



# Contributing to society

Providing peace of mind and making a real contribution to society is what matters.

Corporate responsibility report 2012

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# Overview

Corporate responsibility is about what we actually do, and the impact it has on the business and our stakeholders.



Aviva's approach to corporate responsibility is a key pillar of our business strategy. It underwrites our ability to deliver on our promises to our customers and to extend the positive contribution we make to society.

### In this section

- > [Chairman's statement](#)
- > [About Aviva](#)
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- > [UN Global Compact Communication on Progress](#)
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Overview &gt; Chairman's statement

# Chairman's statement

2012 saw a year of great change at Aviva in which we sought to strengthen our business and build solid foundations for the future. What has not changed, however, is our commitment to corporate responsibility. It remains as strong as ever.

The social purpose of our business is something the Board and I are very proud of and of course it's central to how our people feel about working here. Pride in Aviva rose by 3% this year as a direct result of our corporate responsibility programme.

By doing business responsibly and building relationships with customers and the communities we are part of, we're managing our risks and motivating our people – ensuring we'll be around for the long term to deliver on our commitments. This means doing all we can to help our customers when the big things happen in life. To be trusted, respected for the way we do things, sustainable in our business practices, and make a real contribution to society through our corporate responsibility agenda.

Our internal governance is a key factor of our success in these goals and I've attended each Corporate Responsibility Committee this year. This committee gives responsible business practice the prominence it deserves at the most senior levels. It is also important to us that we remain aligned to best practices and as part of this we remain committed to the ten principles of the UN Global Compact, you can find out more about this in our Communication on Progress.

What gives our corporate responsibility strategy the edge is the dedication of our people. They demonstrate their commitment by acting responsibly every day - putting our customers first and giving them great service. Even during this challenging year, our corporate responsibility agenda has remained core to who we are and what we do. 79% of employees tell us they support our CR commitments and I am confident they will continue to support this work.

There have been some great achievements in 2012. Throughout this report you'll see details of reductions to our environmental footprint, our employees' propensity to recommend our products and recognition of what we do by some of the world's leading benchmarkers. What I'm particularly pleased to report though is that we've exceeded our Street to School target of reaching 500,000 children two years early. I look forward to seeing how this initiative – which is close to all our hearts – continues to develop over the next year.

**John McFarlane**  
Chairman

## Foundations for the future



By doing business responsibly and building relationships with customers and the communities we are part of, we're managing our risks and motivating our people – ensuring we'll be around for the long term to deliver on our commitments."

**John McFarlane**, Chairman

Overview > About Aviva

## About Aviva

We are the UK's largest insurer and one of Europe's leading providers of life and general insurance.

Aviva has been helping people for over 300 years. Now over 34 million customers benefit from our insurance, savings and investment products and we employ 31,200 people worldwide.

Our business is helping customers manage their risks and investments. To provide them with the peace of mind that comes from having control over their money. We help them save for a more comfortable future and insure the people and things they hold dear. Some of our customers have been with us for over 40 years. We want to be the most recommended insurer in the world, with customers who have been with us for a lifetime.

During 2012 Aviva started a process to transform the business. Our Chairman highlights the changes we have been through in his report within the [Annual report and accounts](#).

Aviva aims to be trusted, respected, sustainable and recognised for making a real contribution to society. Our corporate responsibility strategy supports these aims. Providing peace of mind is our social purpose and central to our overall business strategy. Aviva recognises, as an insurer, that we have a fundamental part to play in society in enabling business growth. We can do this by providing protection and tackling global issues such as climate change.

### Highlights

**34 million  
customers**

**31,200 employees**

**317 years in  
operation**

**£311 billion  
funds under  
management**

**£3 billion total  
loss after tax**

**19p full-year  
dividend**

Overview > About this report

## About this report

We report our corporate responsibility performance openly and transparently. Our CR reporting has been recognised as among the best in the world.

We've continued to improve this year by being even clearer about our strategy in our report.

### Reporting and transparency

Our full Corporate Responsibility (CR) report is in easy-to-navigate web pages – providing instant access to our information and eliminating the need for printing.

The CR section of our 2012 Annual report and accounts will be put to an advisory shareholder vote at the 2013 AGM in May 2013.

### Reporting on material issues

Our full CR report is structured around the most significant issues for our business:

- Trust and transparency
- Climate change and environment
- Attracting and retaining talent
- Community development
- Responsible investment

We cover Group-wide progress towards our CR strategy and goals, including activities around the world. The Key Performance Indicators in our report have been prepared in accordance to our [reporting criteria](#).

This report has been independently assured by PricewaterhouseCoopers.

> [Read their assurance statement](#)

### Related links

- > [A review of our CR performance is also available in our 2012 Annual report and accounts](#)

Overview > About this report > Reporting framework

## Reporting framework

We are recognised as a leader for our open and transparent reporting, and we encourage other businesses around the world to follow our example.

Our reporting framework includes our own Annual report and accounts and our submissions to public reporting initiatives including:

- Full disclosure of our company performance to the FTSE4Good, Dow Jones Sustainability, Ethibel and ECPI business indexes
- An annual Accounting for Sustainability statement
- An annual report to the Carbon Disclosure Project
- An annual Communication on Progress for the United Nations Global Compact (UNGC)
- Annual reporting against the ClimateWise principles

### UN Global Compact Communication on Progress

We joined the world's largest and most supported CR initiative in 2001. In 2010, we were chosen to be members of the LEAD group due to our corporate sustainability leadership. We report annually against the 10 Global Compact principles.

> [Our Communication on Progress is included in this report](#)

### ClimateWise

ClimateWise is the global insurance industry's leadership group driving action on climate change risk. We are a co-author and founding signatory of the six ClimateWise principles and we report our performance against them annually.

> [Read our annual ClimateWise principles report for 2012](#)

### Accounting for Sustainability

We use the Accounting for Sustainability connected reporting framework. Combining financial and non-financial information, this enables us to provide the full picture of our impacts in our annual reporting.

> [Read our Accounting for Sustainability report for 2012](#)

### Millennium Development Goals

The United Nations Millennium Development Goals (MDGs) focus the world's governments, businesses and societies to take action to meet targets for global concerns by 2015.

Throughout this report, we indicate how our CR programme supports the eight Millennium Development Goals.



\*MDG 5 (maternal health) and MDG 6 (combating HIV/AIDS) are not directly addressed by Aviva's current CR programme.

MDG icons © United Nations

Overview > Corporate responsibility key indicators

# Corporate responsibility key indicators

Our Group-wide Key Performance Indicators help us monitor and report progress year on year against specific targets and baselines.

The following is a summary of our performance against Key Performance Indicators (KPIs) for 2012. The Key Performance Indicators in our report have been prepared in accordance to our [reporting criteria](#).

## Key



Key Performance Indicator, independently assured



Met/exceeded target



Missed target

## Trust and transparency

CR indicator		2009	2010	2011	2012	2012 target	Change over year	Met target	2013 target
<b>Customers<sup>1</sup></b>									
% of businesses that are in or above the upper quartile relative to the local market average (NPS score)		50%	50%	52%	<b>39%</b>	Maintain or improve past performance	▼ -13%		Improve past performance
% of employees who rate us favourably on customer index		67%	69%	73%	<b>75%</b>	Maintain or improve past performance	▲ 2%		Improve past performance
<b>Business ethics<sup>2</sup></b>									
% of employees signing off receipt, understanding and acceptance of our Business Ethics Code on an annual basis		90%	32%	89%	<b>88%</b>	100% of employees	▼ -1%		100% of employees
% of employees completing the Bribery and Corruption training		79%	n/a	89%	<b>88%</b>	100% of employees	▼ -1%		
<b>Suppliers<sup>3</sup></b>									
% of 'Managed Supply' spend where supplier accepted Code of Behaviour – UK only		New KPI	New KPI	31%	<b>30%</b>	Increase % from previous year	-1%		
% of 'Managed Supply' spend where supplier has successfully completed the CR element of the Supplier process – UK only		New KPI	New KPI	New KPI	<b>71%</b>		n/a		
Number of business units that use the 'Supplier Hospitality register' and 'Register of Interests' <sup>4</sup>		11	15	19	<b>19</b>	Increase from previous year	= 0		

### Notes on KPIs:

- Customers: Using NPS methodology we calculate the performance of businesses relative to their local market. Our [Customer Advocacy section](#) outlines this further. Following changes to our overall business structure, the number of markets now ranked within the upper quartile is 39% – one market less than the previous year.
- Business ethics: While our target remains at 100% it is inevitable that not all employees will be able to sign the code each year. This may be due to maternity leave, sick leave etc. This year we have not met our target, and the achieved outcome is lower than we aim for at 88%. This is due to a change in system use in the UK and significant structural changes to our business.
- Suppliers: Due to changes in the way that we manage our procurement, we are unable to report a Group figure this year. It is our aspiration to report the Group figure going forward.
- Hospitality register: This figure has remained static, however, more Aviva businesses are now compliant with this KPI, and we have removed those businesses we have divested.

Overview &gt; Corporate responsibility key indicators

# Corporate responsibility key indicators (continued)

## Key



Key Performance Indicator, independently assured



Met/exceeded target



Missed target

## Climate change and environment

CR indicator		2009	2010	2011	2012	2012 target	Change over year	Met target	2013 target	
% of remaining CO <sub>2</sub> e emissions offset annually		100%	100%	100%	<b>100%</b>	Offset remaining CO <sub>2</sub> e emissions at Group level	=	0		Offset 100% remaining CO <sub>2</sub> e emissions at Group level
CO <sub>2</sub> e emissions (tonnes) – absolute <sup>1</sup>		104,351	127,685	165,115	<b>126,502</b>		▼	-23%		
CO <sub>2</sub> e emissions (tonnes) – relative		n/a	n/a	144,550	<b>126,502</b>	Reduce relative CO <sub>2</sub> e emissions by 5%	▼	-12%		Reduce relative CO <sub>2</sub> e emissions by 5%
Water consumption (m <sup>3</sup> ) – absolute <sup>2</sup>		751,750	690,369	509,657	<b>559,144</b>	Reduce water use by 4%	▲	10%		Reduce water use by 4%
Waste generated (tonnes) – absolute		11,812	12,042	8,645	<b>10,153</b>	Reduce waste generated by 4%	▲	17%		Reduce waste generated by 4%
Proportion of recycled waste		79%	75%	73%	<b>71%</b>	80% or above	▼	-2%		80% or above
% of employees who feel that Aviva makes business choices that support the environment		62%	71%	76%	<b>76%</b>	Meet/exceed GFS benchmark (2012: 60%)	=	0		Meet/exceed GFS <sup>3</sup> benchmark

### Notes on KPIs:

- 1 Absolute CO<sub>2</sub>e data – CO<sub>2</sub>e data includes emissions from our buildings, business travel, outsourced data centres, water and waste to landfill. Relative CO<sub>2</sub>e data – The relative comparison uses the 2012 basis for reporting (as above), and the adjusted relative data for 2011 encompassing structural changes that occurred in 2011. Baseline change – due to the sale of our businesses in the USA, Sri Lanka and Malaysia it is now necessary to revisit our 2010 baseline and restate it to account for these material structural changes. Our restated 2010 baseline, which we use to understand our progress on a long-term basis, is 132,244 CO<sub>2</sub>e tonnes. Our long-term reduction target remains at 20% reduction by 2020, from this restated baseline.
- 2 Water consumption – In 2012 improvements in the scope of local environmental reporting have meant that Ireland, Hong Kong, Aviva Investors North America and Solus Accident Repair Centres are reporting water for the first time. Hence the increase in total water consumption reported.
- 3 GFS stands for the Global Financial Services benchmark. This is a tough external benchmark that we use as a stretch target. In the equivalent regional benchmarks we are consistently performing above the benchmark.

Overview &gt; Corporate responsibility key indicators

# Corporate responsibility key indicators (continued)

## Key

Key Performance Indicator,  
independently assured

Met/exceeded target



Missed target

## Attracting and retaining talent

CR indicator		2009	2010	2011	2012	2012 target	Change over year	Met target	2013 target
% of women in senior management		22%	21%	20%	<b>22%</b>	Increase percentage of women in senior management group	▲ 2%		Increase percentage of women in senior management group
% of employees who feel that Aviva is doing a good job of retaining the most talented people		New KPI	New KPI	New KPI	<b>42%</b>	Meet/exceed GFS benchmark (2012: 50%)	n/a		Meet/exceed GFS benchmark
% of employees who feel we have created an environment where people with diverse backgrounds can succeed		New KPI	73%	78%	<b>76%</b>	Meet/exceed GFS benchmark (2012: 81%)	▼ -2%		Meet/exceed GFS benchmark
% of employees who rate us favourably on leadership index		66%	64%	70%	<b>61%</b>	Meet/exceed GFS benchmark (2012: 70%)	▼ -9%		Meet/exceed GFS benchmark
% of employees who rate us favourably on engagement index		64%	63%	68%	<b>68%</b>	Meet/exceed GFS benchmark (2012: 71%)	= 0		Meet/exceed GFS benchmark

### Notes on KPIs:

- People: Our EPS results reflect the wider organisational change of our business. Our targets are external benchmarks which we are working towards.
- GFS stands for the Global Financial Services benchmark. This is a tough external benchmark that we use as a stretch target. In the equivalent regional benchmarks we are consistently performing above the benchmark.

