

## **Reporting criteria for Corporate Responsibility key performance indicators for the year 2016**

### **Introduction**

This Corporate Responsibility (CR) Reporting Criteria document sets out the principles, criteria and scope used to report all CR Key Performance Indicators (KPIs) data by Aviva plc, its subsidiaries and joint ventures (together known as the Group) in the Strategic Report within the Annual Report, as well as in the CR summary and ESG data sheet.

It is the responsibility of the Group's management to ensure that appropriate procedures are in place to prepare its CR reporting in line with, in all material respects, these reporting criteria. The CR data reported is aligned with the Group's financial reporting period for the year ending 31 December 2016. Detailed information on our KPIs and material issues can be found on our Aviva website. Additionally, Annex 1 contains definitions for some indicators disclosed in our ESG Data Sheet.

### **I. General reporting principles**

In preparing these reporting criteria, consideration has been given to the following principles:

- We report data on issues relevant to our corporate responsibility commitments
- Data is as accurate and complete as practical and feasible
- Assumptions or estimations are used where actual data is unavailable or unreliable
- Consistent boundaries and methodologies are used wherever possible to allow comparison over time and across different businesses.

We will exclude data and where necessary restate data from previous years when:

- Inaccuracies in the data provided by external sources cannot be rectified on time for reporting, and
- It refers to data that is reported on a voluntary basis.

Restated data will be accompanied by an explanatory note in the KPI table.

### **II. Organisational boundary for CR reporting**

CR reporting covers Aviva plc, its subsidiaries and joint ventures. Unless otherwise stated: all figures in our report cover the period from 1 January to 31 December 2016.

### **III. Currency**

Any currency figures mentioned in our reporting are in GBP. For conversion from local currency to GBP, we take the average annual currency exchange figures provided by Aviva Group Finance for the year.

### **IV. Employee**

Unless otherwise stated, for the purposes of this document the term employee includes all:

- Permanent full and part time staff

- Temporary staff and contractors
- Staff of a joint venture company.

## **V. Employee Survey (Voice of Aviva)**

Data for all the people KPIs (except the KPI for women in senior management) that appear in this document is obtained through our global annual employee survey. Please see below the common criteria applicable to these KPIs.

Our global employee survey includes our permanent and temporary staff (on our payroll) who had been employed by us for at least six weeks before the date when the survey opened. The survey did not cover contractors.

The employee survey has a 5-point Likert scale ranging from “Strongly Disagree” through to “Strongly Agree” for each question along with some ‘yes/no’ opportunities and free text box options to leave some comments. For reporting, the number of people choosing a particular point on the 5-point scale is divided by the total number of responses to the item (across all options on the 5-point scale). The responses for “Strongly Agree” and “Agree” are aggregated to produce % a result which is reported on. E.g. if 100 people respond to a particular question with 27 choosing “Strongly Agree” and 32 choosing “Agree”, the % score would be reported as 59%. These scores can be compared against industry best practice ranges where a score of 70% or more is very good, 60% - 69% is good, 50% - 59% is average and 49% or less is poor. In addition, internal benchmarks are available for managers to compare how they score against other key groups.

We outsource the running of the survey to an external provider.

## **KEY PERFORMANCE INDICATORS**

### **A. Trust and transparency KPIs**

- 1. KPI: % of employees who confirm that they have read, understood and accepted the Business Ethics Code annually; and all employees in Aviva France who are obliged to comply with the Business Ethics Code as a term of their employment.**

Aviva has a 100% target for this KPI. The figure we report is based on actual % sign-off on the Code. All employees are asked to sign the Code, except: employees on maternity leave, long term sickness, temporary staff and contractors who are due to be working for Aviva for less than three months.

The Code sets out the behaviour we expect all employees to abide by. By way of example, it covers anti-bribery and corruption, political donations and how we should treat our employees.

Employees sign the Code in different markets and at different times of the year to suit the markets' needs. An exception to this is Aviva France where the Code is included as an appendix to the internal employee rules of conduct, which are part of the employment contract.

