a carbon neutral insurer (the world's first on a global basis). Climate change remains a key issue and as an indication of our continuing determination to tackle it, we now directly link environmental performance with incentive and remuneration through setting carbon reduction targets in our executive directors' personal objectives.

Aviva's purpose of providing prosperity and peace of mind to our customers means listening to what's important and understanding changing attitudes – whether that relates to insurance, investments, pensions or corporate conduct. Our adoption of the Aviva brand on a global scale is helping us be more recognisable and therefore accountable. We commissioned, and have recently published the latest research from, a five-year study into global consumer attitudes. The insights we have gained allow us increasingly to carry our ethos of social and environmental responsibility into new product developments, providing choices which benefit the planet as well as our customers.

Delivering on our plans and commitments requires more than a clear strategy. It requires the energy and belief of all our employees, whether they are involved in our 'summit' leadership groups, our Talking Talent programme or our community and environment initiatives. Our investment in these areas is already paying off with nearly three-quarters of our people rating Aviva as a great place to work. We were also awarded gold status by Business in the Community in their latest corporate responsibility index and ranked 9th in the *Observer* Good Companies Guide 2008.

I am proud of what we have already achieved and believe we have the right framework in place for further progress. We must continue to deliver against the challenging targets set by ourselves and by the external agencies we engage with to benchmark our performance.

My appreciation goes to Wim Dik for chairing the Board CR Committee so effectively over the last three years and I am delighted that Carole Piwnica has accepted that role going forward. Our thanks also to Guillermo de la Dehesa who retired from the Board CR Committee at the end of 2008.

We will continue to ensure that our CR approach remains a key element in achieving "one Aviva, twice the value".

Lord Sharman of Redlynch OBE  
Chairman

# Group chief executive's statement

Our global brand makes us more visible – and more accountable – to customers and shareholders

Aviva is the world's fifth largest\* insurance group, serving 50 million customers across Europe, North America and Asia Pacific. Our main business activities are long-term savings, fund management and general insurance. We are the largest insurance services provider in the UK and one of the leading providers of life and pension products in Europe. Our worldwide sales are £51,415 million and MCEV\*\* operating profit before tax is £3,358 million.



As the global economy faces its toughest challenge in decades, so do many of the world's best-known organisations. Customer confidence has taken a knock in the financial services sector along with share prices. While Aviva's robust approach to risk management and financial planning means we are well placed to weather the economic storm, our approach to CR also sets us apart in terms of maintaining customer trust and setting new standards in global corporate citizenship.

Why? Because I believe that sustainability is becoming an increasingly important requirement – not just for a company's customers but for its shareholders, suppliers and employees too. Indeed, we place sustainability at the heart of Aviva's CR programme and our "one Aviva, twice the value" vision. As we meet the challenges of the global economic recession, we remain as firmly committed as ever to good business ethics and to targeting social and environmental issues affecting Aviva and our stakeholders.

Our 2008 performance is included in The Sustainability Yearbook 2009 and we achieved the SAM bronze class in 2008. We are ranked 45th out of the world's 100 largest companies by AccountAbility and we continued to support the development of new sustainability measures being adopted by many organisations around the world. Our performance in battling climate change saw our CO<sub>2</sub> emissions from energy consumption down by 6.6% this year, our water consumption down by 1% and paper use decrease by 14%. We also recycled 84% of our waste.

In the communities in which we operate we are involved in many projects and – despite the economic downturn – have increased our investment in initiatives that can make a difference. Very importantly, we are increasingly successful in enabling our employees to contribute to these efforts. Thanks largely to a corporate policy allowing time off to assist in the community, employee volunteering has almost doubled in the last two years. Our community investment strategy is closely aligned with our purpose of providing prosperity

and peace of mind. Our approach continues to focus on addressing life trauma, furthering education and improving financial literacy among our customers and their communities.

To ensure we continue setting the pace, we need to attract and retain the right people who will become our leaders in the future. People want to be proud of where they work – not just in terms of benefits and salary but also in terms of corporate behaviour and reputation. Once again, our employees rated Aviva strongly as an employer of choice. Our global employee survey gives us feedback straight from our employees themselves every year and our 2008 results were even better than the excellent scores registered in the previous two years.

We have continued to pursue our diversity programmes and nearly a quarter of our senior management positions are now held by women. We also kept our position in the top 100 employers in Stonewall's Workplace Equality Index, being the only insurer included.

The extension of the Aviva brand across our markets means we are more recognisable and easy to do business with. Our global brand also makes us more visible and more accountable – to customers, shareholders, suppliers and communities alike.

As we head into what is certain to be a challenging 2009, I am confident that our CR programmes will continue to help differentiate Aviva, particularly in terms of customer trust. I take pride in our standing as a responsible corporate citizen and look forward to continuing our journey of greater sustainability and more transparent accountability.

A handwritten signature in black ink, appearing to read 'A Moss'.

Andrew Moss  
Group chief executive

\* Based on gross worldwide premiums at 31 December 2007.  
\*\* Market consistent embedded value.

# Responsible business

Business is about much more than economics. While profitability and sound finances enable us to survive and prosper, they're far from being Aviva's whole story. We go further, by acting as a responsible member of the business community; whether as an insurer, investor, employer or consumer of goods and services.

## Our role in society

When times are hard, as in the current economic climate, it's all too easy just to take care of number one. But Aviva isn't looking solely to itself, even in today's difficult conditions. At the same time as keeping our balance sheet strong and our business efficient, we have a continuing, positive role to play in wider society. It's simply a part of who we are and what we do.

The reason why we're in business is to provide prosperity and peace of mind to our customers, in good times and bad. But we touch many other lives. That's why the initiatives described here include not only customers, but all our stakeholders, from employees to local communities. On environmental issues, we also aim wide and high, working both internally and externally. We actively manage our direct impacts (carbon emissions, energy use, paper use, water and waste) but also encourage others towards responsible, sustainable choices.

## A strategy for the long term

We must respond to immediate events but also stay focused on long-term priorities that will help to keep Aviva a successful, sustainable business.

Our strategic focus	Examples of progress in 2008
Embed CR: working to ensure that social, ethical and environmental opportunities and risks are part of every business decision.	Added more guidance to our Business Ethics Code and launched an expanded, group-wide whistleblowing system for employees to report ethical concerns.  Introduced three new initiatives to our sustainable and responsible investment portfolio.
Take a leadership role in our industry to encourage responsible corporate citizenship.	Contributed to national and international initiatives including CBI Climate Change Board in the UK, United Nations Global Compact and Oxfam 365 Alliance.
Engage with key stakeholders.	Held CR investment meetings with 22 investors and SRI analysts in 2008.
Recruit and develop leaders.	Launched 'summits' for 1,700 senior managers, designed to mobilise the group to deliver our "one Aviva, twice the value" vision.
Develop the talent of all our people.	Extended our Talking Talent programme, part of a significant, group-wide investment in our employees.
Implement our global community investment strategy.	Continued to develop programmes in financial literacy, education and life trauma.  Enabled our employees to apply for up to three days' paid volunteering a year.
Manage our environmental impacts.	Continued to reduce our carbon emissions and maintained our status as a carbon neutral insurer.

## Looking ahead

Meet or exceed our tough global targets to reduce CO<sub>2</sub> emissions, water use and waste.

Deliver leadership and management programmes to inspire our employees to be the best they can be.

Continue to embed our CR programme in all our businesses around the world.

Build more innovative ways of involving employees and customers involved in our community activities.

Report against our progress and build our programme of engagement with stakeholders on key issues.



In our TV advertising in the UK, Bruce Willis packs a punch for “one Aviva, twice the value”

## Bringing our values alive

In 2008 we entered the final phase of our move to become Aviva across our markets\* – an essential part of our strategy to grow our business globally, increase our impact with customers and create more opportunities for offering broader, higher-quality service. And we believe it's the right time to make this move: we see good evidence that those who invest in consumer awareness in hard times significantly outperform their rivals when prosperity returns. It's not only about reaching customers but about bringing our values alive for our people.

“Wow!” and “Totally impressive!” were typical of comments made by employees on our online forums, following a high-impact TV campaign to advertise the name change in the UK. The advert grabbed the attention of 83% of the adult population (BARB official viewing figures) and received overwhelmingly positive media coverage.

\* Gradual migration from non-Aviva brands is underway. Only two big non-Aviva brands will remain: RAC (UK) and Delta Lloyd (Benelux markets).

## Making sense of the future

We believe that by progressing our long-term priorities, we're better equipped to meet new issues as they arise. Aviva identifies challenges and trends in various ways. Sometimes they emerge through outside events; sometimes we identify them within the company, particularly through our risk and compliance processes but also through dialogue with customers, employees, shareholders, investors and community partners.

Today, the most pressing global issues in the financial services sector are **consumer confidence** and the **credit crunch**. Both result from the crisis in the banking industry. As an insurance company, our business model is very different from banks but as a member of the financial sector we are working hard to help improve consumer confidence.

Fair treatment of customers is a fundamental principle. This goes hand in hand with maintaining the confidentiality of information entrusted to us, and safeguarding customers and our business against financial crime. We also focus on offering products and services in line with what our customers expect and we are working hard to improve financial understanding among the general public. You can find initiatives throughout this report and in the Customers section on page 10.

**Climate change** is another issue with far-reaching implications. We remain focused on our strategy of controlling our own carbon footprint, influencing others to take action, and demonstrating concern by taking a leading role where we can. You can find initiatives throughout this report and in the Environment section on page 14.

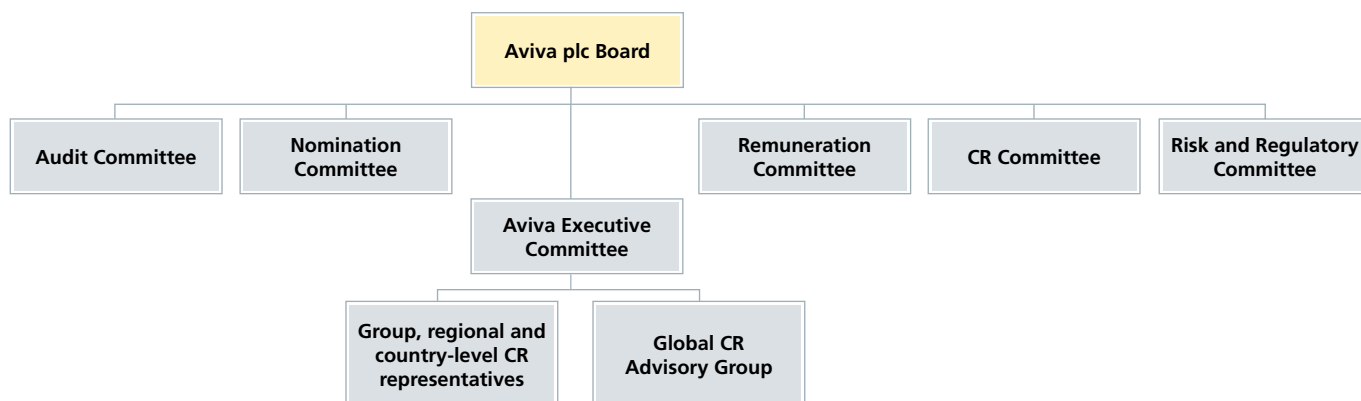
## What equips us to meet these challenges?

First and foremost, it's our capacity to unite under the name Aviva, with uniformly high standards and a shared purpose. Our move to a global brand is essential to compete on the world stage and ensure future success – and by being a strong business we are better equipped to contribute to society. Our employees are fundamental in this as we not only rely on them to provide exceptional service to our customers but also demonstrate our values as a responsible business. So over the past year, we have invested in far-reaching people programmes to embed our values group-wide and make us a truly customer-focused organisation. Externally, too, we have taken the message to consumers to reinforce the fact that we are transforming. We want our customers to recognise us as a company they can trust, who puts them at the heart of everything we do. All this we sum up in our vision

“one Aviva, twice the value”.

“We want our people to feel like we are a worldwide company and they can take pride in that. The world feels smaller and they should understand that makes us stronger.”

Amanda Mackenzie, chief marketing officer



## Managing our business responsibly

Aviva complies with all relevant legislation and regulation. We report annually in line with the FORGE guidelines on the management and reporting of UK financial services companies and respect the disclosure guidelines issued by the Association of British Insurers. Full details of Aviva's corporate governance including financial management and disclosure are provided in our Annual Report and our pages for investors on [www.aviva.com](http://www.aviva.com).

## Living by our values

Our values are "progressiveness, integrity, performance and teamwork". Our Business Ethics Code reflects these values and sets out our principles. These stipulate fairness, honesty and transparency in all aspects of business. And of course we require that all employees obey the rule of law and respect the confidentiality of information entrusted to us.

We revised and refined our Code in 2008. It now includes clear statements on what the principles mean for all employees including line managers. Group chief executive Andrew Moss reinforced our long-standing commitment to honest business with a personal message that went out with the revised Code.

Our group-wide induction programme now includes information on good business ethics and reminds employees of their responsibility to uphold standards. We also provide mandatory computer-based training programmes in areas including business protection, market abuse and insider trading, anti-money laundering and fraud.



### Communicating with integrity

David Hope, group HR strategy director, with our Building Public Trust award, won by Aviva for its clear reporting.