Overview &gt; Corporate responsibility key indicators

# Corporate responsibility key indicators (continued)

## Key

Key Performance Indicator,  
independently assured

Met/exceeded target



Missed target

## Community development

CR indicator	2009	2010	2011	2012	2012 target	Change over year	Met target	2013 target
Amount of community investment 	£8.0m	£11.4m	£12.4m	<b>£11m</b>	Total community investment at/above previous year	▼ -12%		Total community investment at/above previous year
% of employees participating in volunteering	16%	17%	20%	<b>18%</b>	Increase the % of employee participation in volunteering	▼ -2%		increase the % of employee participation in volunteering
Number of employee hours spent volunteering	79,900	57,250	60,390	<b>56,357</b>	Increase the % of employee participation in volunteering	▼ -6%		Increase the % of employee participation in volunteering
% of investment in Aviva 'Street to School' 	New KPI	52%	54%	<b>58%</b>	50% of cash donations	▲ 4%		50% of cash donations
% of employees who feel that Aviva does a good job of contributing to the communities in which we live and work 	62%	66%	76%	<b>76%</b>	Meet/exceed GFS benchmark (2012: 62%)	= 0		Meet/exceed GFS <sup>1</sup> benchmark

### Notes on KPIs:

1. GFS stands for the Global Financial Services benchmark. This is a tough external benchmark that we use as a stretch target. In the equivalent regional benchmarks we are consistently performing above the benchmark.

Overview > Indexes and benchmarks

## Indexes and benchmarks

We submit our information to leading global indexes in a bid to be open and transparent about our performance.

The results help us identify how we can improve and show our shareholders, investors and other stakeholders how our performance measures up.

### Dow Jones Sustainability Index 2012

The [Dow Jones Sustainability Index](#) (pdf, 802kb) tracks the performance of leading sustainability-driven companies worldwide.

We qualified for the 11th year running, improving our score from 73% to 81% in a year that saw 41 companies removed from the list. We are now rated in the Silver class of the SAM Sustainability Yearbook.

### FTSE4Good

The [FTSE4Good Index Series](#) measures the performance of companies against globally recognised corporate responsibility standards.

We were in the top four companies in the [FTSE4Good environmental, social and governance \(ESG\) ratings](#) (pdf, 251kb), which were launched in 2011. We are also included in the FTSE4Good European Environmental Leaders 40 Index – one of only two insurers to be included.

### Ethibel

The [Ethibel Pioneer](#) and [Ethibel Excellence](#) registers list the best rated 174 and 461 companies worldwide for their corporate responsibility and sustainability performance.

We've been selected for both registers since 2003, and we're listed in both the Europe and the global [Ethibel Sustainability Registers](#).

### Carbon Disclosure Project

The [Carbon Disclosure Project](#) measures a company's performance in managing climate change risks and opportunities.

In 2012 we scored 73%, and rated B – demonstrating that our climate change strategy is well embedded but does not yet cover all business areas.

### Newsweek green rankings

We lost ground this year in US publication *Newsweek's* list of the 'greenest' global companies. Aviva was ranked 28th company in the global 500 in 2011, but in 2012 we fell to 74th with a green score of 72.4. Although our score only dropped marginally, our overall ranking reflects the much-improved reporting of other companies.

### Carbon Reduction Commitment Energy Efficiency Scheme

We ranked 611 among nearly 3,000 companies in the UK Government's Carbon Reduction Commitments Public League table for 2011/12 (up from 899 the previous year).

### STOXX® Global ESG Leaders

The STOXX Global ESG Leaders index offers a representation of the leading global companies in terms of environmental, social and governance. We've been in this index since it launched last year.

In 2012 we scored:

- Environmental 72%
- Social 80.3%
- Governance 98.8%

### Oekom Research

We are rated as a Prime investment, which means that Oekom recommend us to its clients for investment.

> [Read more about our index and benchmark ratings](#)

Overview > UN Global Compact Communication on Progress

# UN Global Compact Communication on Progress

We have been a signatory to the UN Global Compact, the world's biggest and best-supported CR initiative, since August 2001. In 2010, we were invited to be one of approximately 50 companies forming the Global Compact LEAD, to set a best practice example to others. As well as promoting the UN Global Compact Principles globally, we are also a member of the UK Network of the UN Global Compact. We report annually against the 10 Global Compact Principles relating to:

- Human rights
- Labour standards
- The environment
- The fight against corruption

This report provides information on our self-assessment of compliance with the 21 advanced criteria for our annual Communication on Progress (COP). We have considered a criterion as met where at least one of the best practices has been met or there are plans for its implementation.

The information is provided through hyperlinks that link to publicly disclosed information. This includes this report, our [Annual report and accounts](#) and our [website](#).

## Related links

### External websites

> [United Nations Global Compact](#)

## Implementing the ten principles into strategies and operations

### Criterion 1: Mainstreaming into corporate functions and business units

Best practices	Aviva's implementation
Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives	<ul style="list-style-type: none"> <li>&gt; <a href="#">Strategy</a></li> <li>&gt; <a href="#">Governance</a></li> </ul>
Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy	<ul style="list-style-type: none"> <li>&gt; <a href="#">Strategy</a></li> <li>&gt; <a href="#">Governance</a></li> </ul>
Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary	<ul style="list-style-type: none"> <li>&gt; <a href="#">Strategy</a></li> <li>&gt; <a href="#">Governance</a></li> </ul>
Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs	<ul style="list-style-type: none"> <li>&gt; <a href="#">Material issues</a></li> </ul>
Other established or emerging best practices	<ul style="list-style-type: none"> <li>&gt; <a href="#">Global partnerships</a></li> </ul>

# UN Global Compact Communication on Progress (continued)

## Implementing the ten principles into strategies and operations (continued)

### Criterion 2: Value chain implementation

Best practices	Aviva's implementation
Communicate policies and expectations to suppliers and other relevant business partners	<ul style="list-style-type: none"> <li>&gt; Stakeholder engagement</li> <li>&gt; Business code of behaviour  (pdf, 16.7kb)</li> </ul>
Implement monitoring and assurance mechanisms (eg audits/screenings) for compliance within the company's sphere of influence	<ul style="list-style-type: none"> <li>&gt; Our approach to community development</li> <li>&gt; Procurement and outsourcing business standard</li> </ul>
Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners	<ul style="list-style-type: none"> <li>&gt; Stakeholder engagement</li> <li>&gt; Working with others</li> <li>&gt; Global partnerships</li> <li>&gt; Public policy and advocacy</li> </ul>

## Robust human rights management policies and procedures

### Criterion 3: Robust commitments, strategies or policies in the area of human rights

Best practices	Aviva's implementation
Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (eg, the Universal Declaration of Human Rights, Guiding Principles on Human Rights)	<ul style="list-style-type: none"> <li>&gt; Business standards</li> <li>&gt; Business Ethics Code</li> </ul>
Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company	<ul style="list-style-type: none"> <li>&gt; Chairman's statement</li> <li>&gt; Business Ethics Code</li> </ul>
Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services	<ul style="list-style-type: none"> <li>&gt; Supplier code of behaviour</li> </ul>
Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties	<ul style="list-style-type: none"> <li>&gt; CR standard</li> <li>&gt; Governance</li> <li>&gt; Corporate responsibility committee</li> </ul>

# UN Global Compact Communication on Progress (continued)

## Effective management systems to integrate the human rights principles

### Criterion 4: Take actions in support of broader UN goals and issues

Best practices	Aviva's implementation
Process to ensure that internationally recognized human rights are respected	<ul style="list-style-type: none"> <li>&gt; Reporting framework</li> <li>&gt; Diversity and inclusion</li> <li>&gt; CR standard</li> </ul>
On-going due diligence process that includes an assessment of actual and potential human rights impacts	<ul style="list-style-type: none"> <li>&gt; Responsible investment voting policy</li> <li>&gt; Diversity and inclusion</li> </ul>
Operational-level grievance mechanisms for those potentially impacted by the company's activities	<ul style="list-style-type: none"> <li>&gt; Business ethics/financial crime</li> <li>&gt; Responsible business</li> </ul> <p>As well as Right Call, our independent malpractice reporting service, we provide employees with free access to Your Call. This is a totally confidential personal support service, available 24 hours a day, every day of the year. It helps employees tackle a range of issues from work-related matters, to personal life issues.</p>
Allocation of responsibilities and accountability for addressing human rights impacts	<ul style="list-style-type: none"> <li>&gt; Governance</li> <li>&gt; CR committee</li> </ul>
Internal decision-making, budget and oversight for effective responses to human rights impacts	<ul style="list-style-type: none"> <li>&gt; Governance</li> <li>&gt; CR committee</li> </ul>
Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action	<ul style="list-style-type: none"> <li>&gt; Stakeholder engagement</li> <li>&gt; Working with others</li> <li>&gt; Global partnerships</li> <li>&gt; Public policy and advocacy</li> </ul>

### Criterion 5: Effective monitoring and evaluation mechanisms of human rights integration

Best practices	Aviva's implementation
System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain	<ul style="list-style-type: none"> <li>&gt; Corporate responsibility standards</li> </ul>
Monitoring drawn from internal and external feedback, including affected stakeholders	<ul style="list-style-type: none"> <li>&gt; Stakeholder engagement</li> </ul>
Leadership review of monitoring and improvement results	<ul style="list-style-type: none"> <li>&gt; Governance</li> </ul>

# UN Global Compact Communication on Progress (continued)

## Labour management policies and procedures

### Criterion 6: Robust commitments, strategies or policies in the area of labour

Best practices	Aviva's implementation
Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies	> <a href="#">Business standards</a>
Reflection on the relevance of the labour principles for the company	> <a href="#">Business Ethics Code</a> > <a href="#">Business Standards</a>
Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national)	> <a href="#">Governance</a> > <a href="#">Business standards</a> > <a href="#">Business Ethics Code</a> (pdf, 193kb)
Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	> <a href="#">Procurement and outsourcing business standard</a>
Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges related to labour standards in the countries of operation, possibly in a tripartite approach (business – trade union – government)	> <a href="#">Aviva's support of the Living Wage</a>

### Criterion 7: Effective management systems to integrate the labour principles

Best practices	Aviva's implementation
Allocation of responsibilities and accountability within the organization	> <a href="#">Governance</a>
Internal awareness-raising and training on the labour principles for management and employees	> <a href="#">Engagement, health and wellbeing</a>
Active engagement with suppliers to address labour-related challenges	> <a href="#">Procurement and outsourcing business standard</a>
Grievance mechanisms, communication channels and other procedures (eg, whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers	> <a href="#">Business ethics/financial crime</a> > <a href="#">Responsible business</a> As well as Right Call, our independent malpractice reporting service, Aviva provides its employees with free access to Your Call. This is a totally confidential personal support service, available 24 hours a day, every day of the year. It helps employees tackle a range of issues from work-related matters, to personal life issues.

# UN Global Compact Communication on Progress (continued)

## Labour management policies and procedures (continued)

### Criterion 8: Effective monitoring and evaluation mechanisms of labour principles integration

Best practices	Aviva's implementation
System to track and measure performance based on standardized performance metrics	<ul style="list-style-type: none"> <li>&gt; <a href="#">Our employee promise</a></li> <li>&gt; <a href="#">Attracting and retaining talent performance data</a></li> </ul>
Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future	<ul style="list-style-type: none"> <li>&gt; <a href="#">Diversity and inclusion</a></li> <li>&gt; <a href="#">Listening to our employees</a></li> </ul>
Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards	<ul style="list-style-type: none"> <li>&gt; <a href="#">Procurement and outsourcing business standard</a></li> </ul>
Process to positively engage with the suppliers to address the challenges (ie, partnership approach instead of corrective approach) through schemes to improve workplace practices	<ul style="list-style-type: none"> <li>&gt; <a href="#">Suppliers</a></li> </ul>

## Robust environmental management policies and procedures

### Criterion 9: Robust commitments, strategies or policies in the area of environmental stewardship

Best practices	Aviva's implementation
Reference to relevant international conventions and other international instruments (eg Rio Declaration on Environment and Development)	<ul style="list-style-type: none"> <li>&gt; <a href="#">Public policy and advocacy</a></li> <li>&gt; <a href="#">Working with others</a></li> </ul>
Reflection on the relevance of environmental stewardship for the company	<ul style="list-style-type: none"> <li>&gt; <a href="#">Our approach to climate change and the environment</a></li> </ul>
Written company policy on environmental stewardship	<ul style="list-style-type: none"> <li>&gt; <a href="#">CR, climate change and environment standard</a></li> </ul>
Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	<ul style="list-style-type: none"> <li>&gt; <a href="#">Carbon footprinting</a></li> </ul>
Specific commitments and goals for specified years	<ul style="list-style-type: none"> <li>&gt; <a href="#">Corporate responsibility key indicators</a></li> </ul>

# UN Global Compact Communication on Progress (continued)

## Robust environmental management policies and procedures (continued)

### Criterion 10: Effective management systems to integrate the environmental principles

Best practices	Aviva's implementation
Environmental risk and impact assessments	<ul style="list-style-type: none"> <li>&gt; <a href="#">Our approach to climate change and environment</a></li> <li>&gt; <a href="#">Risk</a></li> <li>&gt; <a href="#">ClimateWise principles report</a></li> </ul>
Assessments of lifecycle impact of products, ensuring environmentally sound management policies	<ul style="list-style-type: none"> <li>&gt; <a href="#">Carbon footprinting</a></li> </ul>
Allocation of responsibilities and accountability within the organization	<ul style="list-style-type: none"> <li>&gt; <a href="#">Governance</a></li> <li>&gt; <a href="#">CR committee</a></li> </ul>
Incorporate climate change into investment	<ul style="list-style-type: none"> <li>&gt; <a href="#">ClimateWise principles report</a></li> </ul>