Aviva's Business Ethics Code can be found at: <http://www.aviva.com/corporate-responsibility/>

## **2. KPI: % of business that are in or above the upper quartile relative to the local market average (Net Promoter Score®)**

This KPI comes from the annual Net Promoter Score® “NPS” survey, which is benchmarked against local competitors. This survey is conducted and analysed by an external research provider, who calculates the outcomes reported externally. Our target is for all markets to reach upper quartile compared to market average.

NPS is the difference between the percentage of customers who are our promoters (i.e. advocates who would recommend Aviva to friends and colleagues) and those who are our detractors (i.e. customers who would not recommend Aviva or would even speak out against Aviva). Measured on a scale from 0-10, NPS is calculated by subtracting detractors (scores 0 – 6) from promoters (scores 9 – 10). It includes a representative sample of the entire customer base (this should include direct and intermediated customers).

The percentage figures from previous years have been restated to provide a like for like comparison. Therefore, the restated figures are based on those markets within which Aviva has continued to operate from 2012, which are: UK, Ireland, Canada, France, Italy, Spain, Poland, Lithuania, Singapore, China, and India.

## **B. Environment and Climate Change**

### **1. Scope of reporting**

Our environment and climate change data covers 100% of the Aviva subsidiaries and joint ventures and therefore employees where we have operational control. Under the operational control approach, a company accounts for 100% of emissions from operations over which it, or one of its subsidiaries, has operational control. Our data is presented on this basis, unless otherwise stated. In our public reporting, we disclose other metrics such as gross written premiums and employee numbers so that the reader is able to calculate our carbon, water, or waste intensity based on their chosen metrics.

The number of employees used to calculate CO<sub>2</sub>e per employee is that of the total number of employees rather than the full time equivalent (FTE) number quoted in the Annual Report and Accounts, which are calculated using an equity share basis in line with the preparation of the remainder of the Annual Report and Accounts. This means that the employee figures quoted in this area are often much higher than the FTE figures used in the Annual Report and Accounts. The total employees figure should be used for any per employee environmental impact intensity calculations made.

The environmental data is collected and aggregated to provide a groupwide picture based on a combination of actual, extrapolated and estimated data, depending on the type of data and the market the data comes from. This data is sourced from invoices, supplier reports, and expenses systems. Emissions sources and data sources are as follows:

- Electricity: invoices, supplier reports, in-market extrapolation and extrapolation over time periods due to invoicing arrangement

- Gas: invoices, supplier reports, in market extrapolation over time periods due to invoicing arrangement
- Oil: invoices
- Fugitive emissions from air-conditioning: based on invoices from the provision of top up gases
- Municipal heating & cooling: invoices
- Air travel: supplier reports, invoices, extrapolation from expenses systems
- Rail: supplier reports
- Grey fleet (employee-owned vehicles used for business purposes): expenses system
- Company car: expenses system, fuel cards and invoices
- Hire car: supplier reports
- Water consumption: invoices, supplier reports, extrapolation over time periods and on an FTE and m<sup>2</sup> basis
- Waste: supplier reports, invoices and extrapolation over time periods.

We use third party invoices where possible, to promote data accuracy and consistency, and only use proxy data or extrapolate in the absence of invoices.

## **2. Organisational reporting boundaries**

If a business is acquired as a subsidiary during the year, the business will report its environmental impact in the first full year of ownership. If the group divests a business during the year and the sale takes place in the first half of the year, we will not include the business in the reporting for the year. If the sale occurs in the second half of the year, we will report on a full year ownership equivalent basis.

We use a baseline year for our long term reduction targets. If company divestments or acquisitions create a difference of +/-10% of the Group total emissions then the baseline year will be reset. There have been no such divestment or acquisitions during the year ended 31 December 2016.

The availability and quality of data from individual data points varies from country to country. The focus of data collection is primarily from sources generating carbon dioxide emissions or equivalents.

## **3. CO<sub>2</sub>e emissions**

All our emissions data from energy, travel, air conditioning, water consumption and treatment, and waste to landfill is measured in carbon dioxide equivalent (CO<sub>2</sub>e) unless otherwise stated.