### We have specific mechanisms for managing our CR programme:

- **Internal controls:** Our **group chief executive** is the main Board sponsor of our CR programme, and the **Aviva plc Board** receives an annual update on activities and progress. In addition, our **Board CR Committee**, established in 2006, meets four times a year. Following Wim Dik's retirement, the new chair is Carole Piwnica. The committee comprises Aviva's chairman, three other non-executive directors and the group chief executive. It is responsible for CR strategy and policy, and for reviewing our CR performance. Our **Global CR Advisory Group**, which meets twice a year, provides additional group-wide input.
- **Internal and external collaboration:** Our **CR Summit** is an important annual forum that brings together CR representatives from our business units, the corporate group and speakers from non-governmental organisations. It meets yearly to review developments, exchange best practice and set directions. **Environmental, community and HR specialists** communicate regularly with employees about our CR programme at a local level in our businesses. In this way, we aim to engage **everyone in Aviva** in maintaining our reputation as a responsible corporate citizen.

We have also strengthened our systems for managing CR risks. There is quarterly risk reporting on a regional basis. Regional assessments are reviewed and consolidated at group level for submission to the operational risk committee. A web-based reporting system is now in place to enable our businesses to record their CR performance and monitor progress.

Go online to read our CR policy.



[www.aviva.com/cr](http://www.aviva.com/cr)

## Aviva around the world

**Aviva Canada** has developed an effective method, now being shared with the group, for communicating the Business Ethics Code and tracking acceptance. A software program requires employees to sign off receipt and understanding.

At regular townhall meetings, the MD and CEO of **Aviva India** personally present 'Values in action' awards to employees.

AvivaSA in **Turkey** has produced a booklet for employees on ethical issues and an online training module on corporate responsibility.



## We're open for dialogue

From extensive consumer research to consultation with shareholders, we actively seek opinions and stimulate debate. By doing so, we strengthen our capacity to address what matters to our stakeholders.

**Customers and consumers:** To build on the understanding we already gain through regular dialogue with our customers, we are in the sixth year of our annual global survey into attitudes towards saving. In 2008 we surveyed 28,500 people in 25 markets, bringing the total to over 100,000 responses since we started. Deepening our understanding is helping us to address barriers to saving and alleviate knowledge gaps and low confidence.

**Employees:** Every year, we ask our employees for their opinions in our global survey. The survey results influence our strategy and some questions are linked directly to directors' remuneration. Forums, networks, performance reviews, grievance procedures and trade union representation are other channels open to our employees. Nearly three-quarters of our people say Aviva is a great place to work.

**Communities:** At group level, collaboration with key charitable partners helped shape a new community strategy this year. For example, our work with Oxfam through the 365 Alliance has enabled us to respond effectively to people's life traumas – a key focus of our community investment plans. We also liaise with regional community groups and networks to help us translate our global plans into local activities.

**Shareholders and investors:** There is ongoing dialogue between Aviva's directors and our major institutional shareholders and we seek the views of major investors. In 2008 our group CR director, Louella Eastman, met more than 20 investors and SRI analysts. Our AGM, together with our annual reports, are designed to enable shareholders and investors to have a balanced and clear view of the group's activities and prospects.

**Companies in which we invest:** As a major investor, we monitor the governance of the companies in which we invest and exercise the voting rights attached to our own shareholdings in the UK. As part of Aviva Investors' governance, an independent advisory committee of senior CR experts advises the company's sustainable and responsible investment team on strategy and best practice.

**Suppliers:** We are clear and consistent with our suppliers about what we expect of them and what they can expect of us. Through The Chartered Institute of Purchasing and Supply, we are contributing to more standardised, best practice approaches for the financial services sector.

### A clear message to employees from our chief executive

"I can assure you that no one will be criticised for any loss of business that may result from adherence to our Business Ethics Code. Equally, no employee will be prejudiced as a consequence of reporting a breach or suspected breach of our standards."

Andrew Moss

## Working with other organisations

At a global level we work with a range of organisations to improve our CR performance, identify emerging issues and share learning.

### Sustainability strategy

- UN Global Compact (UNGC) – Aviva has supported the 10 UNGC principles since 2001. In the UK we chair the network liaison working group and participate in other country networks including Singapore, Lithuania and Turkey.
- Accounting for Sustainability – Executive Board member. We are working with Accounting for Sustainability to help define a new reporting standard. This combines non-financial and financial indicators to give an accurate view of the triple bottom line. We use this approach for our environmental reporting on page 18.
- Business in the Community
- Ipsos MORI Reputation Council

### Environment and climate change

- UN Environment Programme – Finance Initiative member
- UNGC Caring for Climate
- Confederation of British Industry (CBI) – Climate Change Board member
- ClimateWise
- EcoForum North America – Leadership Board member

### People and responsibility

- ORC Global Diversity Forum
- INSEAD – We sponsor the Aviva Chair in Leadership and Responsibility
- World Diversity Leadership Network

### Ethical supply chain

- Chartered Institute of Purchasing and Supply – Financial Services Forum CSR sub-group founder member

## Aviva around the world

Our chief financial officer Philip Scott presented to global industry leaders on our progress in applying the Accounting for Sustainability reporting methodology.

In **Turkey**, AvivaSA sponsors the Global Climate Change Forum and is active in that network.

**Aviva Romania's** HR director presented to the British Romanian Chamber of Commerce on CR initiatives in Romania.

Our Polish business **Commercial Union Aviva** has joined the Responsible Business Forum as a strategic partner. The forum is a leading organisation in Poland with a comprehensive approach to corporate responsibility.

We sponsor the Aviva Chair in Insurance Statistics at the **UK's** University of East Anglia, to explore in depth the statistical nature of risk which is fundamental to the insurance business.

**Aviva Asia Pacific** has become a member of CSR Asia, a leading network and source of information on sustainable business practice.

For the sixth-year running, we were voted General Insurer of the Year in the UK's Insurance Times awards.

#### Dow Jones Sustainability World Index



Aviva continued to be included in this important index, which tracks the top 10% of leading sustainability companies worldwide.

#### Sustainable Asset Management (SAM)



Our 2008 performance in corporate responsibility was included in the SAM Sustainability Yearbook 2009 and we achieved a Bronze class SAM rating in 2008 for our 2007 performance. The world's 2,500 largest companies are invited to participate and only the top 15% performers of each of 57 sectors are included in the yearbook.

#### FTSE4Good Index Series



FTSE4Good

Aviva has been included in this key corporate responsibility index since it began in 2001. As the criteria continually evolve, inclusion demands ongoing improvement.

#### Carbon Disclosure Project

##### CARBON DISCLOSURE PROJECT

We achieved a score of 83 out of 100 in the Carbon Disclosure Project (2007 score: 85). The CDP assesses companies' carbon management performance and disclosure.

#### Business in the Community (BITC)



We were awarded gold status in BITC's Corporate Responsibility Index (2007: silver). BITC is a leading association of UK companies monitoring and reporting on sustainable business practices.

#### How others see us

We voluntarily submit our strategy and programmes for external assessment by leading indexes. This helps us measure how we're doing against others in our sector and beyond, and assists shareholders and others to evaluate our responsible business practice.

These indexes typically evaluate economic, environmental and social performance, sustainability strategies and responsible business standards and are conducted on a regular basis through independent assessment of information submitted by Aviva.

#### ECPI Ethical Index Euro and ECPI Ethical Index Global

The E-Capital Partners Indices (ECPI) are Italian ethical indexes. We have continued to be included in the ECPI Ethical Index Euro and the ECPI Ethical Index Global. The Ethical Index Euro is composed of 150 large cap socially responsible companies in Europe. The Ethical Index Global is composed of 300 large cap socially responsible companies, including companies that are listed in 24 different countries around the world.

#### Covalence

Covalence is a Geneva-based group that tracks the ethical reputation of global companies. We were ranked 3rd out of 30 companies in the insurance sector, and 151st out of 541 multinational companies overall.

#### Good Companies Guide

We were ranked 9th in the top 350 FTSE UK companies in the *Observer* Good Companies Guide 2008 for our work in seeking to shape policy and promote consistency in climate change matters.

#### Building Public Trust award

In winning this award, sponsored by PricewaterhouseCoopers, our directors' remuneration report was recognised for its clarity and transparency.

#### AccountAbility

This international think tank and advisory group, which promotes accountability for sustainable development, ranked us 45th out of 100 of the world's largest companies (2007: 35th).

#### Workplace Equality Index (Stonewall)

We were ranked among the top 100 employers in the UK for our diversity policies. This indicates our continuing engagement with issues affecting the lesbian and gay community, which includes employees, customers and service users.




#### Key indicators



















Aviva is putting a lot of effort into developing a meaningful set of indicators to help us see what progress we've made and where we want to get to.

Measuring the outcomes of our CR programmes on a consistent basis worldwide is work in progress. This year, we took further steps by rationalising our list of group-level indicators (opposite) to reflect our priorities and circumstances better, particularly in supplier management.

## Key indicators

 Improvement
  Reduced performance
  No change

CR area	Indicator	2006	2007	2008	Change over year	2009 target
<b>Business ethics</b>	Percentage of employees signing off receipt, understanding and acceptance of our Business Ethics Code annually	–	–	–	New KPI	100% of employees
<b>Customers</b>	Customer advocacy: Percentage of businesses that met/exceeded performance against local market average – where local benchmark available	–	–	67%	New KPI	Continue to embed customer metrics across Aviva. UK life and general insurance and Canadian business to adopt NPS metrics in 2009
	Percentage of businesses that met/exceeded target where no local benchmark available	–	–	75%	New KPI	
	Percentage of employees who consider that their business is customer focused*	73%	78%	81%	+3%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 75%)
<b>Environment</b> (See page 18 for more detailed data and commentary)	Percentage of remaining CO <sub>2</sub> emissions offset annually	100%	100%	On target		 Aviva to offset remaining CO <sub>2</sub> emissions annually at group level
	CO <sub>2</sub> emissions – existing and new businesses (tonnes)	125,400	127,002**	122,791	-3.3%	 Reduce CO <sub>2</sub> emissions by 5% annually
	Existing CO <sub>2</sub> emissions (tonnes)	125,400	127,002**	118,661	-6.6%	
	Water consumption (m <sup>3</sup> )	502,803	660,356	652,528	-1%	 Reduce water use by 4% annually
	Waste generated (tonnes)	19,719	18,877	19,311	+2%	 Reduce total amount of waste generated by 4% annually
	Proportion of recycled waste	73%	88%	84%	-4%	 Increase proportion of recycled waste until 80% or above reached
	Percentage of employees who consider that their business acts responsibly in the environment*	71%	75%	77%	+2%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 75%)
<b>People</b>	Percentage of women in senior management	18%***	22%	22%	0%	 Increase percentage of women in senior management group
	Percentage of employees who feel that management supports diversity in the workplace*	67%	72%	72%	0%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 75%)
	Percentage of employees who feel that they are treated with respect*	70%	75%	74%	-1%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 75%)
	Percentage of employees who rate us favourably on leadership index*	55%	57%	59%	+2%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 60%)
	Percentage of employees who rate us favourably on engagement index*	67%	73%	75%	+2%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 77%)
<b>Suppliers</b>	Number of business unit suppliers, with material spend, signing Aviva's Supplier Code of Conduct	–	–	983	New KPI	2,500
	Number of detailed CR assessments of Aviva's major suppliers	–	–	30 in the UK	New KPI	100 globally
	Number of business units that have implemented and embedded use of 'Supplier Hospitality register' and 'Register of interests'	–	–	5	New KPI	10
<b>Community</b>	Amount of community investment	£6.3m	£6.75m	£9.6m	+43%	 Establish and report investment in the community in line with the group community strategy
	Number of employee hours spent volunteering****	34,000	Not available	67,700	40%*	 Increase the percentage of employee participation in volunteering activities
	Percentage of employees who consider that their business acts responsibly in the community*	74%	80%	81%	+1%	 Meet or exceed global financial services benchmark in employees' survey response (2008: 80%)

\* Based on employee responses to our Global Climate Survey.

\*\* The figure for 2007 CO<sub>2</sub> emissions has been restated. Each year the conversion factor for electricity generation varies. We therefore need to restate these figures every four years. The previous 2007 value was 130,219 tonnes.

\*\*\* In 2006 we included data from Delta Lloyd, which was not included in 2007 or 2008.

\*\*\*\* We did not collect data for employee volunteering hours in 2007. Based on our 2006 performance data, we have assumed an incremental increase in volunteering hours in 2007 which amounts to an increase of 40% over the last 12 months.

# Serving our customers

## In this section

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- 13 Communicating clearly and transparently
- 13 Micro finance

 [www.aviva.com/cr/customers](http://www.aviva.com/cr/customers)

One reason why we are calling ourselves Aviva across our markets is to enable people to recognise us and do business with us more easily. But it isn't a one-way street. For our part, we want to be better at recognising our customers as individuals so we can meet their specific needs.

### Consumer attitudes

**100,000**

people surveyed since we began our global study into consumer attitudes to saving

### Customer advocacy

**3**

new key indicators published measuring customer advocacy and employee attitudes

### Data security

**zero**

finest from UK regulator on customer confidentiality issues



## Since our last report

Began the final stage of launching the Aviva name across our worldwide markets.

Published industry-leading research into consumer attitudes to saving.

Launched new initiatives in sustainable and responsible investment.

## Looking ahead

Continue to improve value and service.

Complete implementation of the group-wide set of key customer metrics to track performance.

Continue to 'operationalise' our leading customer indicator, the Net Promoter Score® (NPS), to drive improvement across the whole customer experience.

## Recognising our customers as individuals

From the outside, it might seem that our business is just about numbers – after all, we specialise in quantifying risk so our customers don't have to. But statistics don't hide the fact that our business is about people and every customer is a unique individual. We have a responsibility to offer prosperity and peace of mind to each one.