### Criterion 11: Effective monitoring and evaluation mechanisms for environmental stewardship

Best practices	Aviva's implementation
System to track and measure performance based on standardized performance metrics	<ul style="list-style-type: none"> <li>&gt; <a href="#">Climate change and environment</a></li> </ul>
Leadership review of monitoring and improvement results	<ul style="list-style-type: none"> <li>&gt; <a href="#">Governance</a></li> <li>&gt; <a href="#">Climate change and environment performance data</a></li> </ul>
Outcomes of integration of the environmental principles	<ul style="list-style-type: none"> <li>&gt; <a href="#">Corporate responsibility key indicators</a></li> <li>&gt; <a href="#">Climate change and environment performance data</a></li> </ul>

## Robust anti-corruption management policies and procedures

### Criterion 12: Robust commitments, strategies or policies in the area of anti-corruption

Best practices	Aviva's implementation
Support by the organization's leadership for anti-corruption	<ul style="list-style-type: none"> <li>&gt; <a href="#">Responsible business</a></li> </ul>
Publicly stated formal policy of zero-tolerance of corruption	<ul style="list-style-type: none"> <li>&gt; <a href="#">Responsible business</a></li> <li>&gt; <a href="#">Business Ethics Code</a>  (pdf, 193kb)</li> <li>&gt; <a href="#">Code of ethics for senior management</a></li> </ul>
Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes	<ul style="list-style-type: none"> <li>&gt; <a href="#">Business Ethics Code</a>  (pdf, 193kb)</li> <li>&gt; <a href="#">Code of ethics for senior management</a></li> </ul>
Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	<ul style="list-style-type: none"> <li>&gt; <a href="#">Human rights</a></li> </ul>

# UN Global Compact Communication on Progress (continued)

## Robust environmental management policies and procedures (continued)

Detailed policies for high-risk areas of corruption

Our Financial Crime Standard is available internally.

The Standard states Aviva's zero tolerance for any acts constituting financial crime including bribery and corruption, money laundering, fraud and violations of applicable sanctions laws. The Standard requires each market to designate specific persons responsible for financial crime prevention. It requires markets to undertake financial crime risk assessments, implement systems and controls to prevent, detect and report, consistent with applicable laws and regulations. The Standard also requires monitoring of transactions, financial crime training, reporting suspicious activity, management information to be collated and provided to management. Political and charitable contributions are addressed in the Business Ethics Code.

Policy on anti-corruption regarding business partners

> [Business Ethics Code](#) (pdf, 193kb)

### Criterion 13: Effective management systems to integrate the anti-corruption principle

#### Best practices

#### Aviva's implementation

Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees

> [Responsible business](#)  
> [CR key indicator – Business ethics: % of employees completing the Bribery and Corruption training](#)

Internal checks and balances to ensure consistency with the anti-corruption commitment

> [Responsible business](#)

Actions taken to encourage business partners to implement anti-corruption commitments

> [Procurement and outsourcing business standard](#)

Management responsibility and accountability for implementation of the anti-corruption commitment or policy

> [Business Ethics Code](#) (pdf, 193kb)

Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice

> [Responsible business](#)

Internal accounting and auditing procedures related to anticorruption

> [Responsible business](#)

### Criterion 14: Effective monitoring and evaluation mechanisms for the integration of anti-corruption

#### Best practices

#### Aviva's implementation

Leadership review of monitoring and improvement results

> [Corporate governance: Internal controls](#)  
> [Trust and transparency: Responsible business](#)  
> [CR key indicator – Business ethics: % of employees signing off receipt, understanding and acceptance of our Business Ethics Code](#)

Process to deal with incidents

> [Trust and transparency: Responsible business](#)

# UN Global Compact Communication on Progress (continued)

## Taking action in support of broader UN goals and issues

### Criterion 15: Core business contributions to UN goals and issues

#### Best practices

#### Aviva's implementation

Align core business strategy with one or more relevant UN goals/issues

> [Reporting framework](#)

Develop relevant products and services or design business models that contribute to UN goals/issues

> [Responsible investment](#)

Adopt and modify operating procedures to maximize contribution to UN goals/issues

> [Reporting framework](#)  
> [Responsible investment](#)

### Criterion 16: Strategic social investments and philanthropy

#### Best practices

#### Aviva's implementation

Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy

> [Community development](#)

Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors

> [Working with others](#)  
> [Acting as a catalyst for change](#)

Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups

> [Community development](#)

### Criterion 17: Advocacy and public engagement

#### Best practices

#### Aviva's implementation

Publicly advocate the importance of action in relation to one or more UN goals/issues

> [Acting as a catalyst for change](#)  
> [CR report 2012](#)

Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues

> [Acting as a catalyst for change](#)  
> [Public policy and advocacy](#)  
> [Rio+20](#)  (pdf, 26.3kb)

# UN Global Compact Communication on Progress (continued)

## Taking action in support of broader UN goals and issues (continued)

### Criterion 18: Partnerships and collective action

#### Best practices

Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy

Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain

#### Aviva's implementation

- > Working with others
- > Acting as a catalyst for change
- > Public policy and advocacy

## Corporate sustainability governance and leadership

### Criterion 19: CEO commitment and leadership

#### Best practices

CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact

CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards

CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation

Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team

#### Aviva's implementation

- > Chairman's statement
- > Chairman's statement
- > Public policy and advocacy
- > Governance
- > Board of directors
- > Group executives

### Criterion 20: Board adoption and oversight

#### Best practices

Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance

Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability

Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)

#### Aviva's implementation

- > Governance
- > CR committee
- > Governance
- > CR committee
- > Chairman's statement
- > CR committee

Overview > UN Global Compact Communication on Progress

# UN Global Compact Communication on Progress (continued)

## Corporate sustainability governance and leadership (continued)

### Criterion 21: Stakeholder engagement

#### Best practices

#### Aviva's implementation

Publicly recognize responsibility for the company's impacts on internal and external stakeholders

> [Stakeholder engagement](#)

Define sustainability strategies, goals and policies in consultation with key stakeholders

> [Stakeholder engagement](#)

Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance. Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'

> [Stakeholder engagement](#)

Overview > Assurance statement

# Assurance statement

## PwC Independent Assurance Report to the Directors of Aviva plc

The Directors of Aviva plc ("Aviva") engaged us to provide limited assurance on the information described in their corporate responsibility report and set out in Aviva's Annual Report and Accounts for the year ended 31 December 2012.

### Our conclusions

As a result of our procedures nothing has come to our attention that indicates the Selected Information for the year ended 31 December 2012 has not been prepared in all material respects with the Reporting Criteria.

### What we are assuring ("Selected Information")

The selected corporate responsibility (CR) data for the year ended 31 December 2012 marked with the symbol , assured by PwC presented in the online CR Report 2012. The scope of our work was restricted to the Selected Information for the year ended 31 December 2012 and does not extend to information in respect of earlier periods or to any other information in the online CR Report 2012.

### How the information is assessed ("Reporting Criteria")

We assessed the Selected Information using Aviva's [Reporting Criteria](#)<sup>1</sup>.

### Professional standards applied<sup>2</sup> and level of assurance<sup>3</sup>

We have used ISAE 3000 (limited level of assurance) and we have complied with the ICAEW Code of Ethics.

### Understanding reporting and measurement methodologies

There are no globally recognised and established practices for evaluating and measuring the Selected Information. The range of different, but acceptable, techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Reporting Criteria used as the basis of Aviva's reporting should therefore be read in conjunction with the Selected Information and associated statements reported on Aviva's website.

### Work done

Considering the risk of material misstatement of the Selected Information, we:

- Made enquiries of Aviva's management, including the CR team and those with responsibility for CR management and group CR reporting;
- Evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visiting two markets, the UK and Canada, and analysing a further seven markets selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data to the group CR team;
- Performed limited substantive testing on a selective basis of the Selected Information at corporate head office and in relation to the UK and Canada markets to check that data had been appropriately measured, recorded, collated and reported; and
- Assessed the disclosure and presentation of the Selected Information.

### Aviva's responsibilities

The Directors of Aviva are responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- Establishing objective Reporting Criteria for preparing the Selected Information;
- Measuring Aviva's performance based on the Reporting Criteria; and
- The content of the online CR Report 2012.

Overview > Assurance statement

## Assurance statement (continued)

### Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of Aviva.

*This report, including our conclusions, has been prepared solely for the Directors of Aviva as a body in accordance with the agreement between us, to assist the Directors in reporting Aviva's corporate responsibility performance and activities. We permit this report to be disclosed in the online CR Report for the year ended 31 December 2012, to enable the Directors to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Aviva for our work or this report except where terms are expressly agreed between us in writing.*

**PricewaterhouseCoopers LLP,**  
Chartered Accountants, London  
6 March 2013

1 The maintenance and integrity of Aviva's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on Aviva's website.

2 We have complied with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the IAASB, and with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. To comply with those standards, our work was carried out by an independent and multi-disciplinary team of sustainability and assurance specialists.

3 Assurance, defined by the International Auditing and Assurance Standards Board (IAASB), gives the user confidence about the subject matter assessed against the reporting criteria. Reasonable assurance gives more confidence than limited assurance, as a limited assurance engagement is substantially less in scope in relation to both the assessment of risks of material misstatement and the procedures performed in response to the assessed risks.

# Strategy and governance

The Aviva Board is ultimately accountable for our corporate responsibility strategy. This allows us to offer full visibility to the issue at the very highest level.



We aim to be a trusted, respected and sustainable company, making a real contribution to society. Our corporate responsibility strategy supports these aims and helps us to become a more sustainable business.

## In this section

- > Strategy
  - > Looking ahead
- > Material issues
- > Global partnerships
- > Stakeholder engagement
- > Governance
- > Risk

“Trusted, respected and sustainable, making a real contribution to society – that’s the vision of our corporate responsibility strategy. To come close, we need to embed corporate responsibility at every step.”

**Marie Sigsworth**, group corporate responsibility director



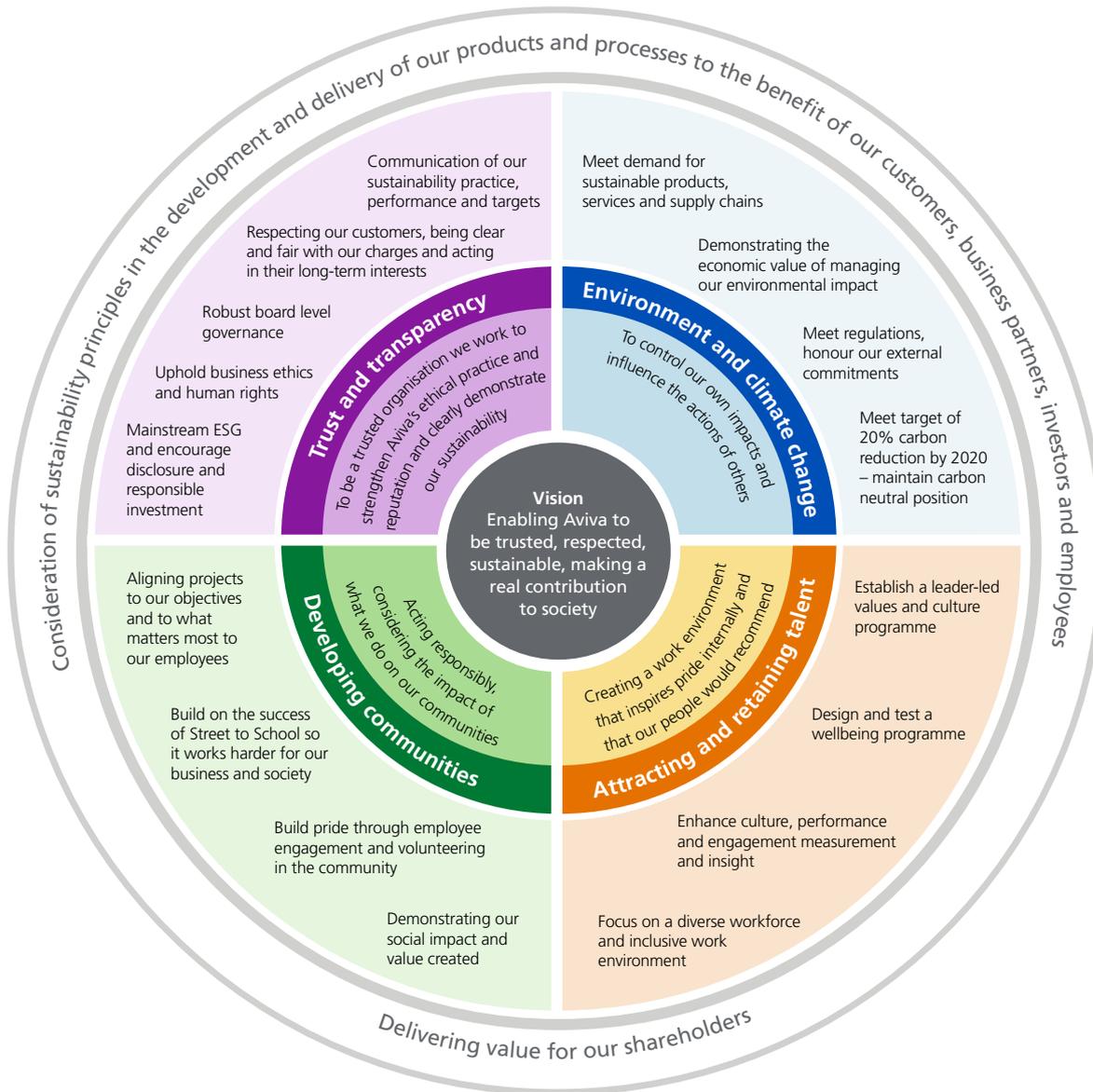
Risk is so fundamental to who we are that there are some risks that we simply will not insure against. These include the manufacture of tobacco, nuclear risks, manufacture/sale or supply of arms, animal testing, war and toxic waste.