With the exception of overseas electricity, we use the Department for Environment, Food and Rural Affairs (Defra) latest factors that are annually revised for our emissions factors. For overseas electricity we used International Energy Agency conversion factors from the 2015 publication. Further information on conversion factors are available at:

<http://www.ukconversionfactorscarbonsmart.co.uk/>

The CO<sub>2</sub>e factors that change most frequently are the electricity related CO<sub>2</sub>e emission factors. However, we will not restate our prior year carbon data due to variations in the electricity carbon conversion factors, unless overall on a group wide

basis this causes a movement of more than 5% year on year or relative basis. In order to calculate our relative emissions, we account for emissions for acquisitions or divestment which have occurred in the previous year, so that we are comparing the

structure of the business and emissions on relative or like for like basis. Details of specific changes in a particular year are provided in the notes on the KPI page of the Annual Report and Accounts and CR pages.

We report our carbon emissions with reference to the Green House Gas Protocol:

- Scope 1-operational emissions from owned sources. These are: gas, oil, company car mileage, fugitive emissions from air conditioning
- Scope 2-operational emissions from non-owned sources. These are: purchased electricity, municipal heating and cooling. With the exception of UK business units, we report renewable electricity as zero emissions.
- Scope 3-operational emissions from non-owned sources. These are: business travel (air, rail, grey fleet, and rental cars), water, electricity transmission and distribution landfill waste. Energy is measured or converted into kWh, fugitive emissions are measured in kilograms (kgs), travel is measured or converted into kilometres (kms), air travel related CO<sub>2</sub>e emissions are reported on a long haul and short haul basis, the threshold between short haul and long haul is 500kms, water is measured in m<sup>3</sup>, and waste is measured in metric tonnes.

#### **4. Car travel**

The measurement of kms is the most common method of collecting data in terms of car travel. This is normally collected through the expenses system which reimburses employees on a cost per km travelled basis. This applies to both company cars and private cars used for business (the grey fleet). Where businesses are not able to report on kms travelled, but can report on litres of fuel used, we take this unit to calculate the associated CO<sub>2</sub>e emissions. Where businesses provide both we use the kms data in preference.

#### **5. Exclusions**

We do not include employee commuting in our boundaries for reporting. However, we work with public transport providers in the locality of our larger offices to assist commuting. We do not include outsourced operations where we have no operational control.

#### **6. Environmental breaches**

We report on any breaches in local environmental regulations that occur from our operations.

#### **7. Environment KPIs**

##### **7.1 KPI: % of CO<sub>2</sub>e emissions offset annually**

We purchase Gold Standard, Voluntary Carbon Scheme, and Carbon Emission Reductions carbon credits from energy efficiency, clean water provision and renewable energy generation projects from the voluntary carbon market. Once issued and purchased, the credits are immediately retired to the respective carbon registry, so they cannot be used or sold again. We choose projects, which not only reduce the amount of carbon being produced, but also have a high social impact. Because Aviva sources carbon credits from International Carbon Reduction and

Offset Alliance (ICROA) accredited companies, they come with a guarantee over the carbon saving.

Due to the limited time period between the end of the year and the limited assurance signoff, it is necessary to estimate the volume of credits required. However by annual publication of our performance against our KPI: CO<sub>2</sub>e emissions (tonnes) – absolute, we conduct a ‘true up’ exercise to total at least 100% of the operational CO<sub>2</sub>e emissions created through our operations at end of the latest full reporting year. This may include excess credits purchased and carried over from the previous year, which have been retired into a registry on our behalf, or have a current contract in place and purchase order/s raised for issued credits and/or forward credits which will be retired within the following two years.

#### **7.2 KPI: CO<sub>2</sub>e emissions (tonnes) - absolute**

Absolute CO<sub>2</sub>e data includes emissions from our buildings, business travel, water and waste to landfill as generated during the year.

#### **7.3 KPI: CO<sub>2</sub>e emissions (tonnes) - relative**

Relative CO<sub>2</sub>e data is the comparison using the year reported and the adjusted data for the previous year encompassing structural changes, and material changes to emission factors that have occurred.