The Net Promoter Score® is the leading customer metric across Aviva. NPS measures customer advocacy – our customers' willingness to recommend us to their friends and colleagues. We are committed to using the NPS discipline across the whole group and 20 businesses have already adopted NPS. Of the 12 businesses that carried out an NPS Relationship and Benchmark survey using updated 2008 group methodology, eight were at or exceeded the market average. Although eight businesses were unable to conduct this survey in 2008, three-quarters met or exceeded their customer targets. In the UK, the life business met its broker satisfaction target, UK general insurance met its very high direct customer satisfaction target (at 94%) and RAC (Roadside Rescue) continued to achieve high levels of customer satisfaction (98%).

While the NPS is our lead metric, we are also introducing a common dashboard of 13 key customer metrics, and this will be rolled out across the group.

### "I believe my business unit is customer focused"

In 2008, our global employee survey recorded an improving customer focus, with 81% agreeing with the statement (2007: 78%) – well above the global financial services norm of 75%.

Net Promoter® is a registered trademark of Fred Reichheld, Satmetrix Systems and Bain and Co.

## Building a confident future

With consumer confidence undermined in the global economic downturn, an accurate picture of what consumers are thinking and feeling is essential in understanding how to restore trust. We've surveyed global consumer attitudes towards saving annually since 2003, and collected more than 100,000 responses in total. From our study, published in 2008, we know that there are many different attitudes towards insurance, savings and investment – but consumers also express common concerns. These include a focus on the short term; financial vulnerability; high levels of anxiety about having insufficient savings in retirement; and increasingly high levels of risk aversion.

Such research enables us to bring onstream a wider choice of innovative and targeted offerings to answer our customers' needs – and we are increasingly carrying our ethos of social and environmental responsibility into new product developments.

In the area of socially responsible investment, for example, Aviva Investors, our global asset management business, launched a new fund in 2008 (page 30) to help address climate change, reflecting the fact that more and more institutional investors such as pension funds are adopting sustainable investment policies. For many individuals, though, a far-reaching global problem like climate change can feel overwhelming. We believe it's vital to give individuals the confidence and capacity not only to take control of their financial future but also influence the planet's future. On both counts, therefore, we offer our customers choices and incentives to change behaviours. For example, Aviva France now offers its car insurance customers a 10% premium reduction if they are season ticket holders on public transport; and in Ireland, we implemented pricing changes to target new vehicles with lower CO<sub>2</sub> emissions.

## Calling all super-heroes

To fire our employees' imaginations to do something bold, brave and different for our customers we invited everyone to take part in a new, exciting team tournament, The Aviva Customer Cup. The team that eventually wins through (winners will be announced in 2009) has to come up with an idea that makes a positive impact on customer loyalty and then put a project into action with demonstrable results. It's a fun scheme with a serious purpose, and offers people the chance to get involved and feel supported within a team, but also use their talents creatively, no matter what their level of expertise. And the glory doesn't just go to the team who holds up the trophy; all contributions are recognised along the way. The Aviva Customer Cup is designed to excite and engage, find heroes of any age or experience and enable leadership potential to flourish wherever in the world it may be.



Aviva Customer Cup Handbook



**Keeping our customers' information secure**

We communicate regularly with our customers and with each other, by letter, phone and online, generating millions of pieces of information. In a recent survey among the general public, more than 40% said they were concerned about identity fraud. Our paper and electronic systems and procedures are designed to protect the information entrusted to us and our employees are also required to follow strict processes about the use, storage and retrieval of customer information. 'Security and You' is the latest addition to our business protection training and is an interactive, online course designed to help ensure the security and integrity of data we hold, including customer information. Every employee must reach a score of at least 75% to successfully complete the training. Available in 14 languages, the course was piloted in 2008 and is being rolled out group-wide.

**Helping our employees make the right call**

Our whistleblowing hotline, RightCall, is being rolled out globally in 2009. Employees can make reports by freephone, email or internet in their own language. Thirty-two allegations of malpractice were made across the group in 2008; 27 from the UK and five from our other operations worldwide. All cases were referred for independent investigation, with 23 reaching conclusion. Nine cases remain under investigation at the time of writing.

**Treating customers fairly**

Aviva works within the regulatory framework of the Financial Services Authority (FSA) in the UK. One of the FSA's statutory objectives is to help customers get a fair deal. Examples of treating customers fairly include: products and services targeted to meet customers' needs and which perform in line with what customers have been led to expect; clear information (and advice where relevant); good service; and making sure there are no unfair barriers that prevent customers from getting access to their money, changing products or making a successful insurance claim. The FSA regularly checks that we are meeting the requirement to treat our customers fairly and we make use of various metrics to assess our own performance, including customer advocacy, retention and complaints.

As one example of fair treatment, we continue our efforts to return unclaimed assets to policyholders. In the UK, Norwich Union joined forces with a tracing agency to do so and in 2008 traced £46m total assets and paid out almost £17m.

**Combating financial crime**

Financial crime, including money laundering, fraud, corruption and market abuse, can seriously affect consumers and costs the financial services industry billions of pounds each year. Our financial crime policy and standards are applied across the group and we regularly monitor them to ensure compliance. We operate a group-wide network responsible for fighting financial crime and members receive regular information and training on emerging trends and issues.

All allegations and suspicions of fraud, corruption and market abuse are subject to independent investigation. If, following investigation, we ascertain that financial crime has occurred, cases are reported to the appropriate authorities and action taken where appropriate. In 2008 this resulted in 88 prosecutions.

**Respecting customer confidentiality**

Taking good care of the information that customers pass to us is a moral responsibility as well as being an essential part of the fight against financial crime. We rely on employees to follow the standards we have put in place and which comply with prevailing laws and regulations. Compliance with our procedures is regularly monitored and we also continuously invest in, improve and monitor our IT systems and processes, which provide a vital defence against fraud.

In 2008 Aviva received no fines or notices from the UK regulator on confidentiality issues.

## Communicating clearly and transparently

We revised our customer communications in our general insurance and life insurance businesses in the UK in order to provide comprehensive, accurate and complete information regarding our insurance products.

- We clarified the policy documents of our UK general insurance business, which now include more helpful explanations of terms.
- In our UK life business around 1,650 customer communications have been reviewed and simplified over the past 18 months and 1,350 letters removed completely.

We also made every effort to keep our customers fully informed during the global financial turmoil of 2008. For example, Aviva Italy dedicated web pages to communicating with customers about our position.

In our view, improving general understanding of money matters goes hand in hand with improving confidence. Our research shows that more and more consumers are using the web as their first port of call in understanding and planning their finances. Business units including India, Ireland, USA, Canada, France, Turkey and the UK have recently launched or are planning consumer education microsites and we intend every business to offer such web-based platforms. These complement professional education initiatives for financial advisers and others in our networks.

## Micro finance

Our commitment to micro finance in India continued in 2008 with the launch of Sangh Samruddhi, a unique group term plan. This will cover the lives of the customers of institutions supported by BASIX, a livelihood promotion institution working across 15,000 villages in 12 states.

Since 2002 we have partnered with micro finance institutions and regional rural banks to help increase access to affordable financial provision. Aviva products are now available in more than 1,600 towns and cities across India. Our needs-based sales approach offers customers a free 'Financial Health Check' so the right product can be recommended to meet the customer's long-term savings and insurance needs. By December 2008, we had covered over 1.4 million lives in the social sector and sold more than 238,000 policies in rural areas – significantly exceeding targets set by IRDA, the insurance regulator in India, of covering 25,000 social lives and selling 47,000 rural policies.

## Aviva around the world

Like Sachin Tendulkar (pictured right), one of **India's** great cricketing heroes, the Aviva Sachin Century Plan has popular appeal. It's a simple unit-linked life insurance plan with risk-free savings and affordable premiums for low- to middle-income earners.

**Aviva Investors** acted to protect the value of our clients' liquidity funds in the volatile markets of 2008 and in **Australia** Aviva also led the way. We were the first in Australia to commit to continuation of pension payments on our investment platform through to the end of 2008.

**Aviva Malaysia's** LiveSmart, a retirement fund building product, was launched alongside a communication campaign to drive home the importance of planning ahead for retirement.

**Aviva USA** carries out regular and targeted monitoring of agents on criteria including customer satisfaction, complaints and product suitability. For the year 2008, Aviva USA carried out an individual suitability review of around 35% of its annuity applications.

**Aviva Czech Republic's** call centre kept its top position among the best in the insurance business in a survey that measured indicators including promptness and accuracy of responses.

Customers of **Aviva France** took part in a competition designed to raise awareness about sustainability. Prizes included electric scooters, bicycles and solar-powered radios.

**Hibernian Aviva** in **Ireland** was voted Best Personal Insurer, Best Commercial Insurer and Overall Best Insurer by brokers at the IBA Service Excellence Awards 2008.

Aviva Sachin Century Plan

A simple unit-linked plan  
with 100% premium allocation.

Runs  
100

AVIVA  
Life Insurance  
KAL PAR CONTROL™

# Reducing our environmental impact

## In this section

- 15** Climate change and Aviva
  - Carbon reduction initiatives
  - Influence and concern
  - Challenges in carbon management
- 17** Other impacts
  - Water
  - Waste and recycling
  - Paper
- 18** Environmental performance

 [www.aviva.com/cr/environment](http://www.aviva.com/cr/environment)

We're working hard to reduce the risks posed by climate change, as well as being energy efficient and conserving natural resources.

### Carbon footprint

**6.6%**

reduction in CO<sub>2</sub> emissions from 2007

### Waste management

**2%**

increase in waste – we've set ourselves tough targets for 2009

### Paper usage

**14%**

decrease in paper consumption



## Since our last report

Met our carbon reduction target and set ourselves further tough goals.

Kept our status as a carbon neutral insurer.

Reported against the ClimateWise principles for the first time.

Introduced carbon reduction targets in executive directors' personal objectives.

## Looking ahead

Meet demanding goals to reduce our environmental impacts further.

Align our environmental strategy to new legislative requirements.

Partner with and influence other companies on climate change.

## Climate change and Aviva

Addressing climate change is Aviva's most pressing environmental priority. As an insurer, we understand only too well the human and economic cost of floods, storms and extreme weather. Many experts point to the increase in frequency and severity of climate-related events as proof that global atmospheric patterns are changing.

Climate change is a risk that's here to stay. There's much to be done, nationally and internationally, and Aviva is committed to addressing the issue – through a combination of using our control, influence and concern:

- Controlling our own carbon footprint, mainly through energy efficiency, new technologies and purchasing zero emission electricity, but also offsetting any emissions we are unable to deal with by other methods.
- Influencing and encouraging our customers, suppliers and the companies we invest in to minimise their own impacts.
- We demonstrate our concern through active involvement in cross-sectoral business and public initiatives in the UK and elsewhere.

Protecting against harm, damage and loss is what we're here to do, but our job is not just to help our customers get back to normal after suffering from floods, storms and other life traumas. We also have a vested interest in alleviating the underlying cause of climate change, which is man-made global warming. Once again we have reduced our CO<sub>2</sub> emissions from energy consumption.

Our 2008 CO<sub>2</sub> emissions are down by 6.6% when we compare our operations on a like-for-like basis to 2007, and by 3.3% overall. Since 2000, we've reduced our emissions by 14%, achieved in the context of strong company growth.

## Carbon reduction initiatives

We maintain a strong focus on energy efficiency. We are also driving forward with our telepresence (videoconferencing) system and continue to promote its use. Between April (when the system was launched) and November 2008 we used it for 1,700 hours of meetings and saw a reduction of 25% of air travel-related CO<sub>2</sub> emissions for those employees using it from its launch (our target was 10%).

Encouraging such shifts in behaviour is necessary if we're to meet our carbon reduction targets and we recognise the huge part all our employees play in this. That's why for the first time in 2008, all carbon reduction targets are included in the personal objectives of our executives, directly linking environmental performance at regional level with incentive remuneration.

### Saving wood, saving CO<sub>2</sub>

We offset our outstanding carbon emissions by retrospectively investing in a balance of social and commercial projects around the world that generate carbon credits. In rural East Africa we have joined forces with NGO CO<sub>2</sub>balance to help householders replace open fires that they use for cooking with energy-efficient stoves. As well as being 70% more energy efficient, villagers don't have to spend as much time collecting firewood and more efficient stoves also mean less wood is burnt, so helping to prevent deforestation. A further benefit is that the stoves are built within the villages, creating employment in local areas. Such offsetting projects are part of our carbon reduction strategy and helped us to become the first carbon neutral insurance company on a worldwide basis, which we achieved in 2006.

Photo: CO<sub>2</sub>balance





### Renewable energy provides sustainable and responsible investment opportunities underpinned by solid fundamentals

Buildings in an urban regeneration project in Bermondsey, London – funded by Igloo Regeneration Partnership, managed by Aviva Investors – have A-rated energy performance.

#### Influence and concern

Climate change mitigation is part of many of our business activities – from the development of commercial opportunities to the sharing of learning. Here are some examples:

##### Sustainable and responsible investment

The Aviva Investors European Renewable Energy Fund was launched in 2008, specialising in developing and financing renewable energy projects in the EU. It aims to capitalise on investor interest and binding targets of the EU to increase sustainable energy consumption to 20% from 8.5% by 2020. The fund portfolio will include solar photovoltaic, geothermal, biomass, biogas and wind assets.