Strategy and governance > Strategy

# Strategy

Acting responsibly and with integrity underpins Aviva's purpose to provide peace of mind. Our corporate responsibility strategy enables us to put this into practice.



The Aviva Board is ultimately accountable for our corporate responsibility strategy. We measure and report performance through Key Performance Indicators, our own Annual Report and accounts, and external benchmarks and indexes.

Aviva's approach to corporate responsibility is a key pillar of our business strategy. It underwrites our ability to deliver on our promises to our customers and to extend the positive contribution we make to society. As a responsible corporation we deal with matters in society relevant to our business. We therefore focus on:

- Being trusted and transparent; demonstrating our sustainability to our stakeholders
- Attracting and retaining the right people by creating a work environment that inspires pride and that enables people to give of their best
- Controlling our environmental and climate impacts and influencing the actions of others
- Acting responsibly in our communities, considering the impact of what we do

Strategy and governance > Strategy > Looking ahead

## Looking ahead

Our 2013–2015 corporate responsibility plan sets out our priorities in embedding sustainability, communicating internally and externally, and inspiring our people. We will continue to drive progress by focusing on our material issues:

### Trust and transparency

- Transparent disclosure and stakeholder engagement
  - Robust Board-level governance
  - Responsible investment practice and engagement
- > [See our Key Performance Indicators](#)  
> [See our performance against targets](#)



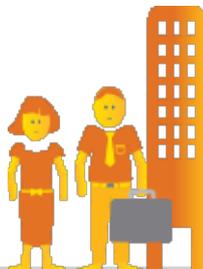
### Climate change and environment

- Meet our public commitments on carbon reduction
  - Maintain our unique position as the first carbon-neutral insurer
  - Meet and manage increasing environmental regulation
- > [See our Key Performance Indicators](#)  
> [See our performance against targets](#)



### Attracting and retaining talent

- Establish a leader-led values culture
  - Drive personal accountability and manager enablement
  - Deliver our strategy for diversity and inclusivity
- > [See our Key Performance Indicators](#)  
> [See our performance against targets](#)



### Community development

- Build pride among our employees through involvement and volunteering
  - Maintain world-class measurement and evaluation to demonstrate social impact
  - Maintain programme momentum of Street to School with a focus on legacy
- > [See our Key Performance Indicators](#)  
> [See our performance against targets](#)



Strategy and governance > Material issues

# Material issues

Our material issues are the impacts that matter most to Aviva, our stakeholders and society. They give a focus to our Corporate Responsibility strategy and a structure for engagement with our stakeholders.

The issues we choose to focus our efforts on are trust and transparency; climate change and environment; attracting and retaining talent; and community development.

We identify these issues in discussion with our stakeholders and we review them at least annually when we formally refresh our related strategy and programmes. For example, following stakeholder feedback on our Street to School programme, we will be focusing on giving children a voice and creating a legacy.

This year, we have revised our material issues so our strategy for developing sustainable products and services is embedded within our four material issues.

## Identifying our material issues

To identify our material issues, we used a robust approach, working closely with our stakeholders.

### How we identify our material issues

To identify our material issues, we used a robust approach, working closely with our stakeholders.



> Find out more

■ Research and discussion ■ Strategy development and engagement ■ External analysis



Strategy and governance > Global partnerships

## Global partnerships

We are proud to work alongside inspiring partner organisations that help us to achieve so much more than we could on our own.

Over the years, we have helped build lasting relationships with non-governmental organisations, public bodies, suppliers, communities and issue specialists. We also collaborate with sector peers to ensure that we are addressing the bigger picture, beyond short-term business gain.

### Our performance

In 2012, we continued our high-level engagements with global bodies, including:

- UN Global Compact LEAD
- ClimateWise
- UN Principles for Sustainable Insurance
- UN Human Rights Council
- Consortium for Street Children
- Oxfam 365 Alliance

### Advocacy

As a global business leader, we have the opportunity to help shape policy development and engage in debates around the world. Our advocacy work over the past year has included:

**ClimateWise** – the insurance industry's leadership group to drive action on climate change risk. We were a founder member of the ClimateWise Principles and continue to be represented on the management committee.

**UN Principles of Sustainable Insurance** – a framework for the global insurance industry launched at Rio+20. Aviva has been a member of the PSI working group since 2009.

**Corporate Sustainability Reporting Coalition** – a coalition of organisations, led by Aviva, calling on UN member states to develop a global policy framework for corporate sustainability reporting by large companies.

**Tomorrow's Capital Markets** – report and conference led by Aviva and Tomorrow's Company to promote sustainable corporate behaviours across financial markets.

**EU Corporate Leaders Group on Climate Change (EU CLG)** – as a member, we signed the 2012 Carbon Price Communiqué calling for a clear carbon price framework that will drive change towards the 2°C goal.

**Accounting for Sustainability** – a UK-based project aiming to embed sustainability in the day-to-day business operations and decision-making of organisations around the world.

### Millennium Development Goals

The United Nations Millennium Development Goals (MDGs) focus the world's governments, businesses and societies to take action to meet targets for global concerns by 2015.

Throughout this report, we indicate how our CR programme supports the eight Millennium Development Goals.



\*MDG 5 (maternal health) and MDG 6 (combating HIV/AIDS) are not directly addressed by Aviva's current CR programme.

MDG icons © United Nations

Strategy and governance > Stakeholder engagement

# Stakeholder engagement

Our stakeholders are the people and organisations interested in and affected by what we do. Our future depends on their views and actions. Effective engagement helps us manage our risks and maximise opportunities.



Stakeholder	Key issues	Engagement
<b>Customers and consumers</b>	Having products and services that meet our customers' needs. Treating our customers fairly. Being able to provide peace of mind, especially in times of need.	<ul style="list-style-type: none"> <li>• Net Promoter Score® (NPS) and brand surveys</li> <li>• Global surveys of consumer attitudes</li> <li>• In-depth consumer research into retirement plans, financial planning and pensions provision</li> <li>• Financial education programmes</li> </ul>
<b>Employees</b>	Listening to our employees, treating them with respect and recognising their individual contribution. This year, we have engaged with our employees regarding the business transformation, and have mapped our cultural values.	<ul style="list-style-type: none"> <li>• Global Employee Promise survey and regular polls</li> <li>• Cultural values assessment</li> <li>• Employee forums and networks</li> <li>• Performance reviews</li> <li>• Grievance procedures</li> <li>• Trade union representation</li> </ul>

## Stakeholder engagement (continued)

Stakeholder	Key issues	Engagement
<b>Communities and NGOs</b>	These groups want evidence that we are a responsible corporate citizen. We engage with our community partners to help shape strategy on key challenges – from helping street children to delivering the living wage. Our communities also want to see that we are delivering on our promises when they are affected by flooding and other life traumas.	<ul style="list-style-type: none"> <li>• We share best practice and help develop actions or solutions to social and environmental challenges</li> <li>• Our engagement with Mumsnet this year helps parents whose children have run away from home</li> <li>• We've engaged with Fairpensions and the Living Wage Foundation to progress our approach to the living wage</li> </ul>
<b>Shareholders and investors</b>	To be an investment of choice and trusted to provide regular, clear and transparent information to investors. This year, we have actively engaged our shareholders to discuss executive remuneration.	<ul style="list-style-type: none"> <li>• Regular meetings and annual investor events</li> <li>• Liaison with ratings agencies, banks and index providers regarding our CR programme</li> <li>• Responding to a wide range of investor questionnaires such as the Dow Jones Sustainability Indexes, the FTSE4Good Index and Oekom</li> </ul>
<b>Business partners</b>	To be the partner of choice to bank assurance partners, suppliers and joint ventures.	<ul style="list-style-type: none"> <li>• Procurement processes including the Supplier Code of Behaviour</li> <li>• Our membership of the UK Chartered Institute of Purchasing and Supply</li> <li>• Supplier surveys on ethical and environmental criteria during tender processes</li> <li>• Responding thoroughly to bids and tender documentation</li> </ul>
<b>Governments and regulators</b>	Complying with regulatory demands and being active in providing views and information to support policy development relevant to our business. Live issues include flood risk and response, pensions reform, business reporting, gender diversity and the living wage.	<ul style="list-style-type: none"> <li>• Our in-house public policy team and external political advisers engage with representatives and officials to support the development of policy relevant to our business</li> <li>• We respond to policy consultations and reviews</li> <li>• Our political advisers are members of the Association of Professional Political Consultants (APPC) and comply with its Code of Practice. In Brussels, they are also signatory to the European Public Affairs Consultancies' Association's Professional Code, and are listed on the EC's Register of Interest Representatives</li> </ul>
<b>Companies in which we invest</b>	Being a profitable and responsible investor.	<ul style="list-style-type: none"> <li>• We exercise voting rights attached to our own shareholdings</li> <li>• At Aviva Investors, we are working to apply environmental, social and governance considerations to our mainstream assets under management</li> <li>• Aviva Investors also engages with companies to improve environmental, social and governance performance</li> </ul>

Strategy and governance > Governance

## Governance

The Aviva Board is ultimately accountable for our corporate responsibility strategy. This allows us to offer full visibility to the issue at the very highest level.

Marie Sigsworth, Group corporate responsibility (CR) director, and the Group CR leadership team are responsible for the day-to-day management of our CR strategy and programme.

A proportion of the remuneration of Aviva senior managers depends on performance against our CR key performance indicators. Ten per cent of all senior managers' bonuses are targeted on leadership and engagement Employee Promise survey scores. Net Promoter Scores also form 10% of senior manager bonuses.

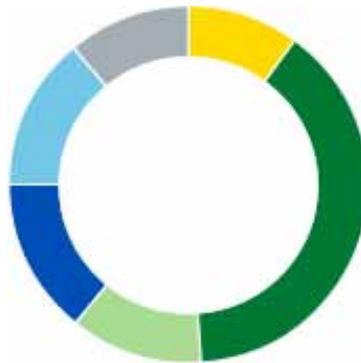
### Group CR Committee

The Board-level CR Committee reviews and directs strategy and policy. Its membership consists of non-executive directors Gay Huey Evans (chair), Scott Whewey and Euleen Goh, with Aviva chairman John McFarlane invited to attend. Ms Goh retired at the end of 2012.

The Committee reviews strategy and policy, receives market and functional reports four times a year and approves the Group CR report. In reports from market groups this year, the Committee paid attention to progress made in embedding environmental, social and governance issues into mainstream investment practices. This included our policy prohibiting investment in cluster munitions manufacturers. The Committee also received reports from the IT and procurement teams and reviewed the Group's health, safety and wellbeing strategy.

### Corporate responsibility committee – allocation of agenda time

Climate change and environment	10%
CR strategy, reporting and governance	39%
Business unit review	12%
Stakeholder recognition and business ethics	14%
Street to school programme	14%
Customers and employees	11%



> For further details of attendance and issues discussed, see the CR Committee Report in our Annual report and accounts

### Group CR leadership team

The CR leadership team implements the CR strategy and reports progress to the CR Committee.

The team works together to adopt and refine the strategy, assess progress, identify actions and embed our programmes in different parts of the business.

Within the CR leadership team, there is one lead per material issue. Each lead works with a business partner from the markets, and supports managers across the business who direct local delivery of the CR agenda. The Aviva businesses, with support from the Group, are individually accountable for delivery in their area.

### Communicating progress

The CR Committee reviews performance against Key Performance Indicators three times a year.

The Group executive regularly receives updates on CR issues and the Board reviews strategy and progress at least once a year.

We produce an annual corporate responsibility report for each calendar year.

Strategy and governance > Risk

## Risk

We insure people against risk so this issue goes to the core of our business model. Risk management is integral to providing financial stability for our customers, shareholders and stakeholders.

Aviva's general insurance underwriting standard states we will not undertake any activity, client risk or cover that compromises our values and could affect our brand. Underwriting activity is consistent with the fair treatment of customers, including transparency and fair value relative to the benefits that customers are led to expect.

Risk is so fundamental to who we are that there are some risks that we simply will not insure against. These include activities such as nuclear risks (Nuclear Act 1965); manufacture of tobacco; manufacture/sale or supply of arms; animal testing; war and toxic waste. Our exclusions also apply to liability cover for electromagnetic fields and electromagnetic radiation; asbestos products; and genetically modified organisms – among other examples.

These exclusions are subject to review as part of the annual refresh of our business standard. They are also applied in different ways to different local legal and regulatory requirements, social and market issues and emerging risks, including reputational risks.

### A risk management culture

Our goal is to create an internal culture where risks are managed at every stage. Our Group risk appetite statements set out the level of risk we are prepared to take for our capital, liquidity and reputation.