#### **7.4 KPI: % reduction of CO<sub>2</sub>e emissions relative to our 2010 baseline**

Our total annual CO<sub>2</sub>e emissions are calculated at the end of the year. The emissions figure is then compared against our restated 2010 baseline, which is 146,248 tonnes CO<sub>2</sub>e. The difference between the baseline and the annual figure is expressed as a percentage difference. Our long term target is 50% reduction by 2020 and 70% by 2030 from the 2010 baseline.

#### **7.5 KPI: Water consumption (m<sup>3</sup>) - absolute**

Water is measured or converted into m<sup>3</sup>. We report data where it is reported to Aviva Group by the Aviva markets. Where actual data from meter readings and invoices is not available but we are able to estimate or extrapolate data with a high level of confidence, we will do so. This extrapolation will be done on a per m<sup>2</sup> floor space basis. This extrapolation may occur within a market where partial data is available, or where there is no data available from a market with similar characteristics to the one in question.

#### **7.6 KPI: Waste generated (tonnes) - absolute**

Waste data is collected from 14 different office-based waste streams. Where we are able to segregate waste and recycle it we do so. We report data where it is reported to Aviva Group by the Aviva markets. We measure waste to the nearest rounded up tonne. The majority of our waste figures are extrapolated from available invoices or estimated from data within the market. For reporting purposes we class any waste that is not sent to landfill as recycled. We classify recycled as waste which is reused, recycled, processed through anaerobic digestion, or waste to energy.

### **C. Responsible Investment KPIs**

#### **1. KPI: £ invested in low-carbon infrastructure**



This includes new investment in wind, solar, biomass and energy efficiency.

## **2. KPI: tCO2e savings from annual investment in low-carbon infrastructure**

It relates to tCO2e savings from our Infrastructure Income Fund only. The measurements for this KPI have been guided by the Green Investment Handbook methodology. More information on the Green Investment Handbook is available at: <http://www.greeninvestmentbank.com/green-impact/green-investment-handbook/>

## **D. People KPIs**

### **1. KPI: % of women in senior management (including subsidiary boards)**

"Senior Management" is defined as the top three management levels at Aviva, SMG1 to 3, SMG1 being the CEO and his or her direct reports. The percentage is calculated using employee numbers as of 31 December. This KPI also includes Aviva directors of subsidiary Aviva companies and nominated directors of joint ventures and associates (20-50% shareholding).

### **2. KPI: % of employees who feel Aviva is a place where people from diverse backgrounds can succeed**

This KPI is a percentage of people who responded favourably to the statement: "Aviva is a place where people from diverse backgrounds can succeed".

### **3. KPI: % of employees who rate us favourably on engagement index**

The engagement index questions are an average of the following group of questions from the global employee survey.

The methodology for calculating the engagement index was reviewed in 2016. Four of the five original engagement questions were retained– these are engagement outcomes questions. In addition six new engagement enabler questions were introduced. Together these now form the overall Engagement result:

- My manager encourages discussion and asks for my feedback and opinions
- My manager does a good job of recognising individuals who go the extra mile
- I have sufficient opportunities to express my views on what is important to me
- I am appropriately involved in decisions which affect me at work
- I think our strategy is the right one for Aviva
- I trust what Aviva's Group Executive say
- I am proud to work for Aviva
- I feel motivated to go beyond my job responsibilities
- I would recommend Aviva to family and friends as a great place to work
- Aviva motivates me to contribute more than is required.

### **4. KPI: % of employees who believe Aviva is a good corporate citizen**

This KPI is a percentage of people who responded favourably to the question: To what extent to you agree with the statement that Aviva is a good corporate citizen (for example being trustworthy, working with our communities and being environmentally friendly)?

## **E. Suppliers KPIs**

Managed Supply is defined as the population of supply that by its nature is sufficiently important to the business that it requires active management of supply risk. All markets are required to identify their managed supply populations.

The scope of the current year's reporting includes all UK businesses which operate the shared service model, suppliers to our Ireland business, Heritage Friends Life, Sesame Bankhall Group and Aviva Investors internationally.