##### Joining forces with others

Aviva was a founding signatory of ClimateWise, a sector-wide collaboration now comprising over 40 companies, including global insurance firms. The group set out to create guiding principles around insurance-specific responses to climate change in the areas of risk analysis, public policy making, supporting awareness among customers, incorporation of climate change into investment strategies, reducing environmental impacts and reporting. We attend both the management committee and the working group and reported for the first time against the principles in 2008. Our adherence to the principles was reviewed by Forum for the Future who found Aviva fully compliant in all areas of the principles.

##### Go online to view our full response to the ClimateWise principles

 [www.aviva.com/climatewise](http://www.aviva.com/climatewise)

##### Products to help change behaviours

How we design, produce and market our products can influence our customers positively. As part of our 'Prestige for Property Owners' bespoke insurance solution, Aviva provides assistance to UK property owners to become carbon neutral and offers access to specialist services such as energy audits.

##### Our people and climate change

We encourage our employees to make a difference where they can. For example, every Australian employee is incentivised to improve energy and water efficiency at home and Aviva matches Australian government rebates up to an amount of AUS\$300.

#### Challenges in carbon management

Measuring and managing our carbon footprint is no simple undertaking and there are challenges at several levels. As a UK-headquartered company, we support the efforts by our own government and others internationally. However, the picture is still evolving. In the UK, for example, there is no definitive approach yet on mandatory targets for business, the level at which these might be set and the timing and impact of costs on businesses.

Accurate monitoring of corporate footprints, by corporates themselves, is also work in progress. Methods vary and there is no single accounting standard that would provide comparability. For our part, we are continually improving how we collect, measure and report environmental data. This year, for example, we have moved to an online data collection and reporting system. Our approach has been influenced by the Accounting for Sustainability framework, which we helped to develop. For the second year, we follow its guidelines in reporting our key environmental indicators on page 18.

As well as managing our direct emissions, we want to enable our customers to choose products to help mitigate climate change. Our Pay As You Drive™ car insurance, launched in the UK in 2003 and later adopted in Canada, is one example of innovation, but it is also an example of the challenges involved. Pay As You Drive™ offers drivers the ability to make informed choices about when, where and how often they use their car, with lower premiums available for lower mileage – good news for the environment too. In 2008 we extended Pay As You Drive™ to France and Turkey. However, Pay As You Drive™ was removed from the UK market in June 2008 by Norwich Union, a difficult decision taken after very careful consideration. This points to the challenges involved in developing new, responsible products. Questions remain about how to stimulate the market and incentivise consumers – and who should act first in order to create demand. There is no doubt that governments, individuals and businesses all have equally important parts to play and we remain committed to acting where we can.

## Other impacts

### Water

We are intensifying our water conservation efforts, especially as we operate in countries where it is scarce. For example, the state of Victoria, where our Australian head office is located, will be receiving two-thirds of its drinking water from desalination plants by 2012.

In 2008 our water consumption decreased by 1% compared to 2007. We aim to reduce water use by 4% in 2009.

Our water reduction target will be challenging but the conservation measures we are putting in place are part of our commitment to reducing consumption. These include flow straighteners, reduced water consumption urinals, measured toilet flushing cisterns (UK), reduced-flow taps (France head office), the use of grey water for flushing toilet cisterns and garden-watering (India head office), and timed water systems (Canada head office). As these are rolled out we hope to see the benefits achieved in our next report.

### Waste and recycling

We now recycle 84% of waste, which exceeds the recycling target we set ourselves of 80%.

In 2008 our waste volume increased by 2% compared to 2007. In 2009 we aim to reduce the volume of waste by 4%.

### Paper

We aim for our written communications to be as concise as possible without compromising clarity or regulatory requirements; we source paper with recycled content and we recycle paper waste. For example, through online tools, Hibernian Aviva in Ireland enables brokers to choose to suppress the amount of documentation generated.

We reduced total paper consumption by approximately 14% in 2008.

More detailed data on all our environmental impacts is available on page 18.

### Why mangroves matter for carbon capture

The capture and storage of carbon (known as sequestration) is an important area of research in climate change mitigation. Aviva is providing five-year funding for an Earthwatch investigation into the sequestration potential of mangroves in Kenya, which will also provide an economic model for avoiding deforestation and ensuring the sustainability of these natural flood defences. Projects involving the use of forests as carbon sinks have been criticised by some as the planting of trees can dry out soil and compromise existing flora and fauna. This is not the case with mangroves as they are planted in saline, are native to the area (so do not displace any other species) and are long-term carbon sinks. The research supports Aviva's commitment to provide carbon finance in Africa where we believe there is an urgent need. It will demonstrate exactly how much carbon can be stored in mangroves over time, and will lead to the development of carbon credit verification.



## Aviva around the world

In the **UK**, schoolchildren are invited to take part in Climate Change Champions, an education programme run in association with Global Action Plan, which helps them to find ways to reduce their school's carbon footprint.

In the **UK**, Norwich Union held an architectural competition to design a flood-proof home for the future. Pohkit Goh's design was one of four overall winners (pictured right).

To raise awareness about energy and air pollution issues, **Aviva Hong Kong** ran a Power Smart Contest among staff and sponsored and participated in Friends of the Earth's 'Dim It!' campaign on Earth Day – an event that attracted a lot of public attention in Hong Kong.

West Des Moines, Iowa will be greener following a US\$50,000 donation by **Aviva USA** to plant trees in the city. The planting will take place in 2009, helped by employee volunteers.

**Aviva France** ranks highly among French insurers for its climate change initiatives, according to a report by Friends of the Earth.



# Environmental performance

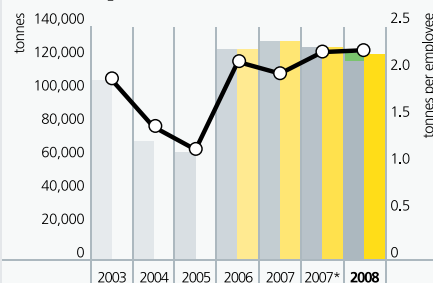
## Greenhouse gas emissions

### Benchmark information

Carbon Disclosure Project Score 83 out of 100  
BREEAM minimum ranking 'Good' for new build and refurbishment

## Non-financial indicators

### Aviva's CO<sub>2</sub> emissions



CO<sub>2</sub> tonnes  
CO<sub>2</sub> offset  
CO<sub>2</sub> tonnes per employee  
New businesses

\* The 2007 CO<sub>2</sub> emissions has been restated. Each year the conversion factor for electricity generation varies. We therefore need to restate these figures every four years. We are restating the 2007 figures accordingly.

## Direct company impacts

### Cash flow performance: CO<sub>2</sub> emissions

Total cost of offsetting 105% of our global CO<sub>2</sub> emissions – 128,931 tonnes in 2008 – was in the region of £750,000. We incur up to a 2% premium for zero emission/renewable electricity compared to fossil fuels. Following the publication of the 2008 UK DEFRA carbon reporting guidelines, at the end of our current electricity contract we will no longer pay a premium for zero emission electricity in the UK.

2008 has been a benign year for weather-related claims, although we do see a trend in the increased incidents of such events and believe the occurrence of these will rise with climate change.

### Cash flow performance: Other significant emissions

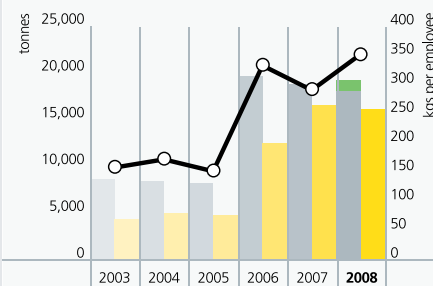
Our operations do not generate material quantities of any other significant greenhouse gases.

## Waste

### Benchmark information

200 kgs of waste per employee per year  
Recycling rate of 60–70% (BRE Office toolkit)

### Aviva's waste



Total waste (tonnes)  
Recycled (tonnes)  
Total waste per employee (kgs)  
New businesses

### Cash flow performance: Hazardous and non-hazardous waste

Total disposal cost for hazardous and non-hazardous waste in the UK was £629,000 (2007: £464,000), which includes UK landfill tax.

### Cash flow performance: Conservation investment

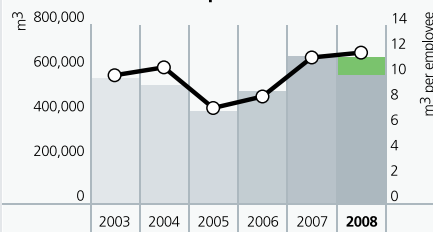
Total capital expenditure for storage and recycling in the UK was minimal (2007: £200,000).

## Resource usage

### Benchmark information

7.7m<sup>3</sup> per employee per year (National Water Demand Management Centre)

### Aviva's water consumption



Water consumption m<sup>3</sup>  
Water consumption m<sup>3</sup> per employee  
New businesses

### Cash flow performance: Water

The operating cost of water usage was £944,000 in 2008 (2007: £938,000).

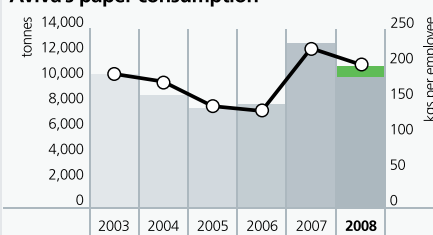
### Cash flow performance: Energy intensity

Total cost of building-related energy in 2008 was £18.2 million (2007: £20.4 million).

### Cash flow performance: Paper usage

We currently do not track the cost of paper usage.

### Aviva's paper consumption



Paper consumption tonnes  
kgs per employee  
New businesses

### Cash flow performance: Environmental incidents

During 2008 there were no environmental incidents as a result of our operations, resulting in fines of £nil (2007: £nil).



## Commentary

### Our performance, strategy and targets

In 2008, our total CO<sub>2</sub> emissions decreased with all businesses reporting consistently on their footprint and applying practices to reduce their emissions. They have achieved this by using technologies, changing behaviours, and by purchasing zero emission and renewable electricity. We anticipate our carbon footprint reducing to 108,000 tonnes in 2009 through our divestment of AutoWindscreens and AGS – 10,000 tonnes – and by reducing business travel. There will be an increase from our new data centre reaching full capacity but expect that this will reduce over time through a programme of virtualisation and consolidation of data.

Our RAC business has fitted speed limiters on its breakdown vehicles providing an anticipated saving on fuel and associated carbon emissions of 7.4% over the year to October 2009. We are trialling retrofitted hybrid drive systems on two of the breakdown vehicles which could save up to another 25% in associated emissions in 2008/09. We will continue to purchase zero emission/ renewable electricity where it is practical to do so. Currently 65% (2007: 61%) of our electricity worldwide is purchased from zero emission sources. Our remaining emissions will continue to be offset on a retrospective basis compensating for the carbon output of our consumption of non-renewable sourced electricity, gas and oil from buildings and business travel.

## Indirect impacts

### Products/Suppliers/Investments

We anticipate having a complete UK carbon footprint of the properties we own through our Property Fund managed by Aviva Investors. Under the new UK Government Carbon Reduction Commitment scheme, electricity gas and oil used in the properties will be subject to an additional cost of £12 per tonne.

We regularly review the viability of new products and services that can encourage customers to reduce their own CO<sub>2</sub> emissions. Our Prestige Property Owners Policy includes a free energy assessment, advice and guidance on energy saving technologies and reassessment to demonstrate improvements.

This year the UK general insurance business worked with public bodies to create a best practice template in flood planning, involving local authorities, emergency services and utilities companies. The planning should help improve response times, raise awareness and reduce damage. See [www.floodplanuk.org](http://www.floodplanuk.org). This development complements the work completed earlier in the year. See [www.floodsim.com](http://www.floodsim.com)

Aviva Investors' new European Renewable Energy Fund specialises in developing and financing renewable energy infrastructure projects in the European Union. The Environmental Technology Fund and New Energy Fund managed by Delta Lloyd asset management business and the Renewable Energy and Clean Technologies fund in Aviva Spain focuses on climate change mitigation.

### Our performance, strategy and targets

In 2008, the total volume of waste generated has increased globally by 2% and the proportion of waste recycled has decreased by 4% on 2007 data to 84%. Our waste figures will reduce by some 6,000 tonnes due to the divestment of AutoWindscreens.

The learning from our bin-less office system is being applied to the Canadian business in 2009 and complements their efforts in 2008 around the composting of organic waste.

The rebranding of our businesses in the UK, Ireland and Poland to Aviva in 2009 and 2010 will inevitably generate increased volumes of waste. This, however, is being closely monitored to ensure this waste is kept to a minimum.

### Products/Suppliers/Investments

We are working with our upstream partners to eliminate waste from the business through take back of packaging and switching to biodegradable wrapping etc. Environmental clauses are included in contracts with suppliers. Each new supplier has to sign up to Aviva's CR Supplier Code of Conduct – focusing on environmental impact as well as human rights and social issues.

We adhere to all building regulations (insulation, proper disposal of waste material including building waste and white goods) and we are members of a responsible motor repair network which disposes of waste and spare parts in accordance with sustainable environmental practices.

### Our performance, strategy and targets

Our focus on water reduction increased in 2008; Aviva's businesses in the UK set a target of 10% reduction. Trials of flow straighteners for taps, reduced water consumption urinals, and water saving devices on toilet cisterns have been successful, resulting in a combined reduction to 5.5m<sup>3</sup> per employee per year at the test locations. A group target of 4% has been set for 2009, through the sharing of these good practices around the world.

Our energy strategy is to invest in new energy-saving technology and to reduce our energy dependency on fossil fuels. We are prepared to pay up to 2% premium for purchasing electricity from renewable/zero emission sources.