We have developed a risk management framework, which ensures significant existing or emerging risks are actively identified, measured, managed, monitored and reported continuously. We measure risks based on their significance to our business and stakeholders (internal and external) in the context of our strategy, objectives and risk appetite.

Our risk management approach is aligned with the strategic planning process. We set our business plans guided by our overarching strategy, risk appetite and goal of improving financial returns.

In 2013, we continued to embed and strengthen our risk management framework and promote a strong risk management culture supported by a robust governance structure.

> [Read more about how we manage risk in our Annual report and accounts and our corporate governance report](#)

### Corporate responsibility risks

Our corporate responsibility strategy is designed to help us manage sustainability-related risks. The following are key risks with potential long-term effects for our business and stakeholders:

- Impact on revenue and reputation from low levels of trust in financial services
- Large-scale climate change impacts affecting our ability to provide the current scope of cover to our customers
- Loss of performance if we fail to attract and inspire top talent, and engage and inspire our employees
- Loss of trust in our brand if we do not demonstrate a positive contribution to our communities
- Failure to attract and retain customers, talent and investors if we do not effectively communicate good CR performance compared to our competitors

# Trust and transparency



Building and maintaining trust in Aviva is vital in a sector that sees some of the lowest levels of trust in society. We aim to build our reputation by being open and transparent in our dealings with all stakeholders.

Our approach is based around understanding the challenges our customers face, and responding to them with sensitivity. It means being a responsible business, operating ethically and with a zero tolerance of financial crime.

We are committed to respecting all human rights. We promote diversity, equal opportunities and human rights as an employer, as a designer of products and services, and as an investor and purchaser.

And being a responsible business also means being transparent. That's why we continue to progress towards more integrated reporting and to promote sustainability reporting by businesses around the world.

## In this section

- > [Our approach](#)
- > [Case study: listening to our customers](#)
- > [Focusing on our customers](#)
- > [Responsible business](#)
- > [Human rights](#)
- > [Transparent reporting](#)
- > [Performance data](#)

## Millennium Development Goals

Our approach to trust actively contributes to the Millennium Development Goals.



MDG icons © United Nations

Trust and transparency &gt; Our approach

## Our approach

We strive for the highest standards of business ethics. By providing clear and timely business information to stakeholders, shareholders and regulators we build trust in our brand and shape future strategy.

### What is our approach to attracting and retaining talent?

#### Focusing on our customers

Our customers rely on us and we see that as a huge responsibility. We aim to respond with sensitivity and empathy when they need us most. Our customer research helps us understand the challenges they face.

> [Find out more](#)

#### Human rights

We are committed to respecting all human rights. We promote diversity, equal opportunities and human rights as an employer, as a designer of products and services, and as an investor and purchaser.

> [Find out more](#)

#### Responsible business

We are proud of our approach to responsible business. Our business ethics code, supplier code of behaviour and zero tolerance of financial crime make it clear what we expect.

> [Find out more](#)

#### Transparent reporting

We continue to progress towards more integrated reporting and to promote sustainability reporting by businesses around the world.

> [Find out more](#)

Trust and transparency > Case study: listening to our customers

## Case study: listening to our customers



### The challenge

We are acutely aware of the role we play in helping people manage their financial challenges. So we make it our job to identify issues for the insurance market and to work with others to find solutions. We engage with consumers, business, the Financial Services Authority and government to understand the issues and challenges that impact on people the most.

### Our response

We listen carefully to what consumers tell us. By responding to meet their immediate and long-term needs we hope to build stronger, more trusting relationships.

This year we published advocacy reports on family finances, retirement and the pensions gap.

Our latest research shows that consumers remain cautious about the general economic situation and are still nervous about taking high levels of risk.

- 43% of people think the general economic situation in the country will get worse in the next 12 months.
- 26% of people globally are relying on their savings to live day by day.
- 57% are worried that they won't have enough money when they retire to provide an adequate standard of living.
- 25% have not considered or do not know how much they will need to get by in retirement.

### The impact

We continue to engage with governments and consumer societies to improve uptake of savings.

In Spain, the Aviva Savings and Pensions Institute has recommended that the government reform taxation on long-term savings and pensions products. The aim is to encourage people to save.

We have also called on governments to provide people with annual statements to forecast pension retirement income.

And we are promoting an interactive tool that shows people how saving more, earlier, can improve their retirement income.

### Related links

#### This report

- > [Responsible investment](#)
- > [Stakeholder engagement](#)

#### External websites

- > [The Financial Services Authority](#)

Trust and transparency > Focusing on our customers

## Focusing on our customers

We're the people our customers turn to for the big things in life. This includes planning retirement, securing investments, recovering from an accident and an illness or a death in the family. We see that as a huge responsibility.

When a customer comes to us for help, we want to respond with sensitivity and empathy. We know that a friendly word can mean a lot. These may seem like little things, but they're little things that can make a big difference.

### Our performance

We carry out a significant amount of research to understand people's insurance, savings and pensions needs. By listening carefully to what consumers tell us we can build better, more trusting long-term relationships with current and future customers.

This year, we published reports into three main areas of consumer need – family finances, retirement and the pensions gap. We have also led public debate and published research on behavioural economics, the open market option and workplace savings.

We take time to listen to our customers through our Net Promoter Score® (NPS) survey. Our leading, Group-wide measure of customer advocacy is carried out and benchmarked twice a year. What we learn from the results drives our annual improvement action planning.

This year our Group NPS score reduced from 52% to 39%. This was mostly as a result of divesting from one particular market which had historically been a high performer.

We know that employee and customer opinion are highly correlated, so improving employee perception of Aviva is key to our success with customers. The proportion of our people who say they would recommend Aviva products and services remains below the global financial services norm at 72%. We know this is an area where we still have more to do.

### Looking ahead

Building customer advocacy is a business priority. Our long-term target is to have all markets performing in the NPS upper quartile relative to their local competitors.

### In practice

#### Improving complaints handling in India

Aviva India's strategy aims to enhance customer experience and to have the best-in-class system for handling grievances.



Our Policyholder Protection Committee is responsible for reviewing the complaint management process every quarter. They ensure that effective procedures and mechanisms are in place to address policyholders' complaints and grievances, including the mis-selling of Aviva products by intermediaries.

In 2012, the team looked at close to 10,000 complaints to ensure they were dealt with effectively.

### Highlights

Published reports on family finances, retirement and the pensions gap

**72%**

of our people would recommend our products and services

### Related links

#### Aviva websites

- > [The Aviva Real Retirement Report](#)  
 (pdf, 4.4mb)
- > [The Aviva Family Finances Report](#)  
 (pdf, 2mb)
- > [The Pensions Gap across Europe](#)

Trust and transparency > Responsible business

## Responsible business

We are proud of our business ethics code. It sets out the behaviour we expect of all our employees and we ask them to sign up to it every year.

We also ask our suppliers to commit to a code of behaviour to support our corporate responsibility principles.

And we require all Aviva businesses to comply with a financial crime standard – our zero tolerance approach to financial crime. Its mandatory requirements ensure that businesses implement and maintain risk-based, comprehensive financial crime prevention programmes.

Our corporate responsibility strategy is often described as the substance behind how we do business. It sets our general approach to responsible business and focuses us on key issues as they arise.

We've been part of the UK economy for over 300 years. We will continue to support the UK business environment through long-term, sustainable investment. Operating within the tax rules is a key part of that.

This year we have focused on strengthening our Living Wage position and expanding the scope of our cluster munitions policy. We do not invest in cluster munitions manufacturers and neither do we insure them. Our general insurance underwriting philosophy precludes us from underwriting certain business sectors such as tobacco, arms and munitions and GM crops.

### Our performance

We aim for all Aviva employees to sign up to our business ethics code each year. In 2012, we failed to meet this target, reaching 88% of employees. We know that we won't be able to reach everyone due to ill health and maternity leave for example. However, we fell short of our tolerance level of 5% this year and we recognise it is not a good outcome. We have been challenged by our CR Committee to improve in 2013.

We've made positive steps in asking our suppliers to sign up to our code of behaviour. This remains a well-received part of our responsible procurement approach. To date we have monitored performance through 'managed supply' spend relating to our most material suppliers. This year we were unable to record the data to the satisfaction of our auditors. We are looking at ways to improve our monitoring going forward.

Right Call is our independent malpractice reporting service which allows employees to report suspicions or concerns confidentially for independent investigation. In 2012, 63 incidents were reported and all were independently investigated. Fifty-two cases reached conclusion and 11 remain under investigation.

At our Annual General Meeting in May 2012, shareholders voted down our remuneration report. As a result, we now have a new executive team and we have completed a wide-scale review of our remuneration policy. Most shareholders have been engaged in this process. Scott Wheway, chairman of the Remuneration Committee, has written a letter to all shareholders in the [2012 Annual report and accounts](#).

### In practice

#### Living Wage

In 2006, we committed to pay all of our direct employees and onsite contractors in London the London Living Wage as a minimum. Now we pay all of our direct UK employees the national Living Wage.



We also work with suppliers to encourage them to be a Living Wage employer.

We will continue this work and our engagement with FairPensions and the Living Wage Foundation in 2013.

### Highlights

**88%**

of employees signed the business ethics code

**71%**

of UK suppliers signed the supplier Code of Behaviour

Trust and transparency > Responsible business

## Responsible business (continued)

We ensure that all employees are paid the Living Wage as a minimum. We implemented this approach UK-wide in 2011 and we have paid the London Living Wage since 2006. We have further developed our relationship with the Living Wage Foundation and now support the Foundation's advisory council.

To further support our approach to responsible investment we expanded the scope of our cluster munitions policy. This now includes policyholder funds – all Aviva assets under management.

### Looking ahead

We will improve the numbers of employees signing up to our business ethics code.

We will also continue rolling out our supplier code of behaviour. Ensuring consistent reporting across the Group on this Key Performance Indicator will be a key focus in 2013.

We will investigate further extensions to the scope of our cluster munitions policy. We will also continue to engage suppliers to move them towards Living Wage status.

### Related links

#### Aviva websites

- > [Letter to shareholders from Scott Whewey, chairman of the Remuneration Committee](#)  (pdf, 128mb)
- > [Aviva supports the Living Wage](#)
- > [Our position on cluster munitions](#)

#### External websites

- > [FairPensions – the campaign for responsible investment](#)
- > [The Living Wage Foundation](#)

Trust and transparency > Human rights

# Human rights

Aviva is committed to respecting all human rights. We have committed to respect and uphold fundamental principles in the areas of human rights, labour standards, the environment and anti-corruption.

Our policy and practices are aligned with the United Nations Universal Declaration of Human Rights. We adhere to the International Labour Organization's core labour standards. We understand and comply with the United Nations Guiding Principles for Business and Human Rights.

We support the UN Global Compact Principles and are a member of the Global Compact LEAD group.

> [Read our Global Compact Communication on Progress](#)

We show our commitment to promoting diversity, equal opportunities and human rights through our business activities. These include our interactions with employees, the design of our products and services and our influence as an investor and purchaser.

In terms of our investments, this year we have been working on implementing the increased scope of our cluster munitions policy.

## Related links

### This report

> [UN Global Compact Communication on Progress](#)

### Aviva websites

> [An update on Aviva's position on cluster munitions](#)

Trust and transparency > Transparent reporting

## Transparent reporting

We believe that open and honest reporting on how we plan and deliver our strategy has benefits for our business, our stakeholders and our reputation.

We want to make our sustainability data clear and accessible so that shareholders and investors can make informed investment decisions. We also submit our information to a wide range of benchmarking and ratings agencies.

We work with others to improve our reporting and we try to lead the way by promoting sustainable reporting mechanisms. We have been integral in helping to develop Accounting for Sustainability and we sit on an International Integrated Reporting Council working group.

In 2012, we convened the [Corporate Sustainability Reporting Coalition](#) (pdf, 87kb) – calling for an international framework for sustainability reporting.

### Our performance

2012 was a challenging year. Despite significant change, we performed well in some of the leading sustainability indexes, including the FTSE4Good and Dow Jones sustainability indexes. We improved our performance in the Dow Jones sustainability index from 73% to 81%, meaning we are now ranked 'silver' in the *SAM Sustainability Yearbook*.

We were invited to join the deputy prime minister at the Rio Earth Summit. We discussed how the Aviva-convened [Corporate Sustainability Reporting Coalition](#) (pdf, 87kb) can support an international policy framework for sustainability reporting. You can read more about this in the [Responsible investment pages](#).

### Looking ahead

We will continue to strengthen our reporting and to progress towards more integrated reporting.

We will aim to maintain or improve our positions within leading sustainability indexes.

### In practice

#### Sustainability reporting

We want to encourage shareholder engagement in our corporate responsibility strategy. This is why we subject our corporate responsibility report within our Annual Report to an advisory shareholder vote at our Annual General Meeting.



For the past three years we have received positive votes and we received over 99% agreement for our 2011 report.

The opportunity to interact with and hear the views of shareholders helps us shape future strategy and report content. We are encouraging other organisations to take a similar approach.