**1. KPI: % of managed supply that has agreed to the supplier Code of Behaviour**

We ask our managed suppliers to accept our "Code of Behaviour" (previously 'the code of conduct'). This Code sets the expectations of the procurement relationship and details our corporate responsibility commitments. Please note that, once agreed, suppliers are not required to annually renew their agreement. We do not require suppliers to provide a signed copy of the Code of Behaviour as part of their acceptance. The Code of Behaviour can be found here:

<http://www.aviva.com/responsible-sustainable-business/policies/>

**2. KPI: % of managed supply that has been engaged on CR during the term of their contract with Aviva**

Incorporated within the UK's sourcing and supply management frameworks is an activity to obtain supplier responses to specific CR questions (such as CO<sub>2</sub>e emissions or waste). We also engage our managed suppliers (see description above) during the term of their contract to discuss their corporate responsibility performance and improvements. Where our framework requires that suppliers are engaged on CR every other year, we only include them in this KPI where they are required to be engaged in the particular year of reporting.

**F. Community Development KPIs**

**1. KPI: Amount of Community Investment**

It includes all charitable spend, management costs, value of gifts in kind, and cost of volunteering. Please see below for an explanation on each of these components.

**1.1. Charitable spend, £**

In line with guidance for reporting on community investment issued by LBG (<http://www.lbg-online.net/>), charitable spend includes the following cash categories:

- **Community:** This is a longer-term investment in a project delivered by a charity or community group. Typically the project would last one year or more, and would be delivering specified outputs and outcomes in the local community, e.g. a three year partnership with a local charity aiming to improve the education of local children.
- **One-off:** This is a short-term investment for a very specific need. For example, responding to an emergency appeal from a charity for a disaster, new roof for their building, or a piece of equipment. This would not be a 'partnership', simply a donation to a local organisation where there is no long-term relationship.
- **Commercial activity:** This is an investment in an activity that promotes the Aviva brand, a product, or service in partnership with a charitable organisation. For example, cause related marketing.



## 1.2. Management costs, £:

This category includes the costs incurred in making our community investment. Such costs include the management time and project costs.

- Value of management time, £: This is the cost of having Aviva employees working on a community development programme. If management of the programme is just one aspect of the employee's role, we count only the proportion of the cost that relates to the time spent managing the programme: e.g. If employee A's role requires that they spend 10% of their standard contracted working hours managing the Community Development Programme, then we will only consider the cost of this 10% for the calculation of management time for this employee.  
For the calculation of this value we consider only the employee's annual base salary (plus location allowance if applicable e.g. London weighting).
- Project costs, £: It includes communications costs, purchases relating to supporting activity at the project such as consultancy/agency costs, printing costs, purchase of materials (e.g. paint, gardening equipment), catering and transport costs (e.g. for volunteers), site hire (e.g. for hosting a fundraising event), etc.

## 1.3. Cost of volunteering, £:

Following LBG guidance, we measure two types of volunteering.

- Volunteering in company time: Any volunteering brokered or facilitated by Aviva and which is done during working hours or where the employee receives time off in lieu. An example of the latter would be where an employee does a half day volunteering during the weekend (employee does not work at the weekends) and the company gives him/her a half day leave in lieu. Where Aviva employees are on long-term secondment to a charitable organisation at no cost to that organisation, we consider the employee's time to be volunteering in line with LBG guidance.
- Volunteering outside company time: Any volunteering that the employee has committed to do during their own time as a result of encouragement or support from Aviva (e.g. participation in an activity supporting any of our local charity partners).

### Calculating the cost of volunteering

- For the purposes of calculating the cost of volunteering, we only consider the number of hours volunteered in company time and a market "average hourly rate". The total number of volunteering hours is multiplied by the average hourly rate. This calculation is done for each country -as average hourly rates vary from country to country- and then the totals are added.
- Average hourly rate: This rate is calculated by adding up the hourly rates of employees at different grades and dividing the result by the number of grades included in the sum. E.g. If there are 5 grades and they have the following hourly rates: GA £7; GB £9; GC £11; GD £13; GE £15; then the average hourly rate is £11. This is the result of GA+GB+GC+GD+GE divided by 5.