We have trialled the use of boiler optimisation valves fitted to all our boilers. The trial suggested a reduction in gas use of 15% and our investment of £154,000 should see a positive return in just 38 weeks.

Capital expenditure work on energy conservation is proceeding with a payback period of less than three years.

Our strategy is to increase the use of recycled content paper, while reducing overall paper use. Cost and quality of recycled papers are now comparable with virgin content paper.

We have introduced self-selection options, which enable policyholders to receive and save policy documentation online, thus reducing paper usage, printing and postage cost.

### Products/Suppliers/Investments

Work is continuing with our marketing departments and suppliers to provide marketing materials with recycled content and remanufactured stationery products.

Shareholders have been asked to make the switch to receive company information electronically including the electronic transfer of dividends.

We report our environmental performance using the Accounting for Sustainability framework, which integrates financial and non-financial data to provide a comprehensive picture of our impacts.

# Being the best employer

## In this section

- 21 Our people strategy
- 21 Management and leadership programmes
  - Mobilising our leaders in adverse conditions
  - Talent management
  - Leading people
- 22 Diversity, equality and human rights
- 22 Dialogue and communication
- 22 Managing change
- 23 Health, safety and wellbeing

 [www.aviva.com/cr/employees](http://www.aviva.com/cr/employees)

Especially in today's market conditions, we must continue to compete strongly for the right talent to take us forward. Aviva's people strategy and our long track record as a responsible employer are helping us do just that. We are investing significantly in our employees – adding to skills and knowledge and developing leaders of the future.

### Workplace

**72%**

of employees say that Aviva is a great place to work

### Leadership

**59%**

of our people rate us favourably on our leadership

### Diversity

**22%**

of Aviva's senior management are women

## Since our last report

Over 1,700 senior managers attended “one Aviva, twice the value” Summits.

Extended our Talking Talent programme.

Saw improved response rates in our employee survey, with Aviva now rated as a great place to work by nearly three-quarters of our people.

## Looking ahead

Support and inspire our employees to be the best they can be.

Create a clear promise to our employees about what it will be like to work at Aviva.

## Our people strategy

We want each customer to experience Aviva as the company that puts them at the heart of everything we do, recognising them as an individual, understanding their point of view and responding to their needs. For this to happen, we must also respond to our employees as individuals and recognise their personal contribution to Aviva's success. We need to get great people to join us and stay; match the right people to the right roles; and get the best out of everyone.

### For the next three years we are focused on:

- Improving how we identify, develop and use our employees' talents.
- Cultivating and inspiring excellent leadership.
- Engaging our people and customers with exceptional CR initiatives.
- Using rewards to focus senior leaders on our shared goals.
- Recognising our people – the difference each of us makes.

To reinforce our external brand of recognising our customers as individuals, we've embarked on a global programme to create a culture where this lives and breathes internally. We want our employees to be truly recognised as individuals and for their personal contribution to Aviva's success. This is the overarching aim and promise to our employees, which our HR and people practices support.

## Management and leadership programmes

### Mobilising our leaders in adverse conditions

We held 16 major 'summit' events around the world in which 1,700 of our senior leaders participated. This programme has been the biggest, most concentrated investment in our leadership capability since Aviva was created. An important aim of the summits was to equip our leaders to respond optimally in adverse conditions. We have already noted that leaders are conveying the business vision to their teams with greater clarity, even in difficult market conditions. To maintain the momentum generated, we aim to hold seven more summits in 2009.

### Talent management

Our Talking Talent programme, initiated in 2007, is a globally consistent approach to identify, manage and develop talent right across the group. It builds on our extensive commitment to employee learning in all our businesses. Initially introduced to the top 400 leaders in the organisation, we are delighted with the enthusiasm with which it has been received around the world. The programme has been rapidly extended to other levels of the organisation, including all employees in the UK life business.

### Leading people

We believe that developing leadership capability is an investment in our future. This is confirmed by our employees who told us in our 2008 annual global climate survey that the way their immediate managers behave impacts on their own engagement and performance more than any other factor.

Our objectives for 2008 were to create the tools and awareness required to bring about a substantial change in the way we maximise the skills of our people. To this end, an extensive toolkit for HR, guidelines, training plans, handbook and performance management process have been delivered. We are already seeing change, with 87% of our employees agreeing that they “are clear what's expected of them” in their day-to-day job. We are continuing to embed this approach as a priority in 2009 with a focus on training and continued measurement.



We're equipping ourselves for the future

Senior managers at one of 16 'summits' held around the world in 2008.



Aviva has a long track record in promoting diversity and equality

By sponsoring Dee Caffari, who competed in the single-handed Vendée Globe Challenge, we raise the profile of women's achievements as well as increasing recognition of Aviva among customers and employees.

Respect Diversity, our interactive online training module, has been redeveloped to cover diversity issues in one comprehensive training module. Available to all UK staff, it gives effective guidance on issues covering sexual orientation, age and gender. There's also advice for managers and employees on our bullying, harassment and discrimination policies.

## Diversity, equality and human rights

Aviva's programmes have been recognised as going above and beyond the level of activity of many companies to ensure respect, fairness and equality among our employees. We value and respect diversity and our policies embody the UN Universal Declaration of Human Rights and the International Labour Organization's core labour standards. Aviva also supports the UN Global Compact Principles.

Representation of female colleagues within the senior management group was maintained at 22% in 2008. Amanda Mackenzie joined as the first female member to our Executive Committee in March 2008 as chief marketing officer. We also now have three women on the main Aviva plc Board.

Employee networks such as the Aviva Women's Network and Pride Aviva strengthen our diversity agenda and continue to thrive. Paul Wood, the chair of our Pride of Aviva network, is a trustee of Stonewall, the campaigning group for gay, lesbian and bisexual employees. We maintained our position in Stonewall's Workplace Equality Index as the only insurer to be included in the top 100 employers in the UK.

Every year, we ask our people what they think... and 72% say that Aviva is a great place to work.

Since we introduced our global climate survey four years ago, participation has risen and 74% of our people responded in 2008.

Positive responses increased in every area of the survey, compared to 2007, including Aviva's leadership, understanding of company values, levels of engagement and customer focus.

Awareness of Aviva's diversity policies and practices was also higher than 2007 and more employees felt that their talents were being developed effectively by their managers.

## Dialogue and communication

We consult our employees in a wide variety of ways, from regular performance reviews to ongoing communication using our intranet and other methods. Our annual global employee survey provides an important channel and this year 74% of employees in our worldwide businesses completed it. In 2009, we'll add an online poll about our employee promise to ensure we're truly listening to what matters to our people.

We also have a number of employee forums including the European Consultative forum. This provides an appropriate body for the exchange of information and views between management and employees, with the aim of establishing a dialogue on pan-European issues.

As part of our move to a global brand, we need to be able to share expertise and knowledge efficiently – and put it to work for our customers. Our redeveloped global intranet, Aviva World, is helping us do just that. It has become an important channel where we exchange ideas and connect more easily as individuals. New online facilities such as profiles, executive blogs and team sites are providing the tools to collaborate more effectively across businesses and borders.

## Managing change

Like all businesses, we must continually improve our efficiency. In the UK, for example, our general insurance business announced its move to a new operating model, designed to maintain the company's position as the UK's leading insurer by improving service and driving growth.

Overall, the number of roles within Operations will be reduced, and over the next two years, we will be managing the reduction in roles by natural turnover, voluntary redundancies and internal transfers. Some employees will also be asked to relocate to the sites that will become our centres of excellence. Aviva is committed to providing as much support as possible to people affected by these changes. We estimate that this approach, combined with the two-year implementation period, will mean that there may be around 1,500–1,800 redundancies by the end of 2010.



## Health, safety and wellbeing

Each business has an occupational health and safety management system (OHSMS) that is suitable for their operating conditions. In 2006, to achieve consistency throughout the UK, we issued a standard health and safety policy. This detailed responsibilities, accountabilities, consultation and communication for the UK. Our UK businesses already have significant OHSMS to cover all relevant risks.

In 2008 Aviva developed a new group health and safety policy, thereby covering all our businesses worldwide, including those where local legislation is currently limited. The policy is being introduced in 2009 with an expectation that by 2010 all businesses must be fully compliant.



### Celebrating equal opportunity and achievement

Aviva sponsored the first Global Empowerment Award at the Women of the Future Summit. This was presented to Indra Nooyi, CEO of PepsiCo, by HRH Princess Michael of Kent and Louella Eastman, group CR director at Aviva plc.

Two of Aviva's own employees came in for special external recognition of their own in 2008. The prestigious listing by Financial News of '100 Most Influential Women' named Rita Dhut and Siobhan Boylan, both of Aviva Investors. Rita appeared on the list for the second year running and Siobhan made her first appearance in the top 100.

## Aviva around the world

Governments increasingly expect employers to help combat health issues like obesity. In **Canada**, membership of our on-site fitness facility went up by 12% in 2008, with a high proportion (80%) of employee members actively using it.

Online Academies in the **UK**, quality assured by the Chartered Insurance Institute, provide Norwich Union employees with continuous learning on key topics. In Q4 2008, an average of 60,000 online learning solutions were used every month.

Part-time employment can assist employees with work-life balance. At **Aviva France**, for example, 14% of the workforce benefit from part-time contracts (2003: 11%). As a progressive employer, Aviva France also dedicates 5.6% of salary costs to training, far exceeding the national legal requirement of 1.5%.

**Hibernian Aviva in Ireland** was awarded Platinum certification from Excellence Through People. Platinum status, the highest level of award, recognises that we are developing our people at the highest industry standard.

**Aviva India** was ranked among the top 25 employers in India in 2008 and is the only insurance company among the top 100 companies (Great Places to Work Institute).

Aviva businesses in **Asia Pacific** encourage employees to respond to the global staff survey by making a corporate donation to charity, linked to the volume of responses received.

Russell Martin, **Aviva UK** HR director (pictured right) collected the Employee Benefits Award for the most effective use of reward as part of a CR strategy on behalf of the business.





# Supporting communities

## In this section

- 25** Our community investment strategy  
Measuring our impacts
- 25** Helping people through life traumas
- 26** Education and financial literacy



[www.aviva.com/cr/communities](http://www.aviva.com/cr/communities)

Smart community investment brings long-term benefits to both the community and the company when it aligns to business strategy and draws on the expertise and enthusiasm of employees.

### Charity donations

**£9.6m**

Globally, Aviva invested £9.6 million in community and charitable programmes in 2008 (2007: £6.75 million)

### Volunteering hours

**67,700**

Employee volunteering has nearly doubled since 2006

### Focused investment

**3 areas**

Global focus areas addressing: life trauma, education and financial literacy

## Since our last report

Aligned our community investment strategy more closely with our business vision and began to embed the revised strategy throughout the group.

Started to use the London Benchmarking Group model to improve how we measure the outcomes of our investment.

Enabled our employees to take part in more volunteering opportunities.

Kept our good reputation among employees, with 81% saying they believe we act responsibly in relation to local communities (2007: 80%).

## Looking ahead

Further align local community programmes with the new strategy.

Enhance employee participation.

Develop training to help our regions measure and report the impact of local community programmes.

## Our community investment strategy

Our revised community investment strategy, launched in January 2008, is closely aligned with our vision to provide prosperity and peace of mind. It is a group-wide approach designed to ensure we channel financial and organisational support to areas where we can maximise our expertise and resources to make a difference. Our focus areas are helping people through life traumas, education and financial literacy.

Aviva businesses worldwide have adopted the new strategy and are well underway with implementation. Businesses can of course support initiatives that resonate in their own operating environments, but all community investment must now meet specific criteria.

A consistent approach is a first step towards gathering more meaningful information on the outcomes of investment from our businesses worldwide. At group level, we have adopted a leading methodology, the London Benchmarking Group (LBG) model, to help us make further progress on measuring impacts. We plan to submit our first report to LBG for evaluation in 2009.

### Measuring our impacts

In 2008, for the first time, we asked our businesses to report the impacts of their local community programmes using our new online system. While some business, including the UK, reported robust and detailed information, we need to improve the quality of information gathered across Aviva. We will be introducing training to strengthen this area of reporting in 2009.

## Helping people through life traumas

Sadly, trauma exists in many lives in many places, whether as a result of natural disaster, war, deprivation or illness. Aviva's alliance with Oxfam, which we forged in 2006, enables us to contribute as a group to humanitarian crises and our funding support helps this global charity to act rapidly when it is needed (see panel on page 26).

Individual businesses also respond to events affecting communities close to them. In India, for example, during the Bihar/Assam floods in 2008, Aviva employees contributed a day's salary to the Prime Minister's relief fund. And in China, in a year that not only saw devastating earthquakes but also damaging snowstorms, Aviva-Cofco's response combined urgent humanitarian aid with immediate service and support for customers (see page 38).

We also aim to support organisations working to prevent or minimise trauma being suffered by individuals – either through advances in research, better awareness of risks or expert help for those already affected. So in the area of health, in the US we supported the America Cancer Society. And this year we supported charity partners Wessex Cancer Trust and the Hampshire & Isle of Wight Air Ambulance – both voted for by UK employees as charity partners for 2008. In the UK we also worked in business partnerships with Macmillan Cancer Support and the mental health charity SANE.

Crime is another unfortunate fact of life that results in trauma for our customers and communities. By supporting schemes like that of Norfolk PACT in the UK, which works to make the homes of vulnerable people more secure, we can contribute to reducing both the risk of burglary and the fear of crime (see page 33).



Aviva-Cofco employees support the survivors of the earthquake in Sichuan, China.