### Highlights

## 81%

We improved our performance in the Dow Jones sustainability index from 73% to 81%

## 'Silver'

We are now ranked 'silver' in the *SAM Sustainability Yearbook*

### Related links

#### This report

> [Responsible investment](#)

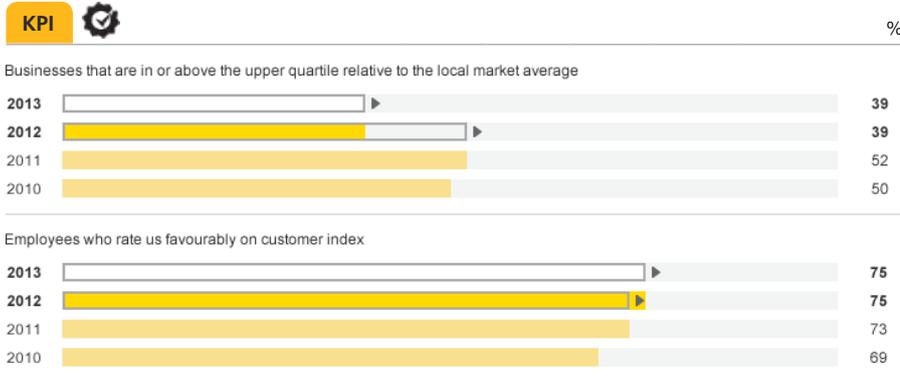
#### Aviva websites

> [Read more about our work at Rio+20](#)

Trust and transparency > Performance data

# Performance data

## Customers



**KPI**  %

	2010	2011	2012	2012 target	Met target	2013 target
Businesses that are in or above the upper quartile relative to the local market average	50	52	39	52		39
Employees who rate us favourably on customer index	69	73	75	73		75

**Key**

- KPI** Key Performance Indicator
-  Key Performance Indicator, independently assured
-  Met/exceeded target
-  Missed target
-  Target
-  More than

- > [Customers](#)
- > [Business ethics](#)
- > [Suppliers](#)

## Business ethics



**KPI**  %

	2010	2011	2012	2012 target	Met target	2013 target
Employees signing off receipt, understanding and acceptance of business ethics code annually	32	89	88 <sup>1</sup>	100		100
Employees completed Bribery and Corruption training	n/a	89	88	100		88

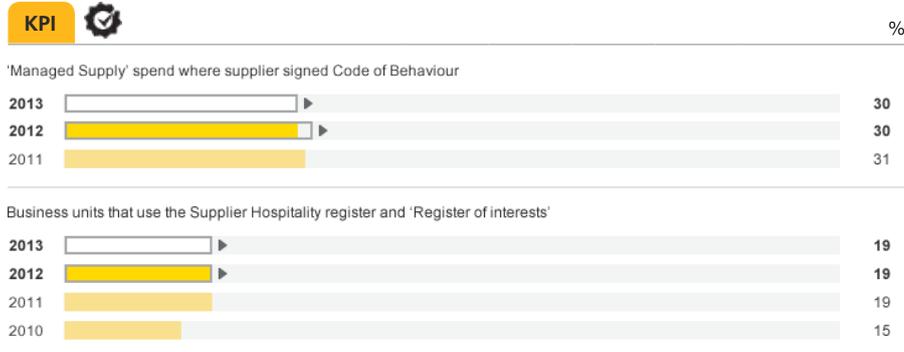
### Notes to Data

1. While our target remains at 100% inevitably not all employees will be able to sign the code each year. This may be due to maternity leave, sick leave etc. This year we have not met our target, and the achieved outcome is lower than we aim for at 88%. This is due to a change in system use in the UK and significant structural changes to our business.

Trust and transparency > Performance data

# Performance data (continued)

## Suppliers



**KPI**  %

	2010	2011	2012	2012 target	Met target	2013 target
'Managed Supply' spend where supplier signed Code of Behaviour	New KPI	31	30	31		30
'Managed Supply' spend where supplier has successfully completed the CR element of the supplier process	New KPI	New KPI	71			
Business units that use the Supplier Hospitality register and 'Register of interests'	15	19	19	19		19

**Key**

- KPI** Key Performance Indicator
-  Key Performance Indicator, independently assured
-  Met/exceeded target
-  Missed target
-  Target
-  More than

- > [Customers](#)
- > [Business ethics](#)
- > [Suppliers](#)

# Climate change and environment



Our consumption of natural resources, and the resulting waste and pollution, have pushed the planet into 'environmental overdraft'. We are determined to play our part in tackling the problem.

Climate change is already estimated to be costing the world more than \$1.2 trillion. As a major insurer, responding to climate change is fundamental to our business. The consequences of the global financial crisis have been profound, but they pale in comparison to the potential consequences if climate change goes unmanaged.

Society has always looked to insurers for protection. However, if left unchecked, the scale and severity of events could eventually affect the industry's long-term ability to protect livelihoods, homes and businesses. That is why the insurance industry has a key interest in helping to limit the impacts of climate-related events.

Management of climate change and associated environmental risks is at the heart of Aviva's corporate responsibility. This includes [controlling our own impacts](#), [applying our influence](#) over others and [working in partnership](#) to help manage the risks.

We are determined to be part of the long-term solution to these global issues and keep helping our customers adapt and become more resilient.

> [Read more about the risks and opportunities of climate change](#)

## In this section

- > [Our approach](#)
- > [Climate change risk and opportunity](#)
- > [Case study: climate change and property investments](#)
- > [Controlling our impacts](#)
- > [Carbon offsetting](#)
- > [Carbon footprinting](#)
- > [Using our influence and applying our learning](#)
- > [Working with others](#)
- > [Performance data](#)

## Millennium Development Goals

Our climate change programme actively contributes to the Millennium Development Goals.



MDG icons © United Nations

Climate change and environment > Our approach

## Our approach

The core of our business is making provision for future events. Climate change presents profound risks – and opportunities – for the global economy. As a forward-thinking insurer, we are planning ahead to manage the effects and act on the opportunities of this and other environmental challenges.

### What is our approach to climate change and environment?

<b>Working with others</b>	Real progress on environmental challenges can only come from collective efforts. We work in partnership, share learning and aim to have a positive influence over other. > <a href="#">Find out more</a>
<b>Addressing impacts under our control</b>	We address the carbon, waste and water impacts of our buildings and vehicle fleet as our first priority. > <a href="#">Find out more</a>
<b>Low-carbon opportunities</b>	Through adapting and creating new products and services, we can provide peace of mind in a changing world. > <a href="#">Find out more</a>
<b>Offsetting our impact</b>	When we have done our best to reduce our climate change impacts, we fund sustainable development projects to offset our direct operational emissions. > <a href="#">Find out more</a>
<b>Managing climate change risks</b>	Given the potentially damaging effects for our customers and business, extreme weather events are a key focus for our risk management. > <a href="#">Find out more</a>
<b>Influence and concern</b>	As an investor and purchaser, we encourage other companies to reduce their impacts too. > <a href="#">Find out more</a>

Climate change and environment > Our approach > Climate change risk and opportunity

# Climate change risk and opportunity

To provide peace of mind for our customers and our shareholders, our approach is based on a clear understanding of climate change risks and opportunities.

## Understanding the nature of risks

Long-term insurance and savings make up 74% of our life insurance business, and general and healthcare account for 26% of general insurance sales.

Our risk focus is on extreme weather events as part of the long-term climate change trend.

Climate change poses a number of general insurance risks, including:

- Fluctuations in the timing, frequency and severity of claims
- Unexpected claims arising from a single source
- Potentially inaccurate pricing of risks

Our life business is exposed to the risk of catastrophic mortality and morbidity through extreme heat and cold events. However, the frequency of such events is currently low and these risks are mitigated to a large extent through reinsurance arrangements.

We have a commercial interest in ensuring climate change does not make certain risks uninsurable. We take a very open approach to [carbon disclosure](#) and we are [working with others](#) in our industry to address the issues.

We apply risk-appetite boundaries to the types of activities we will cover. Our general insurance (GI) standard excludes certain activities and risks that we consider unacceptable, such as offshore rigs, which have significant environmental impacts. Excluding these activities helps us limit our indirect environmental impact and reduce environmental risk as part of our overall corporate responsibility strategy.

## Identifying material risks

We judge the materiality of climate change and other environmental issues based on their direct or indirect impact, risk, opportunity and stakeholder concern. Our judgements change as external drivers, our risk appetite and our understanding of opportunities develop over time.

We conduct regular research into stakeholder concerns to inform our materiality judgements. In 2012, consumers ranked corporate environmental responsibility as second only to responsibility as an employer in surveys of 8,000 people across 16 countries.

76% of Aviva employees told us they think Aviva makes business choices that support the environment (against a global financial services norm of 59%).

## In practice

### Investing in the low-carbon economy

Aviva Investors' strategy includes investment in renewable energy infrastructure with the potential to deliver high-quality yields for investors.



In August 2012, we acquired a residential solar project totalling 23 megawatts of capacity, the largest investment of its kind in the UK.

In the same month, Aviva Investors also acquired the Almatret wind farm near Lerida in Spain – built in 2010 with Vestas V90 2 megawatt turbines.

Both schemes represent the investment qualities Aviva Investors is seeking – seasoned, essential, power-generating assets with a low investment risk profile.



*Businesses, governments and communities across the world need to plan for a warming world not just 2°C, but 4°C and, at our current rates, 6°C."*

**PricewaterhouseCoopers,**

'Too late for 2 degrees' report, PricewaterhouseCoopers, 2012

Climate change and environment > Our approach > Climate change risk and opportunity

## Climate change risk and opportunity (continued)

### Innovation and opportunity

We are reducing risk to our own assets as well as to our customers' homes and businesses. For the first time in 2012, our flood-mapping technology meant we could warn some UK customers of an immediate flood threat to their properties. They could then act to protect themselves and their property. This intelligence is also helping to protect Aviva's own properties and investment assets.

In today's challenging economic climate, investors are looking for increasingly diverse sources of stable income. Aviva Investors is targeting long-term profitability with a reduced appetite for risk by [investing in the low-carbon economy](#). As well as generating value for investors, our investment is helping to create the energy infrastructure needed to reduce climate-related emissions.

Other opportunities we are focusing on include:

- Reducing risks to our own operations and assets
- Improving energy efficiency and operational efficiency
- Considering environmental issues relating to our products, services and claims fulfilment process
- Reducing our indirect environmental footprint through a better understanding of our impacts as an asset owner

Climate change and environment > Case study: climate change and property investments

## Case study: climate change and property investments



### The challenge

Aviva Investors is one of Europe's largest real estate investment managers with over £23 billion (€28 billion/\$37 billion) of real estate funds under management\*. Some of these investment properties are managed directly by Aviva Investors on behalf of Aviva plc.

In April 2012, Aviva Investors published a thought piece for investment professionals – 'Deep Impact: Why Real Estate Investors Should Act Now on Climate Change'  (pdf, 1.2mb).

The report suggests that the risks are so great that portfolios should be reviewed and investment strategies adjusted.

As well as the physical risks to property, there may be implications for investors in terms of planning, building regulations, carbon taxes and energy certification.

\* As at 30 June 2012.

### Our response

We are reviewing our risk exposure and planning for potential future challenges.

For example, investors are becoming increasingly interested in a building's Energy Performance Certificate (EPC), Display Energy Certificate (DEC) or other energy ratings. From 2018, it will be unlawful to let out properties with 'poor-performing' EPCs.

'Poor-performing' EPCs are largely interpreted by the industry as F and G-rated. Currently, 5% of our investment property portfolio is F-rated and 4% is G-rated.

For new acquisitions, we have incorporated EPCs and other sustainability metrics into our appraisal process. This includes flagging properties where the EPC is below or likely to fall below the proposed minimum level in 2018.

### The impact

The investment return on real estate is low risk and long term. To maximise returns in a changing climate, we know that we have to adapt our portfolio to be risk resilient.

Aviva Investors' insights on climate change impacts on property investment strengthen our approach in other Group activities. Aviva is an owner of property as well as an investor and a manager. We benefit from a clear understanding of the risks so we can mitigate them for our own properties and protect our clients' assets. This includes using our database of flood risk areas in the UK to protect the value of our policyholders', our clients' and Aviva's own property.

### Related links

#### This report

- > [Using our influence and applying our learning](#)
- > [Responsible investment](#)

#### Aviva websites

- > ['Deep Impact: Why Real Estate Investors Should Act Now on Climate Change' !\[\]\(639eab7fb8f6bce5f320fb95b4c26632\_img.jpg\) \(pdf, 1.2mb\)](#)

Climate change and environment > Controlling our impacts

## Controlling our impacts

During a year of significant restructuring, we have remained committed to controlling our climate-related impacts across the Group.

In the continuing economic downturn, our challenge has been to consider very carefully what we will focus on.

- We have scaled back some employee engagement and prioritised other vital communications.
- We have made strategic decisions about technology investment during a time of significant change for our business. This ensures we only invest in new technology at sites where we will continue to operate.
- We have also paid close attention to our supply chain, for example procuring a renewable electricity tariff covering 100% of our Aviva UK operations.

### Our performance

In 2012, we cut our operational CO<sub>2</sub>e by 12% compared to the previous year. To maintain momentum, we have made significant energy efficiency investments from our internal sustainability fund – including voltage optimisation units for our larger sites. These should begin to deliver carbon reductions of around 1.5% in 2013.

When it comes to water, we saw a 16% reduction in our water use in the UK in 2013. This was partly achieved by installing waterless urinals in our London offices, which are expected to reduce consumption by a further 12 million litres a year.

Group wide, we are increasing the number of businesses able to report on their water consumption. Areas of the business reporting for the first time in 2012 include Solus, Ireland, Hong Kong and Aviva Investors North America. This additional reporting meant we saw a 10% increase in Group-wide reported water consumption.