## 1.4. Gifts in kind, £

These are non-cash donations. Valued as the cost to Aviva of making the gift e.g. write off value of IT equipment, wholesale cost of stationery donated. Where Aviva cannot work out the value, we require the charity to provide a conservative estimate of what they would have had to pay for this on the open market.

#### **1.5. Endowment to Friends Provident Foundation**

In 2004, Friends Life made a £20m donation to the Friends Provident Foundation which has been gradually recognised within the CR KPIs over time. We have continued to adopt this treatment, and therefore will report an amount of £1.1m per annum reflecting the unwinding of this donation from 2015 until 2022.

#### **2. KPI: % of employees participating in volunteering**

This percentage is based on number of employees divided by number of employees volunteering. The number of employees volunteering is based on actual volunteering, not on employees registered for volunteering activities.

#### **3. KPI: Employee hours spent volunteering**

These hours include both volunteering time in company time as well as outside company time. Hours are tracked differently throughout the markets. For example, some markets use email records, others use excel spreadsheets.

#### **4. KPI: Total beneficiaries of corporate responsibility programme**

This includes beneficiaries from our carbon offsetting projects, Aviva Community Funds, and beneficiaries from various other community projects supported by Aviva.

#### **5. KPI: Number of local community projects supported through our corporate responsibility programmes**

For the purposes of our reporting a 'Local Community Project' is an activity or set of activities delivered by a charitable organisation and which creates a change that positively impacts a community. Key features include:

- Projects that are run by a charitable organisation. The term 'charitable organisation' includes: an organisation registered with the charity regulator (e.g. In England and Wales, the Charity Commission) or another public body that provides an oversight on the organisation's activities (e.g. Tax Office), a Charitable Company, a Community Interest Company, Non-Governmental Organisation, International Non-Governmental Organisation, Not-for profit association, Public services such as educational establishments (Schools, Universities) and health & social care establishments (e.g. old persons care homes run by a charity). This list is not restrictive.
- Projects address social and/or environmental issues faced by local communities, supporting their health, wellbeing and/or development. They deliver activities with social impact that could be independently verified if required.
- Projects may support individuals or groups of individuals (with the exclusion of what is prohibited within our CR business standard)
- We do not limit the scope of issues that projects address and do not provide an exhaustive list of eligible projects. However, we encourage markets to support projects aligned to our core business activities.
- Local community is defined as the smallest administrative unit that the project directly benefits. However, when it is not practical to identify the exact number of small administrative units benefited, then the project counts as benefiting one community.

- National or international activity or advocacy activity itself may count as one local community project. However, where activity is delivered through local community partners (and meets the above criteria) these individual activities may count as community projects themselves.

**For further details of programmes and processes please contact  
[crteam@aviva.com](mailto:crteam@aviva.com)**

## **Annex 1**

The below correspond to indicators disclosed in our ESG Data Sheet. To download our ESG datasheet go to [www.aviva.com/CR](http://www.aviva.com/CR)

The definitions provided below correspond to the following indicators:

- Number of propositions that include social inclusion considerations
- % of markets offering socially inclusive propositions
- Number of green or reduced carbon footprint propositions
- % of markets offering green or reduced carbon footprint propositions.

### **1. Accessible Propositions**

Products and services, developed across any areas of our true customer composite, that:

- facilitate a technology, product, service or market that increases access to insurance for low income or financially troubled groups
- focus on accessibility for groups who have faced other non-economic barriers to inclusion (e.g. gender, ethnicity, religion, disability etc.
- significantly increase the scope of cover available to customers in the market, therefore reducing financial risks for customers
- increase access to financial services for customers via wider activity/impacts that help customers with finance inclusion.

### **2. Green or Reduced Carbon Propositions**

Products and services, developed across any area of our true customer composite, that:

- facilitate a technology, development or market that benefits the environment and/or mitigates climate change impacts for our customers
- focus on resource protection and environmentally-responsible behaviour
- reduce environmental risks for clients via managing, addressing and/or advising on, for example climate and regulation risks/ opportunities.

Green Products are developed across all segments, including (re)insurance, assistance, services and asset management.

**Date of last update: March 2017.**