Helping hands for people facing life trauma



### Oxfam 365 Alliance: helping with disaster relief

We established a global partnership with Oxfam, becoming a founder of the Oxfam 365 Alliance in 2006. This involves a commitment from the group of between £500,000 and £1m over three years. During 2008, Oxfam, supported by the Oxfam 365 Alliance, responded to a number of emergencies. These included relief for those affected by the cyclone in Myanmar and drought in Ethiopia; aid for refugees fleeing fighting in Somalia; and water and sanitation assistance for over 500,000 people forced to live in refugee camps in Darfur, Sudan.

Photo: Water collected from an Oxfam water point in Gereida camp, South Darfur, Sudan. Nicki Bennett/Oxfam



### Education and financial literacy

Education is at the heart of much of our community involvement. From formal support to enable talented young people in developing economies to complete their studies, to mentoring offered by employee volunteers, we are investing in improving access to knowledge and skills for those in most need.

The visually impaired population was identified as a specific area of need by AvivaSA in Turkey in 2008. Numbering around 400,000 people, this group is disadvantaged by limited access to information and educational opportunity. The first project of its kind in Turkey and the first volunteer initiative at AvivaSA, this ambitious undertaking in conjunction with Boğaziçi University harnessed the goodwill of more than 160 Aviva people. Following training, our team of volunteers read texts to be used as audio books to benefit around 1,000 visually impaired people. The intention is to create a high-quality educational resource that will grow over time.

The challenge of improving levels of financial literacy around the world is also a key priority. Raising standards of professional knowledge is one way we are going about this. Through training and certification programmes like that provided by Eagle Insurance in Sri Lanka, we aim to contribute to the development of emerging markets and promote high standards in needs-based advice and responsible selling. Eagle Insurance's training programme has certified 40 life insurance agents in personal financial management and also includes a video for wider use in the community.

Aviva employees across Europe worked on a project in Constanta county in Romania to provide housing for disadvantaged families.



Helping communities in Romania



### By supporting volunteering and giving, we invest in Aviva's future

Many of our businesses support employees who want to get involved in volunteering. It's part of creating a fulfilling workplace where people can experience the real connection between Aviva's business and their own communities, and where they can see how their contributions can produce results in society. But it's not just about nurturing a vibrant workplace. Even in today's difficult economic conditions, the battle for talent continues and many candidates look for evidence of employers' corporate responsibility. And for our part, we seek out well-rounded candidates with an interest in the wider world.

### We encourage volunteering and workplace giving in various ways:

- Group-wide, our employees can apply to take up to three days' paid volunteering per year. This has contributed to an increase in employee participation in 2008. Employees spent 67,700 hours on volunteering in 2008 (2006: 34,000).
- Some of our businesses offer match-funding. Aviva Australia, for example, aims to raise AUS\$150,000 for its flagship charity, Camp Quality, and is matching donations dollar for dollar to a cap of AUS\$50,000.
- Employee award schemes, whereby people can apply for funds to support a charity or community group of their choice.
- Many of our businesses offer payroll giving schemes, whereby employees can donate directly to charity from their salary.

"The volunteering hours and arrangements were well planned and didn't hamper my working week. Volunteering gives you more than you can give it; it broadens your horizons and understanding."

Michael Brennan, employee volunteer, Aviva Hibernian

"It's quite heartening to see a large business helping out a small community-based project on a very real level."

Kate Bluett, St Teresa's School, Inchicore, Ireland

## Aviva around the world

In the **UK** we launched Easier to Give – a portal which enables employees to find volunteering opportunities, set up payroll giving and other donations, as well as taking part in fundraising activities.

After successfully launching its volunteer programme in 2005, Hibernian Aviva in **Ireland** surveyed and measured the positive effect on employee participants (two of whom are pictured right). Projects in 2008 ranged from schools-business partnerships and homework help for disadvantaged children to sharing IT skills.

Around 600 young children at an elementary school in Unye, Ordu (**Turkey**) now have better access to modern IT, AvivaSA having donated 30 computers and 200 monitors which were no longer required.

Eagle Insurance in **Sri Lanka** provided its eighth batch of scholarships to support students through their university degrees, bringing the total of student awards made since 1994 to 336.

By sponsoring the Bal Vatika education project **Aviva India** has helped 310 children to attend school.

Aviva Women's Network held an event for the Eve Appeal, a **UK** charity dedicated to reducing gynaecological cancer by 50%, and was proud to present funds of £50,000 on behalf of Aviva.





# Working with our suppliers

## In this section

29 Building sustainable relationships

29 Our Supplier Code of Conduct

 [www.aviva.com/cr/suppliers](http://www.aviva.com/cr/suppliers)

Our challenge as a responsible buyer is to help raise the bar in all our markets, supporting suppliers to meet good social, ethical and environmental standards in the delivery of goods and services.

### Global spend

**£6bn**

What we spend  
on goods and  
services annually

### Our Supplier Code

**983**

suppliers have signed  
up and we are aiming  
for 2,500 by the end  
of 2009

## Since our last report

Made progress towards embedding our purchasing and supply chain policy globally.

Developed more indicators for CR performance in the supply chain.

## Looking ahead

Continue to embed CR in the supply chain.

Support our businesses in their responsible procurement activity.

### Building sustainable relationships

Aviva's global procurement spend is around £6bn annually. We buy goods and services from hundreds of suppliers around the world, so providing revenue for companies large and small, helping to create jobs and contributing to local economies.

While the UK, the Eurozone and North America are where we do most of our business and where our procurement spend is greatest, emerging markets in Eastern Europe and Asia are becoming increasingly important. Each Aviva business is responsible for their own procurement and for obtaining the best value for money and quality, and priority is given to those certified to ISO 9001 or similar international standards.

When we ask our suppliers to demonstrate their corporate responsibility, we recognise that local conditions and culture might have an influence on their ability to provide formal, systematic evidence. We also recognise that in many of our businesses, procurement is not a specialised or centralised function, so we also need to share consistent frameworks and learning across the group.

But acknowledging the diversity of our supply chain does not mean that we cannot make progress. In fact, it's close collaboration with our suppliers that has helped us move forward together this year (see panel).

### Our Supplier Code of Conduct

We reached a milestone when we introduced a Supplier Code of Conduct. This has been implemented at Aviva Group Centre and is gradually being rolled out to Aviva businesses. It covers key issues including labour and human rights, helping us to communicate consistently with our suppliers and set our expectations clearly.

Hibernian Aviva in Ireland adopted the group's Supplier Code of Conduct in full in 2008. But as Aviva Italy discovered, there are ongoing challenges in engaging our suppliers. Of 27 Italian suppliers, only one signed up to the Code. We will continue to encourage our suppliers to understand and accept the standards we expect.

#### We're helping to develop sector-wide approaches

Aviva continues to take a prominent role in the UK's Financial Services Purchasing Forum, a group of more than 30 companies from across the sector. The group is working through the Chartered Institute of Purchasing and Supply (CIPS) – a leading body whose code of conduct has become the standard around the world. We use CIPS best practice purchasing guidance to ensure we maintain high professional standards. And, currently, we are helping to build a consistent approach to supply chain management in our sector. A range of tools is being developed, based on inputs from participating companies and expert advice. One of these is a generic questionnaire that can be used and re-used with all suppliers in the sector to help gain an understanding of their position on CR issues.

## Aviva around the world

**Aviva Australia's** collaboration with FujiXerox to replace outdated office printers resulted in a power saving of more than 50% in 10 months (the equivalent of taking 12 small cars off the road) and 27,000 fewer pages printed.

With the help of our design and construction teams, **Aviva USA** is aiming for a LEED Gold Certification of our new head office facility. Among other things, this certification requires energy efficiency in the design and operation of the facility, use of recycled content in construction materials and recycling 75% of construction waste.

Good communication is a valued part of Addison Lee's relationship with the Aviva Group Centre team in **London**. This taxi and car service provides regular updates on CO<sub>2</sub> emission reduction, recyclable fleet sourcing and community investment.

In **Turkey**, social security, legal standards, staff training and confidentiality of information are all part of our supplier review and tender processes.

Commercial Union Aviva in **Poland** implemented a new purchasing policy in 2008. This states that suppliers' activity in corporate responsibility will be assessed and may account for 10% of the total evaluation.



Spotlight

# Aviva Investors

Our fund managers joined up globally in 2008 to form Aviva Investors, managing our assets under one name and raising awareness with many vital stakeholders such as financial advisers.

Global asset management	Countries	Employees
<b>£236bn</b>	<b>15</b>	<b>1,094</b>

funds under management.  
£1.4bn managed in Aviva Investors Sustainable Future funds

## Sustainable and responsible investment

We believe that companies adopting sustainable practices can gain a competitive edge, reduce costs, increase their market share and boost shareholder value. Moreover, the growing demand for 'sustainable' products such as renewable energy, organic food and healthcare has created major new markets in which far-sighted companies can reap rewards. Our aim is to deliver top-performing products in equities and fixed income by integrating social, environmental and governance issues into the investment process. We therefore actively seek to invest in sustainable and responsible companies that provide solutions to these issues while avoiding companies that create or add to problems.

Using our proprietary methodology and tools, we screen a broad spectrum of medium to large capitalisation companies for 'best ideas'. As part of our collaborative investment process, our research team analyses how the ideas identified are affected by major sustainable development trends within four major areas: climate change, quality of life, sustainable consumption, and governance and risk management. Our fund range covers a breadth of different asset classes (equities, bonds, property and infrastructure), and investment opportunities, from low-carbon technology to sustainable forestry, and affordable healthcare to urban regeneration.

We also use our influence as shareholders to promote good practice among those companies in which we invest, focusing on areas where we believe improved management of social, environmental or governance issues will enhance or protect shareholder value.

## New milestones

Aviva Investors launched significant initiatives in 2008. First, recognising investor demand, we launched the European Renewable Energy Fund, which specialises in developing and financing renewable energy infrastructure projects throughout the EU.

Second, we now include the UN Principles for Responsible Investment in contracts proposed to our investment clients, so clients can assess our performance and hold us to account for delivery of our sustainable and responsible investment commitments.

Third, we announced a broader remit for our AGM voting on corporate responsibility (CR). Our AGM voting on the quality of material CR disclosure by companies (pioneered in 2001 by Morley, Aviva Investors' legacy company in the UK) will now apply to all global holdings on the MSCI world index, having previously applied to FTSE 350 and Eurofirst 300 holdings.

Finally, Aviva Investors chief executive Alain Dromer called for a debate to explore the inclusion of the UN Global Compact principles in listing authorities' requirements. This could require listed companies to evaluate the sustainability of their business model and either put a forward-looking sustainability strategy to AGM voting or explain why they were unable to do so.





"We believe strongly that better long-term investment returns come from companies that are well governed and with responsible management practices."

Alain Dromer, chief executive, Aviva Investors

In 2008 the global sustainable & responsible investment team at Aviva Investors was again recognised as the leading fund management group for SRI. The survey – the most extensive in the European investment community – is conducted annually by Thomson Reuters Extel and UKSIF.

## Taking a position on biofuels

Biofuels (such as bioethanol, a petrol substitute made from plants including sugar cane) are increasingly promoted as an answer to climate change and energy security. The EU, for example, has ambitious targets to increase the use of biofuels in transport. However, there is evidence that some biofuels could be making matters worse by adding to the man-made emissions of carbon dioxide that they are supposed to curb. There are also environmental concerns about the way the feed stocks for some biofuels are grown as forests in Brazil and Malaysia are being cleared to grow them. For the time being, Aviva Investors is focusing investment activity on other areas providing solutions to climate change, such as wind, solar, fuel cells, and technology for energy efficiency. The majority of biofuels are screened out of our Sustainable Future funds, with the exception of those that have a significant positive energy balance or that use waste as their raw material.

## Collaborating on shareholder engagement

By joining the UN Global Compact (UNGC), companies commit to publishing an annual Communication on Progress (COP). This details actions taken to fulfil the UNGC principles, which focus on environmental, social and governance matters. The COP provides an important way for the investment community to analyse a company's corporate responsibility performance. However, it is impossible for the UN to police whether participating companies comply or not.

Aviva Investors led a successful shareholder engagement in 2008 to identify which UNGC participants were producing COPs or not. Of those who were identified as not having submitted their annual COP, 20% went on to rectify this.

Subsequently, a coalition of 38 investors worth over US\$3 trillion has written to the CEOs of 130 major listed companies who are members of the UNGC. Twenty-five of the companies have been praised by the investors for producing notably high-quality COPs while over 100 are identified as having failed to submit their annual COP.

Go online to see Aviva's UNGC Communication on Progress.



[www.aviva.com/cr](http://www.aviva.com/cr)

## igloo: urban regeneration in the UK

The igloo Regeneration Partnership, managed by Aviva Investors, invests in and develops mixed-use schemes in partnership with the public and community sectors. To date, igloo has a completed development value of £2.5bn, creating 8,500 homes and 10,000 jobs on around 250 acres of brownfield land. All investments must comply with Footprint®, igloo's SRI policy, founded on high design quality, high environmental sustainability and careful integration:

**Cardiff** – out of a major derelict space, more than 1 million sq ft of commercial space, over 1,000 new homes and 4,000 jobs are being created. The scheme has received strong support from the Design Commission of Wales as an Exemplar Project.

**South-East London** – a brownfield site development in Southwark has achieved A-rating energy performance for residential elements, exceeding the majority in the UK, which meet only D or E.

**Nottingham** – subject to flooding and undeveloped for 25 years, a former refuse tip is being transformed into a science park whose innovative, sustainable building designs are being implemented with respect for the local wetland habitat.