We are working towards zero waste to landfill worldwide by 2020. In 2012, we sent only 5% of our UK waste to landfill, and even less where advanced facilities exist.

Paper consumption reduced by 1,566 tonnes (32%) in 2012. Of the paper used, 40% now has some recycled content.

### Looking ahead

We will be working with our waste management suppliers to monitor further developments in the recycling market in the UK and Group wide.

### In practice

#### Environmental initiatives across the Group

Our head office in Italy is now rated 'A+' for energy performance, with solar panels and telepresence. The team is also working towards better office recycling.



In India, we have supported WWF Earth Hour for a number of years. In 2012, we went further – switching off lights at our head office for an hour every day for a month.

In Spain, we ran an 'Aviva Green' employee competition. The winning idea was a 'No Printing Day' for World Environment Day.

### Highlights

**17%**

reduction in carbon from our UK buildings estate

### Related links

#### External websites

> [WWF Earth Hour](#)

Climate change and environment > Controlling our impacts > Carbon offsetting

# Carbon offsetting

We offset our impacts where we have exhausted feasible options for reducing our operational carbon emissions.

Over the last 12 months, we made offset investments for our 2011 and 2012 emissions totalling 173,371 CO<sub>2</sub>e tonnes and 132,827 CO<sub>2</sub>e tonnes respectively, inclusive of the 5% buffer.

## Our performance

We opted to purchase voluntary carbon credits provided through ClimateCare. We only invest in robust Gold and Verified Carbon Standard carbon credits where the approach is in line with the Clean Development Mechanism's Article 12. This says that the offset process should contribute to sustainable development.

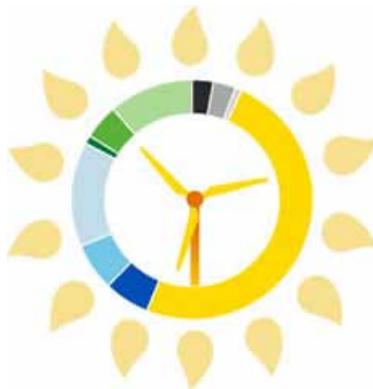
The projects we selected demonstrate the co-benefits of the right investments for communities and reflect a connection to Aviva's CR strategy:

- Energy-efficient stoves in India – reflecting our focus on energy efficiency and our micro-life insurance product offer to rural policyholders in India.
- Geothermal power in Indonesia – reflecting our use of renewable electricity in a number of our businesses.
- Water filtration in Kenya, avoiding cutting wood to boil water – reflecting our commitment to water conservation, health and the human right to clean water.
- Run of river hydroelectricity in China – provision of upgraded local infrastructure, roads and housing, for better access, employment and poverty alleviation. This will also lead to more children being able to attend school.
- Wind turbines in India – adding more diverse, resilient sources of energy for sustainable development.

## Types of project supported by Aviva's carbon offsetting

Carbon offset portfolio by project type since 2006 (tonnes CO<sub>2</sub>e)

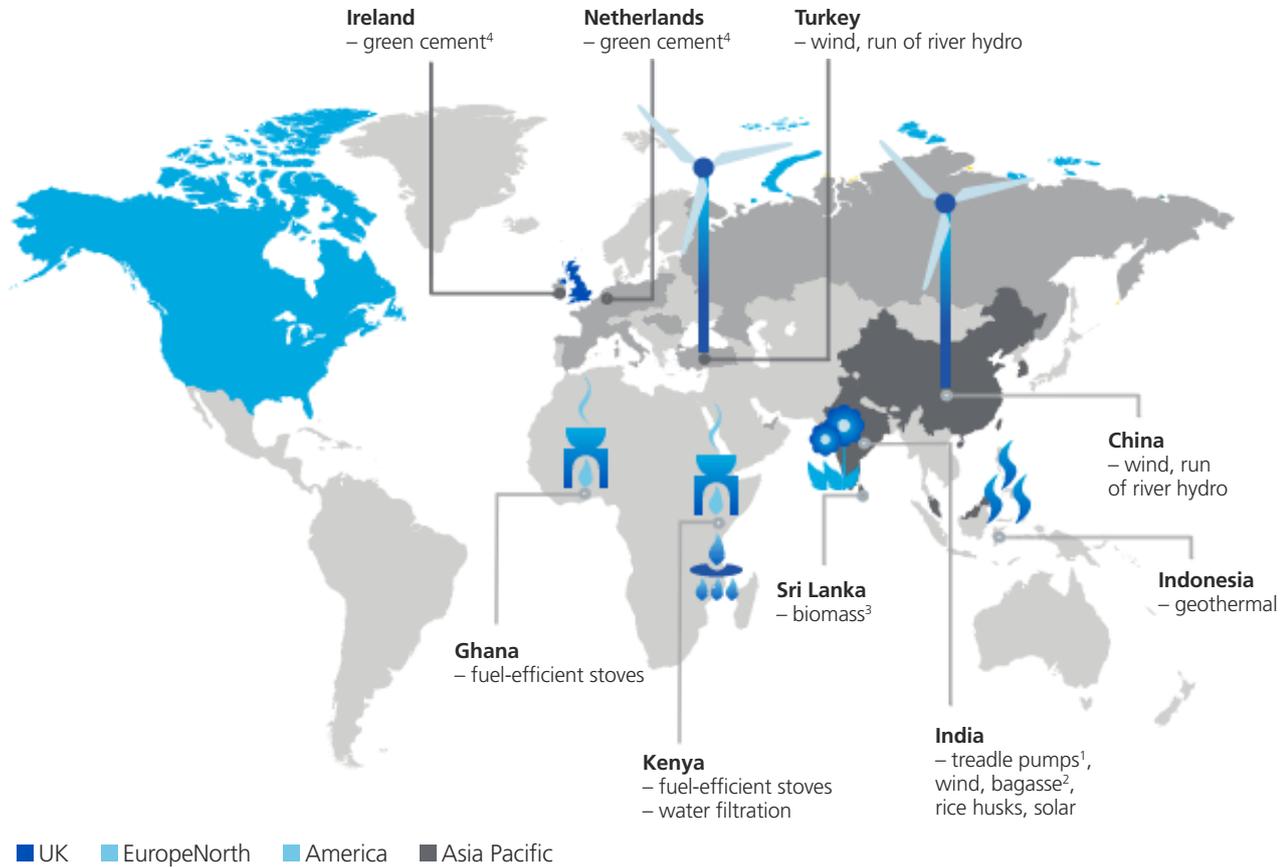
■ Treadle pumps	<b>28,124</b>
■ Green cement	<b>30,000</b>
■ Biogas	<b>3,000</b>
■ Wind	<b>472,277</b>
■ Fuel-efficient stoves	<b>58,625</b>
■ Biomass	<b>62,013</b>
■ Run of river hydro	<b>134,903</b>
■ Solar	<b>5,000</b>
■ Geothermal	<b>46,000</b>
■ Water & carbon	<b>106,000</b>



Climate change and environment > Controlling our impacts > Carbon offsetting

## Carbon offsetting (continued)

Locations of projects supported by Aviva's carbon offsetting



1. Treadle pumps are human-powered pumps that can be used to raise water from wells.
2. Bagasse is the pulp that is left behind after juice has been extracted from sugar cane and similar plants.
3. Biomass is organic matter, such as plant and animal waste, which provides a source of renewable energy.
4. Green cement substitutes traditional cement materials with the by-products of iron ore production.

### Looking ahead

All the projects we have chosen over the years have been designed to benefit people and the environment. However, in the coming years we will increase our focus on measurable outcomes in line with how we measure value from our community investment initiatives. This will give us greater insight into numbers of households benefiting from more efficient stoves and the reduction in respiratory and water-borne diseases

Climate change and environment > Controlling our impacts > Carbon footprinting

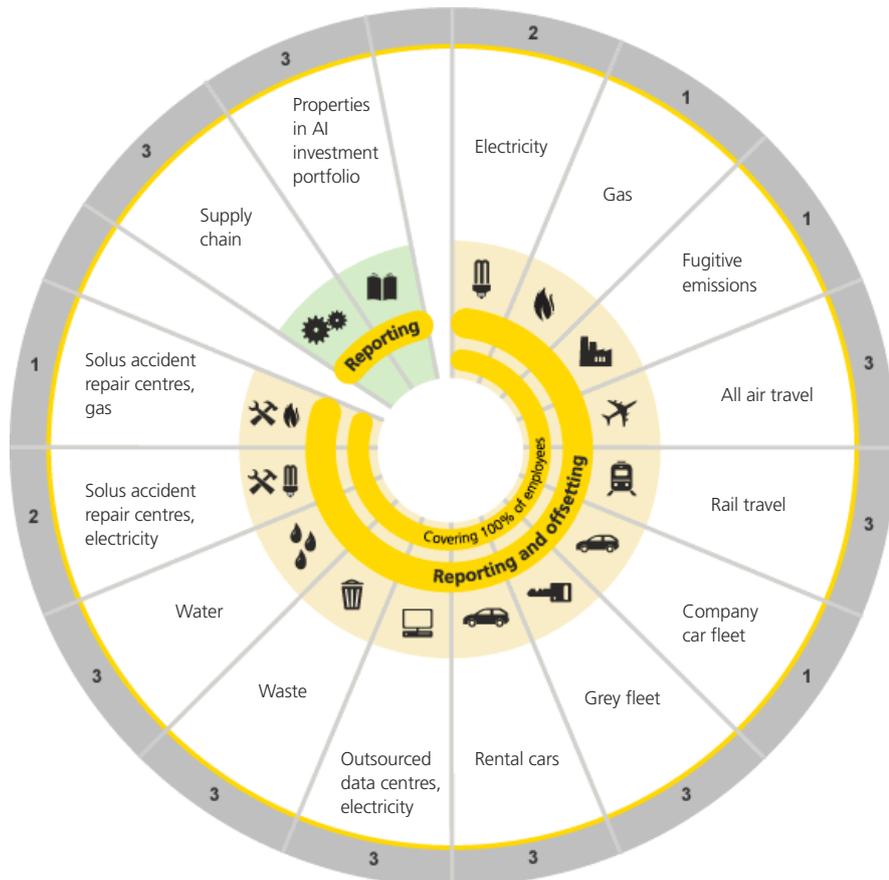
# Carbon footprinting

We have managed the carbon footprint of our operations for over 10 years. Every year, we look to widen our focus to include more of our indirect emissions.

Aviva has a supplier spend of £1.3 billion for our own operations and £1.3 billion for our claims fulfilment (our indirect footprint) in the UK. Our total Group-wide supplier spend is £4.5 billion. We continue to discuss the progress made by our suppliers on environmental, social and ethical issues as part of our annual reviews with them.

## Aviva's carbon footprinting boundaries

- 1 **Scope 1 – Aviva controls directly**  
Greenhouse gases emitted directly from activities Aviva owns or part-owns.
- 2 **Scope 2 – Aviva controls indirectly**  
Greenhouse gases emitted indirectly from consumption of purchased electricity, heat or steam.
- 3 **Scope 3 – Aviva influences**  
Greenhouse gases emitted indirectly from all other sources.



Outside the scope of our reporting and therefore excluded from this chart, are employee commuting and outsourced emissions (except for data centres).

Climate change and environment > Controlling our impacts > Carbon footprinting

# Carbon footprinting (continued)

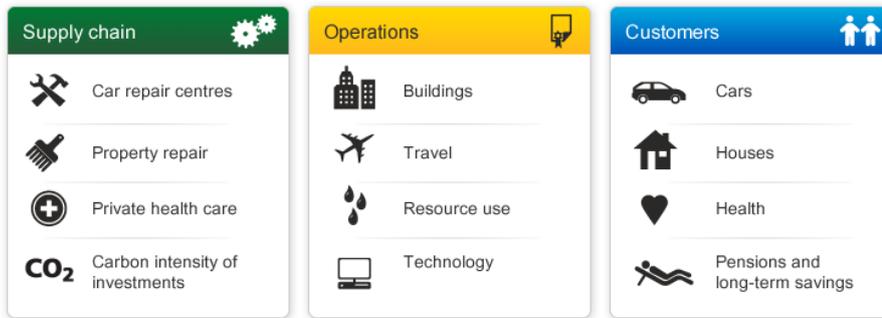
## Our performance

In 2012, we scaled up initiatives like repair-over-replace and vehicle auctions for motor accident-damaged vehicles. We also worked alongside the Association of British Insurers to reduce the impacts of property claim repairs.

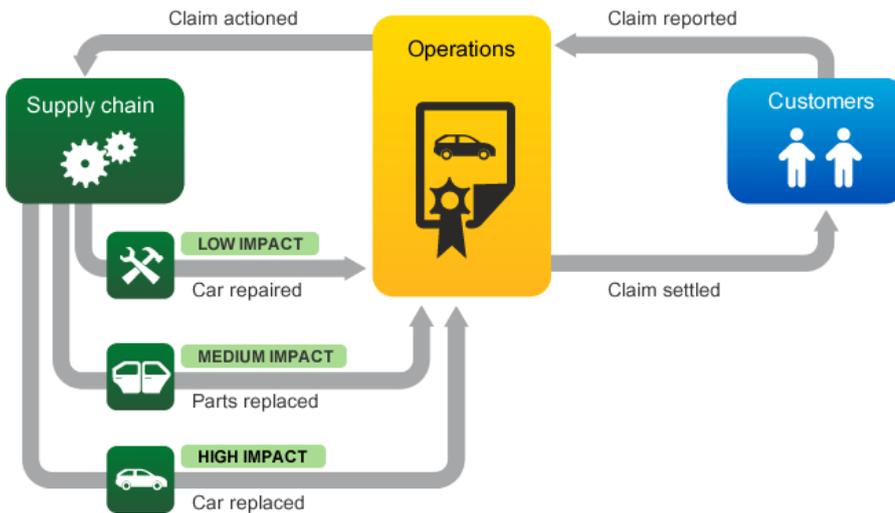
Group-wide work on carbon footprinting is invaluable for evaluating the impacts and risks associated with our assets and investments. As an example, Aviva Investors tracks the carbon footprint of its property investments and reports through the carbon reduction commitment (CRC) scheme. For the rest of our investment portfolio, the focus is on the climate-related risk that the investment presents.