## Spotlight

# UK

Our CR strategy in the UK is designed to maintain Aviva's reputation, building on a track record of investing in local communities and supporting national initiatives on climate change.

### Our business

#### UK-wide

Life and general insurance and fund management. Specialist motoring services through our RAC brand

### Employees

**28,424**

### UK sales

**37%**

of the group's total sales

## Helping the UK become flood-resilient

Estimates show that the number of people at risk from flooding in the UK could rise from 1.5 million to 3.5 million by 2080. After having helped some 51,000 customers recover from the severe summer floods of 2007, Norwich Union intensified efforts to raise awareness, lend our expertise and engage with public authorities to help people increase their resilience to flooding.

While building in flood-risk areas is a contentious issue, we recognise that it may become inevitable. So with the support of the Royal Institute of British Architects (RIBA) we invited architects to submit ideas for tackling the problem of building on flood plains in a liveable, workable and insurable way. We received 85 entries for flood-proof homes of the future, and floating homes, sunken pontoons and timber drawbridges were just some of the innovations presented by architects across the world.

FloodSim.com, a fun online game with a serious purpose, was another part of our campaign. Launched with designers PlayGen, FloodSim graphically illustrates the impacts of flooding. The player is in charge of policy and spending and gets an insight into the hard decisions that need to be taken about investment in flood defences, where and how we build new houses and emergency procedures.

Simulation was also part of our thinking at a 'Dry Run' workshop held in Boroughbridge, a North Yorkshire town with a variable flood risk. Residents, councillors and emergency services gathered at two events with experts from government agencies and Norwich Union. The project produced lessons on responsibilities, communication and knowledge-sharing, enhancing the existing local emergency flood plan. Flood Plan UK, the resulting website ([www.floodplanuk.org](http://www.floodplanuk.org)) showcases the events and offers a toolkit for other communities as well as a forum for home-owners to share advice.

## Talent, equality and diversity

In 2008 we cascaded our Talking Talent programme throughout our life business and to line managers in our general insurance business. We have integrated talent, performance and reward for our senior managers and developed a global talent management system to give us wider visibility of the skills our people have. Recognising the need for professionalism and expertise especially in the current climate, UK employees have access to a range of learning academies focused on key skills including financial literacy, enabling us to understand and support our customers through tough times.

84th out of 100 might not sound particularly impressive. Until you put it into context. Aviva was the only insurer named in the Stonewall Equality Index of Britain's Top 100 employers, based on key indicators including the largest-ever survey of lesbian and gay employees – almost 7,000 participants.



"To make the top 100 in the Stonewall Equality Index this year, employers had to demonstrate that equality and diversity were not optional extras but core values."

Ben Summerskill, chief executive, Stonewall

## Raising awareness among customers

We have been active in the UK in raising awareness of correct disclosure in relation to life protection policies and continue to lead the market in reducing the number of claims declined for non-disclosure of medical facts at the policy's outset (down to 1.5% to November 2008, as compared to 6.7% to June 2007).

- We paid out 813 critical illness claims during the first half of 2008, averaging just under £72,000.
- Nearly 94% of claims received were paid compared to 85% during the same period of 2007.
- Total payouts for critical illness policies increased to over £58 million, compared to over £52 million in the first half of 2007.

## Helping protect homes from burglaries

Our research has found that one in three people now fear their home is more vulnerable as a direct result of the credit crunch. Yet over a quarter (27%) don't think about home security at all.

Against this backdrop Norwich Union joined forces with Norfolk Police to launch the Safer Street campaign, which saw a row of Victorian terraces in Norwich undergo a basic security makeover funded by us, using simple yet effective crime reduction techniques. Officers from Norfolk Police offered their expertise and all security measures were installed on their recommendation.

Simon Warsop, Norwich Union's director of pricing, subsequently met with Home Secretary Jacqui Smith at a crime prevention summit at which the minister referred to initiatives including Safer Street. Commenting later, Simon said: "The more we can all do to raise awareness of home security and the simple measures we can all take to prevent us becoming victims of crime, the better."

## Environmental initiatives

Through its subsidiary, bluecycle.com Ltd, Norwich Union disposes of 100% of its salvage vehicles through bluecycle's online marketplace. In response to a survey in which 60% of bluecycle customers said they would welcome a recycled part service, we ran a pilot scheme. More than 2,500 part requests and 12 supplier registrations were received in the first 48 hours alone. Customers now have access to an inventory of over 450,000 recycled parts, from engines to bodywork, saving bluecycle customers between 30% and 80% on the retail value.

In 2008 RAC was the first recovery company in the UK to trial hybrid vehicles, as part of a wider initiative to reduce CO<sub>2</sub> emissions. If the trial successfully reduces fuel consumption and emissions, RAC aims to increase the number of hybrid vehicles in its fleet.

## Countering healthcare provider fraud

As one would expect, the vast majority of healthcare providers are honest but sadly a small minority act fraudulently, resulting in raised premiums for our customers and causing vital resources to be diverted. For example, providers (who include, for example, GPs, hospitals and other healthcare professionals) might charge for a more complex procedure than that which was actually performed, or break the procedure down into its constituent parts and bill them individually, resulting in higher remuneration.

We implemented a new comprehensive counter-fraud programme to accurately measure the total cost of healthcare provider fraud. With a proper understanding of the problem, the right solution can then be applied, including investigating suspicions of fraud in a fair and objective manner. Similar counter-fraud work undertaken in the NHS resulted in a reduction in losses of up to 60% and more than £800m in financial benefits (a 12:1 return on the costs of the work).



## Raising public awareness

**Aviva France** launched two educational websites in 2008, designed to help consumers understand different approaches to saving. The first, at [www.bonconseil.fr](http://www.bonconseil.fr), offers objective information on taking control of savings, pensions and inheritance planning. The second, at [www.bienpreparersaretraite.fr](http://www.bienpreparersaretraite.fr), looks at retirement and includes expert insights on changing trends and regulations.

Save Your Future was part of AvivaSA's invitation to consumers in **Turkey**. The campaign encouraged people to think about the effects of over-consumption on individuals and society, and contrasted unnecessary spending with the benefits of putting money aside.

Prevention is better than cure and this was the thinking behind Hibernian Aviva's award-winning Action for Health education programme in **Ireland**. National statistics show, for example, that Ireland has the highest incidence among 15 European countries for premature mortality from diseases of the vascular system, but that only 46% of the population has an annual blood pressure check (EU average: 59%). Working with medical and charity partners, we distributed health information packs to 600,000 people, delivered 5,000 free health screens and 30,000 free online health checks and raised €1m for research into breast cancer.

With the ski season approaching, health and safety were also top of the list at Aviva in the **Czech Republic**. Fatal head and brain injuries are at least five times higher there than other fatal injuries and ski helmets can prevent up to 85% of this type of injury when practising winter sports. So Aviva supplied selected ski schools with helmets for children and adults and actively campaigned to "Get Your Helmet On!".

## Developing our people

**Aviva Italy** contributed to "one Aviva, twice the value" in several important ways this year. As well as regular employee communication on objectives and vision, the company developed a new model for assessing performance and carried out a leadership training programme, completed by 75 managers to date.

At Commercial Union Aviva in **Poland**, we engaged 90 employees in conversations about career hopes and ambitions, with the remainder of the workforce to take part in 2009. Talking Talent and programmes like it are part of our commitment to create great places to work. So we were pleased to note that in the global employee survey, there was a 13% rise in the number of Polish employees who said they believed the company is "a very good employer" (69%). For **Aviva Hungary** meanwhile there was independent recognition of HR policies when we were awarded Best Employer among Hungarian financial institutions, banks and insurance companies in a survey conducted by Hewett Associates.

In **Turkey**, Aviva Sigorta's work on promoting values led to an overall employee satisfaction rating of 90%. Also in Turkey, AvivaSA, the life and pensions business, launched online training to educate employees about corporate responsibility. The training is the first of its kind in Turkey. It promotes a culture of CR and provides information about AvivaSA's social and environmental projects. All new entrants are required to undertake the programme.

**Aviva France** strengthened its provisions on professional equality between men and women by introducing new mechanisms to quantify and reduce salary gaps, enable compatibility between working hours and family life and provide access to vocational training that takes account of parenthood.



## Spotlight

# Europe

CR is fundamental to the vision for Aviva Europe. Gaining admiration and trust, in particular through our interactions with customers, partners, employees and communities, is the natural outcome of CR principles applied consistently.

Countries	Employees	Europe sales
<b>15</b>	<b>16,500</b>	<b>42%</b>
Our businesses operate in life and general insurance, and asset management		
of the group's total sales		

## Contributing to society

The Delta Lloyd Group Foundation was set up in 2007 in the **Netherlands** and began operating in 2008 with an initial budget of €2 million. A key part of the investment is directed towards supporting initiatives aimed at preventing or resolving financial problems.

Since its inauguration in 1999, the Aviva Foundation in **France** has supported 250 projects and 150 charities, through contributions of approximately €2 million. The Foundation targets projects that provide support for children or the elderly in vulnerable social situations (whether related to health, education, social distress or isolation). It aims to alleviate these life traumas both in France and in developing countries.

Contributing to society was the aim too of Aviva Vida y Pensiones in **Spain** when it linked pension plan sales to charitable donations. The company donated €1 for every €3,000 earned by brokers, to support education and nutrition projects in Tanzania.

In a repeat of a successful partnership from 2007, **Aviva Romania** again teamed up with Habitat for Humanity, an international NGO helping disadvantaged communities. At a project in Constanta county in Romania, Aviva employees from across Europe volunteered to lend a hand building a house. Each house costs a modest €25,000 and can be built in five days by 25 people.

Also in **Romania**, when we launched Aviva Scholarship, our accessible, secure and flexible plan, we also held a prize draw to highlight the need for families to start saving early for their children's education. A seven-year old, Andreea-Nicoleta Ungureanu, won the prize. Aviva will contribute 3,000 RON (over £600) a year for 10 years to Andreea's fund.

## Protecting the environment

In **Ireland**, Hibernian Aviva recorded a 64% reduction in CO<sub>2</sub> emissions, achieved through energy efficiency and other measures. The company also entered a two-year contract to purchase green energy in 30 sites nationwide – the equivalent of supplying 1,900 homes. Aviva Hungary made a breakthrough too when it cut CO<sub>2</sub> emissions by 18%. However, for a variety of reasons such notable successes were not replicated everywhere. CO<sub>2</sub> emissions were up in Italy and Russia due to business growth while the general picture across our Europe region is one of incremental improvement.

**Aviva Lithuania** takes a leading role in the National Network of Socially Responsible Business and won top spot in the country's first corporate responsibility awards. The judges particularly welcomed Aviva's support with tree replanting in a national park devastated by fire. The company also worked hard to engage people in Aviva For a Green Lithuania this year. More than 300 employees, financial consultants, relatives and customers collected around eight tonnes of rubbish during a city clean-up operation.

AvivaSA in **Turkey** signed up to Caring for Climate, a voluntary and complementary programme of the UN Global Compact. And leadership on climate change was also reflected in product developments by Aviva businesses.

**Aviva France** and Aviva Sigorta in **Turkey** launched Pay As You Drive™ car insurance and Aviva Sigorta was the first insurance company in Turkey to do so. This product, which benefits lower mileage drivers and also the environment, helped Aviva Sigorta win the Innovative Insurer Award from Active Academy/Activeline.

Also in **France**, there were four new 'green' car insurance offers, and insurance cover was launched for domestic heating systems and equipment using renewable energy or alternative technologies.

Customers of Commercial Union Aviva in **Poland** had the opportunity to invest this year in the alternative energy sector with the CU Guarantee New Energy product.



## Attracting and developing the right talent

To leverage the launch of the Canadian consumer brand Let's Change Insurance, **Aviva Canada** developed a complementary recruitment strategy to attract talented employees. It includes collateral that reflects the brand design concepts, inviting prospective candidates to be 'agents of change'. The Fast Forward programme was also launched in Canada to attract and develop talent. This seven-month accelerated programme offers formal central technical underwriting, interpersonal skills and broker relations development. The 14 people who graduated in 2008 received practical on-the-job work experience and networking opportunities.

**Aviva USA's** people strategy uses the Talking Talent programme, which in 2008 included sessions to assess and develop leadership skills and potential. This reached 100% of the senior management group during 2008, all of whom will have development plans integrated with the performance management process.

Other initiatives at **Aviva USA** included the set-up of functional training teams that primarily focus on technical skills; needs analysis for a three-year strategic learning and development plan; ongoing compliance training; and training in specific tools, techniques and policies to ensure that our employees are equipped with the skills and knowledge they need.

## Ensuring products are suitable for our customers

**Aviva USA** is proud of its industry-leading suitability procedures that guide the sales process for fixed indexed annuities (FIA), and we are committed to working with agents and distributors to ensure that the best products are being delivered to customers. Aviva USA's suitability requirements meet or exceed those required by state insurance regulators.

For the year 2008, **Aviva USA** carried out an individual suitability review of around 35% of its annuity applications. This is done by reviewing the application form and calling the agent and/or the customer as appropriate. Of the 35%, we also check 100% of applications from persons 75 years or older.

**Aviva Canada** received a first for the insurance industry – a three-year accreditation from The Commission on Accreditation for Rehabilitation Facilities (CARF) for our Premier Healthcare programme. The programme helps our customers to receive the right care at the right time to enable them to get back to normal as quickly as possible.

Also in **Canada**, we're on a mission to change insurance, to make it less complex and more user-friendly for consumers. As part of this, we launched a new web tool and social media site, [Changeinsurance.ca](http://Changeinsurance.ca), where Canadians can use the online forum to ask questions and find out what we've changed in response to their feedback.



## Spotlight

# North America

In the US and Canada, Aviva has a rich history of community investment, environmental responsibility, high employee engagement and participation in CR initiatives. Our focus is on creating sustainable value for our customers, employees, investors and the communities where we conduct business.

Countries	Employees	North America sales
<b>2</b>	<b>5,474</b>	<b>14%</b>
Aviva USA operates in life insurance and Aviva Canada in general insurance	in locations including Des Moines and Toronto	of the group's total sales

## Supporting charity partners

The United Way is a coalition of charitable organisations. It pools fundraising and support in order to resolve pressing community issues. Both **Aviva USA** and **Aviva Canada** have long supported the United Way and other charities.

**Aviva USA's** fundraising for the United Way in 2008 achieved a 13% increase in contributions made by employees, and the company was among only eight others in the Des Moines area to be recognised by the charity for the level of commitment shown by employees. Fifty-six per cent of the workforce participated in the campaign; the average contribution was greater than \$200; and more than 100 employees each donated over \$1,000. A week of activities helped generate support and educate employees about what the United Way does to help those in need, generating excitement as well as financial contributions. In addition to monetary support, employees volunteered their time for the annual United Way Day of Caring event. During this one-day community-wide volunteer event, 100 employees provided support to the local Salvation Army feeding programme.

Central to **Aviva USA's** United Way campaign is the commitment to match every employee's pledged contribution dollar for dollar. In 2008, the Aviva Charitable Foundation matched \$539,387 in employee pledges to the United Way. Aviva USA's total contribution to the United Way (employees and company) on an annual basis is more than \$1 million.

**Aviva Canada** launched a Matching Dollars programme in September 2008. Employee donations to a registered charity are matched up to a maximum of \$100 per employee, per year. The fund limit is \$30,000 per calendar year and is distributed on a first-come, first-served basis.

**Aviva Canada** also matches employee donations to the United Way, up to a maximum of \$100,000.

## Reducing the corporate footprint

In recognition of our environmental efforts and the construction of a new 'green' office building, **Aviva USA** was awarded a Proclamation by the Governor of the state of Iowa and received positive coverage from the major TV news outlets and newspapers in the area. In conjunction with the ground-breaking of this new facility, the Aviva Charitable Foundation made a \$50,000 grant to the Arbor Day Foundation to purchase and plant new trees in the community.

**"Aviva USA exemplifies Corporate Social Responsibility through its 'green building' and generous support of the Arbor Day Foundation and can serve as a model for all businesses in its commitment to our trees and natural resources."**

Governor's Proclamation

**Aviva Canada** stepped up initiatives on climate change by forming an environmental stakeholders committee with representatives from various functions of the business. Recommendations approved by the committee will be implemented in 2009. We also launched a behavioural change campaign, featuring monthly posters and intranet articles with information for employees. The campaign includes the 'Changing our World' contest, which invited Aviva Canada employees to submit ideas. Approximately 80 employees responded and their suggestions demonstrated a high level of awareness and commitment to reducing our carbon footprint.

Aviva Canada achieved the following reductions in 2008 as a result of improvements in building management systems, changes to the car fleet and IT adjustments:

- 8% reduction in CO<sub>2</sub> emissions
- 13% reduction in water usage
- Reduction of 50.7 tonnes in paper usage.



Spotlight

# Asia Pacific

We believe that Aviva Asia Pacific demonstrates leading examples of corporate citizenship among our group, but varying degrees of awareness exist in this culturally diverse region. We are now building strong foundations for our CR programme through a network of champions who are sharing knowledge and tools.

Countries	Employees	Asia Pacific sales
9	2,379	7%
Aviva operates in nine markets in Asia Pacific, including Australia, China and India		of the group's total sales

## Responding to humanitarian crises

In May 2008 Sichuan province in **China** was hit by a devastating earthquake, killing many thousands of people. In the wake of this terrible natural disaster, colleagues at our Aviva-Cofco Sichuan branch worked together to support the survivors of the tragedy. They started by sending text messages to all customers in the area, letting them know how to make a claim or get help. Within three days, the first claim had been received, processed and paid.

Eric Chang, Aviva-Cofco's president, also launched the Aviva-Cofco CARE Fund, using 0.1% of customer premiums matched by company donations. The Fund, worth 10m yuan (£728,000) by the end of 2008, is being used to support policyholders, staff and business partners in the area. The first beneficiaries were students rescued from the Southwestern University of Finance and Economics, who received clothing paid for by the Fund.

Aviva-Cofco's staff also helped in the aftermath of severe snowstorms that hit Hunan province in February 2008. As well as providing service and support for customers, colleagues organised humanitarian aid in the form of 12 trucks loaded with urgently needed supplies.

Employees in other Aviva businesses all around the region donated funds too, and in Turkey, staff at AvivaSA especially wanted to donate to Oxfam **Hong Kong's** relief fund, their country having experienced a similar tragedy in 1999.

## Staying in touch with our customers

**Aviva India** measures customer satisfaction on a weekly basis and launched two new processes as part of continually improving its customer service.

First, we initiated proposal stage calling. After a plan has been sold, but before it comes into force, we call our customers to ensure that they have fully understood it. This also helps us to take fair decisions on refunds or cancellations, if any.

Second, to help alleviate the problem of policies and other important documents not reaching customers – for example, as a result of courier and postal failures or inaccurate addresses – we call the customer to verify the address and re-send the information by their preferred method. Customers also receive an SMS so that they can track progress of their documentation online. This has reduced non-deliveries by around half and ensured that each contactable customer has been kept informed of progress.



"It is now time for us to honour our promises and demonstrate the value of insurance. Sichuan's people have entrusted us with their premiums; it is time for us to pay back."

Eric Chang, president, Aviva-Cofco, stating the company's commitment towards customers and survivors of the China earthquake.

## Managing environmental impacts

Aviva businesses around the region continually look for ways to reduce their environmental impacts. In 2008 efforts at **Aviva Australia** included:

- Reducing base building electricity usage by approximately 20% and gas usage by 14%.
- Promotions to employees, offering water and energy rebates by TRU (a green energy provider) to encourage sustainable environmental practice at home as well as work. Aviva matches the federal government/local state water efficiency and renewable energy rebates up to an amount of AUS\$300. This has resulted in employees taking up the offer to buy appliances for their homes, which received positive media coverage.
- Financial support of AUS\$30,000 for the Aviva Family Tree Planting Day. Eighty families volunteered and 3,000 trees were planted on that day. A total of 8,000 trees over 10 hectares of land will be regenerated over the next 12 months.

**Aviva Singapore** signalled its own commitment to addressing climate change by becoming a signatory to the Caring for Climate programme of the UN Global Compact in April 2008. This commitment includes taking measures to reduce energy and water use while also promoting recycling of paper and other materials.

In **Hong Kong** boats and water are part of daily life. Aviva's own 'junk' is a modest diesel engine cruiser used for corporate hospitality. Carrying up to 45 passengers, it is being fitted with solar panels and other features to help reduce impacts and emissions. The junk is also being used as a test vessel by Hong Kong University, whose research into 'green' water transport is sponsored by Aviva, including the study of bio-diesel in marine engines, smoke scrubbing systems and micro wind turbines. In future, the Aviva junk will serve as an educational tool to demonstrate sustainable technologies.

## Connecting with people

**Aviva Sri Lanka** held a number of thought-provoking sessions in 2008 designed to help people perform to their best. Talent in You used performance arts to release creativity and bring out potential while Better Self Care used team games and customer-focused thinking to encourage customer care. Finally, at personal finance management sessions, over 100 employees had the opportunity to refresh their knowledge and skills in budgeting, investing, retirement planning and handling personal risk.

The company extended its education efforts to the wider community with its 'Samana' campaign. At regional workshops sponsored by the company, over 1,600 teachers took part in interactive workshops to enhance knowledge and skills. Tailored to teachers of pre-school children and those teaching children with special needs, a range of topics and techniques were explored, including nurturing positive thinking in children, speech and language therapies and classroom management.

Also in Sri Lanka, Aviva acted to raise awareness among consumers about important new rules introduced by the national authorities concerning premium payment warranties. The company organised press conferences and media releases to help bring the rules to public attention and explain how non-adherence could affect policyholders' ability to make a claim.

# Independent assurance statement

## Introduction

Aviva has commissioned Corporate Citizenship to provide it with external assurance and commentary on its printed Corporate Responsibility (CR) Report 2009. Aviva's management has prepared the report and is responsible for its contents. Our role is to review its contents and presentation against best practice reporting standards, to conduct selected checks to underlying records and other evidence, and to provide our assurance statement and commentary for which we have sole responsibility. This statement is addressed to the management of Aviva plc and is not intended for use by third parties.

Corporate Citizenship is a specialist management consultancy, advising corporations that seek to improve their economic, social and environmental performance around the world. This is the third year that we are acting as the external assurance provider for Aviva. During this time we have seen a considerable strengthening of Aviva's reporting approach and greater integration of corporate responsibility issues into the business.

## Scope and assurance process

This assurance engagement covers Aviva's printed summary CR report. The assurance work comprised interviews with key executives, including Board members, and a review of relevant supporting documentation in order to support statements made in the report. Our assessment of the data collection process for carbon emissions and community investment data consisted of a review of data trends and investigation into any large/unusual movements, and an appraisal of the appropriateness of any assumptions/estimates used in data calculation.

## Our opinion

In our opinion, this report provides a fair and balanced representation of Aviva's CR performance for the 2008 reporting period. We have examined the processes Aviva has in place for identifying, understanding, managing and responding to its corporate responsibility issues. Our key recommendations for improvement are identified below and detailed feedback has been communicated to Aviva through our management report.

In forming our opinion and making our comments, we have based our work on the international assurance standard AA1000, notably considering materiality, completeness and responsiveness. We have also had regard to the reporting principles judged essential by the GRI sustainability reporting guidelines.

## Commentary

The 2009 CR Report demonstrates Aviva's continued improvement of its CR performance and its reporting of it. In the past year, Aviva has further embedded CR into core business practices through linking carbon reduction targets to executive directors' remuneration, expanding its sustainable and responsible investment portfolio and including the UN Principle for Responsible Investment in contracts with investment clients.

The report does not shy away from discussing the challenges posed by the recent financial market crisis and its effect on consumer confidence. Aviva responds well to this issue and presents a coherent account of the measures it is taking to address customer concerns. This year's report also shows a clearer articulation of the way in which Aviva's CR focus areas support strategic business goals. This comes through particularly strongly in the people strategy where Aviva has used CR to drive talent management, develop leaders and sustain high levels of employee engagement.

We note the following positive developments:

- **Regional reporting:** The new regional spotlight sections provide a more complete picture of the global reach and impact of Aviva's operations. We believe reporting of Aviva's businesses in each region should continue to expand and future reports would benefit from a fuller description of region-specific material issues.
- **Performance indicators and targets:** A notable improvement to this year's report is the inclusion of group-wide performance targets demonstrating the company's commitment to continuous improvement. Aviva has expanded and refined its performance indicators during the year and we welcome first-time reporting of data in customer and supplier management. To enhance reader understanding of performance indicators future reports should provide fuller explanations of the scope of specific indicators and the rationale for replacing indicators with new ones. We believe readers would value supplier indicators expressed as percentages as well as absolutes.
- **Data and reporting systems:** Aviva has responded to our comment last year that it would benefit from an automated data collection system. Aviva's investment in a new online data system is a significant step forward in enabling it to measure and monitor progress in a range of corporate responsibility areas throughout all its global markets.

## Looking ahead

We have identified three main areas where Aviva can strengthen future reporting:

- **Understanding of the business:** We believe readers would value a fuller description of how the different segments of Aviva's business operate and reference to financial performance indicators included within Aviva's Annual Report. An evaluation of the economic impact of Aviva's business, particularly in the emerging markets in which it operates, would enhance understanding of the contribution Aviva makes to wider sustainable development.
- **Interaction with regulators and government:** Recent events have highlighted the important relationships between the financial services industry, government and regulators. We believe Aviva should provide more information about the relationships it has with government and regulators, to enhance understanding of this area and insurance industry issues such as the reattribution of surplus funds.
- **Influencing others:** With assets under management of over £200bn, Aviva's role as an investor is significant and the report gives this more coverage this year. However, we believe Aviva could consider reporting on its role as a responsible investor as a core focus area within future reports. Given Aviva's significant global procurement spend, we would like to see greater emphasis on how Aviva has incorporated social and environmental considerations into its procurement processes.

Corporate Citizenship  
April 2009

Information on our competencies, independence and impartiality is available on our website: [www.corporate-citizenship.com/what-we-do/assurance](http://www.corporate-citizenship.com/what-we-do/assurance)







Our group CR team manages the policies and programmes that drive our corporate responsibility agenda forward. The team works closely with subject experts and regional CR representatives throughout Aviva who, in turn, network with local managers. A key part of the team's role is to engage with Aviva's stakeholders and keep them informed of our approach.

*Aviva Group CR team: left to right, back row: John Ainley, Emma Medd-Sygrove, Yvonne Horton, Zelda Bentham. Front row: Annette Pendrey, Simi Shasanya, Louella Eastman, Michelle Wolfe, David Hope.*

#### **Contact us**

We welcome feedback on Aviva's corporate responsibility programmes. If you have comments or queries please contact:

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#### **Further information**

You can find further information about Aviva's corporate responsibility programme at [www.aviva.com/cr](http://www.aviva.com/cr), including policies, programme updates, regional perspectives and previous CR reports.

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