> [Read more in Responsible investment](#)

## Carbon impacts across our value chain



## Cradle to cradle



## Looking ahead

We are deepening our understanding of the carbon impact along our entire value chain. That means from the creation, delivery and distribution of products through to emissions from the claims fulfilment process and the disposal of replaced items.

We will continue to develop how we measure and evaluate carbon impacts and risks across all our investments and assets.

Climate change and environment > Using our influence and applying our learning

## Using our influence and applying our learning

Our indirect environmental impacts are through our supply chain, the products and services we deliver and the companies we invest in. Our biggest impacts are outside of our direct control, so we use our position as a risk manager, investor and purchaser to influence others.

By using our influence, we can significantly reduce our indirect impacts. This includes providing support to help customers, suppliers and other companies understand, manage and mitigate climate change and environmental impacts.

A key challenge for 2012 was helping customers respond to unpredictable weather in Northern Europe and Canada. In the UK, drought restrictions were followed by the wettest April in 250 years. Our customer centres saw a sharp increase in claims calls – receiving around 1,300 storm-related calls in three days.

### Our performance

In the UK, we have assessed flood risk at all 28 million UK addresses since 2002. We use the data to set home/commercial insurance premiums. We assess how many policyholders are at risk of flooding or storm damage. We also plan to be ready to meet demand at our call centres and to advise on approved tradesmen.

Our flood modelling system has been updated with the latest data and is now accurate to approximately 15 centimetres in urban areas. We are continuing work to incorporate surface water data into our models. We have also captured flood defence information from the Environment Agency in our models for urban areas. We are now in the process of updating rural areas.

Aviva Investors has highlighted the 'deep impact' of climate change risks for property. Their paper, [Why Real Estate Investors Should Act Now on Climate Change](#) (pdf, 1.2mb), is aimed at investment professionals.

It provides compelling reasons why real estate investors should act now to manage the impacts on their property portfolio.

In France we are a partner of Envol, a national partnership to promote good environmental management among small and medium businesses. Adapted from ISO14001, Envol was set up by the French Chambers of Commerce, professional organisations and the French Environment and Energy Management Agency. As one of the main partners, Aviva France offers a 5% insurance policy discount for businesses that achieve Envol certification. This ensures they have assessed their environmental impact and developed plans to reduce it.

### Looking ahead

We will continue to look at our products, services and business processes to ensure sustainability is a core consideration.

### In practice

#### New life for repaired cars

We are using the Bluecycle auction platform to give a new life to hundreds of damaged and stolen policyholder vehicles every year. This reduces customer claims costs at the same time.



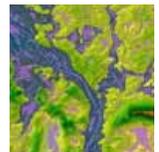
We work with Aviva's repairer, Solus, to restore vehicles to retail standard. Spare parts are reused where possible and the vehicle is sold on to the used market. This minimises claim costs and saves vehicle materials.

In total, Bluecycle handles around 40,000 Aviva policyholder vehicles a year. This is an example of how we are addressing our impacts right across our value chain.

### In practice

#### Ready for flood claim calls

2012 saw the wettest summer recorded in the UK for a century. The cost to Aviva was estimated at around £40 million for June alone.



Our digital flood-mapping technology helped us provide assistance to our customers before the event. We planned ahead to add more resource to our Perth Centre of Excellence where we took 20% more claims calls in November.

Our average answer speed was eight seconds, with some claims settled on the first call. It also allowed us to send loss adjusters out to affected areas more quickly than ever. For example, in St Asaph, loss adjusters personally visited all 30 customers on our surface flood map 'at risk' list within hours of our notification. Some customers were visited before the floods and advised on how to protect personal property and valuables.

Climate change and environment > Working with others

## Working with others

To have any significant impact, we need to work together on a global level to tackle the challenges of climate change and resource depletion. As well as applying our direct influence, we partner with other organisations around the world to maximise what we can achieve.

Aviva is a key partner in local, national and international sustainability and climate change initiatives. We aim to support public policy development that is transparent, long term and consistent with best practice. See also [Responsible investment](#) in this report.

### Our performance

In 2012, we joined the Cambridge Programme for Sustainability Leadership as a member of its [European Union Corporate Leaders Group on Climate Change](#) (EU CLG). This cross-sector business partnership is pushing for EU progression towards a low-carbon society and low-climate-risk economy.



Aviva Investors signed the CLG's [Carbon Price Communiqué](#), calling for policymakers to introduce a clear carbon price framework in a stable and timely manner.

The Rio+20 world summit in 2012 saw the launch of the [UN Principles for Sustainable Insurance](#) (UN PSI), under the UN Environment Programme Finance Initiative. Aviva has been represented on the PSI working group since 2009 and our chairman has been actively calling for every insurer to sign up.



A PSI board was appointed at the end of 2012 and Nishit Majmudar, our Singapore CEO, is our representative. At Rio+20, Aviva Investors headed up a coalition calling for national governments to implement mandatory reporting on non-financial aspects of companies such as environmental management.



In 2012, we continued to work with ClimateWise, the climate change group for the insurance sector, and contributed to the [Sustainable Property Claims guidance](#) (pdf, 393kb). While Aviva has not signed up to the guidance yet, we are a member of the working group that is taking these guidelines forward.



Aviva Canada has an advisory role in the ClimateWise partnership, looking to understand [how cities can adapt to be more climate resilient](#).

We also contributed to ClimateWise work on the [climate change implications for health](#) (pdf, 362kb) and health protection provision. This included a briefing note highlighting the need for a more joined-up approach to health provision including linking life and non-life insurance cover.

Our other activities in 2012 included representation on the [Confederation of British Industry Energy and Climate Change Board](#) and chairing the [Chief Risk Officers Forum](#) (CRO). As a member of the CRO's Sustainability Working Group, we contributed to two 'blueprint' papers for insurers to raise awareness of sustainability and reputational risks. The first paper is on anti-personnel mines and cluster munitions, and the second focuses on oil sands.

### Looking ahead

We believe insurers have an important role to play in translating climate science into understandable information about the risks for individuals, companies and society.

In 2013 and beyond, we will seek more opportunities along our value chain to work with like-minded companies and peers. This will ensure we maximise the benefits we can deliver for society and the environment.

### In practice

#### Protecting mangroves with Earthwatch

Aviva has been supporting Earthwatch research into mangrove conservation and climate change action in Kenya. The research has shown that even small-scale mangrove cutting results in stored carbon release and increased risk of erosion and submersion by sea level rise.



*Mangroves are one of the most efficient natural carbon sinks. The research supported by Aviva has helped to build real local expertise on how to manage and protect this globally important ecosystem."*

**Professor Mark Huxham,**  
Earthwatch

By funding a young Kenyan scientist, the project is helping to develop local scientific leaders.

The project focus is now on establishing a successful demonstration project using money from the sale of carbon credits for conservation and community benefit.

### Highlights

**99%**

score for disclosure and compliance to the ClimateWise Principles

**Gold**

ranking for our integration of climate change issues into core business processes, ClimateWise

Climate change and environment > Performance data

# Performance data

The environment data presented here covers 100% of Aviva's Group-wide operations, including subsidiaries and joint ventures where we have management control.

The data boundaries, scope, method of collection and aggregation are presented in accordance with our [reporting criteria](#).

This year, the restructuring and consolidation of Aviva's businesses saw the following areas of the business disposed of. However, data is still reported for the whole of the reporting year for these businesses: Aviva NDB Holdings Sri Lanka (Private) Limited, 841 employees (divested September 2012); CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad – Malaysia, 384 employees (divested January 2013); Aviva USA Corporation – USA, 2,025 employees (divested December 2012); Aseval – Spain (divested December 2012).

## CO<sub>2</sub>e emissions



	2010	2011	2012	2012 target	Met target	2013 target
CO <sub>2</sub> e emissions, tonnes – absolute	127,685	165,115	<b>126,502</b>			
Remaining CO <sub>2</sub> e emissions offset annually, %	100	100	<b>100</b>	<b>100</b>	✓	<b>100</b>
CO <sub>2</sub> e emissions, tonnes – relative	n/a	144,550	<b>126,502</b>	<b>137,323.5</b>	✓	<b>120,177</b>

### Key

- KPI** Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

- > [CO<sub>2</sub>e emissions](#)
- > [Energy consumption – buildings](#)
- > [Energy consumption – transport](#)
- > [Water use](#)
- > [Employee perception](#)
- > [Total waste](#)
- > [Waste management – breakdown of major waste streams](#)
- > [Paper purchased](#)
- > [Staff](#)
- > [Property](#)

Climate change and environment &gt; Performance data

## Performance data (continued)

### Energy consumption – buildings

	2010	2011	2012
Gas (Scope 1)			
GWh	108.3	81.3	<b>71.4</b>
Tonnes	21,881	16,440	<b>13,232</b>
Oil (Scope 1)			
GWh	0.635	3.05	<b>0.56</b>
Tonnes	186	872	<b>15</b>
Electricity (Scope 2)			
GWh	213	185.8	<b>149.6</b>
Of which: renewables, GWh	73.5	12.3	<b>35.5</b>
Grid average			
GWh	140	173.5	<b>114.1</b>
Tonnes	52,445	97,977	<b>75,733</b>
Emissions from fugitive sources (Scope 1)			
Tonnes CO <sub>2</sub> e	409	231	<b>310</b>

#### Notes to data

- The CO<sub>2</sub> conversion factor for electricity varies from country to country due to the energy source used in generation. These conversion factors can be viewed at the [Defra website](#).

### Energy consumption – transport

	2010	2011	2012
Car fleet			
million kms	75.5	49.9	<b>42.7</b>
million litres diesel	7.4	6.8	<b>0.75</b>
tonnes CO <sub>2</sub> e	35,774	30,332	<b>8,810</b>
Air travel			
million kms <sup>1</sup>	115.4	78	<b>79.6</b>
tonnes CO <sub>2</sub> e	14,605	9,715	<b>10,306</b>
Rail travel			
million kms	15.6	21.1	<b>19.3</b>
tonnes CO <sub>2</sub> e	938	1,269	<b>1,294</b>
Taxi travel			
million kms	0.096	0.386	<b>0.7</b>
Rental car			
million kms		2.8	<b>2.2</b>
tonnes CO <sub>2</sub> e		454	<b>411</b>

#### Notes to data

- The conversion factor for air travel km varies depending on whether the journey is long haul (an average distance of 6,495 km) or short haul (an average distance of 500 km). These conversion factors can be viewed at the [Defra website](#).

#### Key

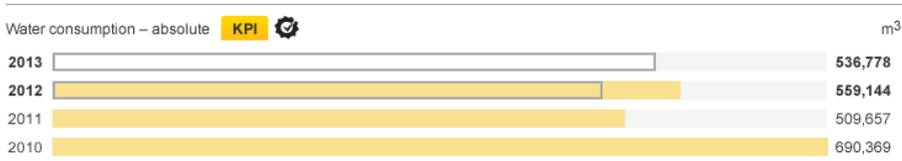
<b>KPI</b>	Key Performance Indicator
	Key Performance Indicator, independently assured
	Met/exceeded target
	Missed target
	Target
	More than

- > [CO<sub>2</sub>e emissions](#)
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- > [Waste management – breakdown of major waste streams](#)
- > [Paper purchased](#)
- > [Staff](#)
- > [Property](#)

Climate change and environment > Performance data

# Performance data (continued)

## Water use



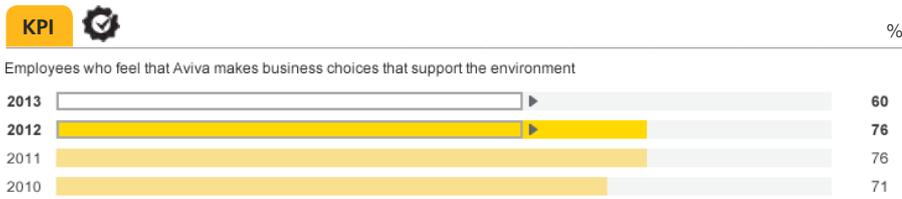
	2010	2011	2012	2012 target	Met target	2013 target
Water consumption, m <sup>3</sup> – absolute <b>KPI</b> 	690,369	509,657	559,144	489,271		536,778
Of which: water recycling, m <sup>3</sup>	10,347	25,800	2,091			
Reduction in the annual amount of water used, %		5%	-10%			
Water, CO <sub>2</sub> e emissions, tonnes		503	586			

**Key**

- KPI** Key Performance Indicator
-  Key Performance Indicator, independently assured
-  Met/exceeded target
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## Employee perception



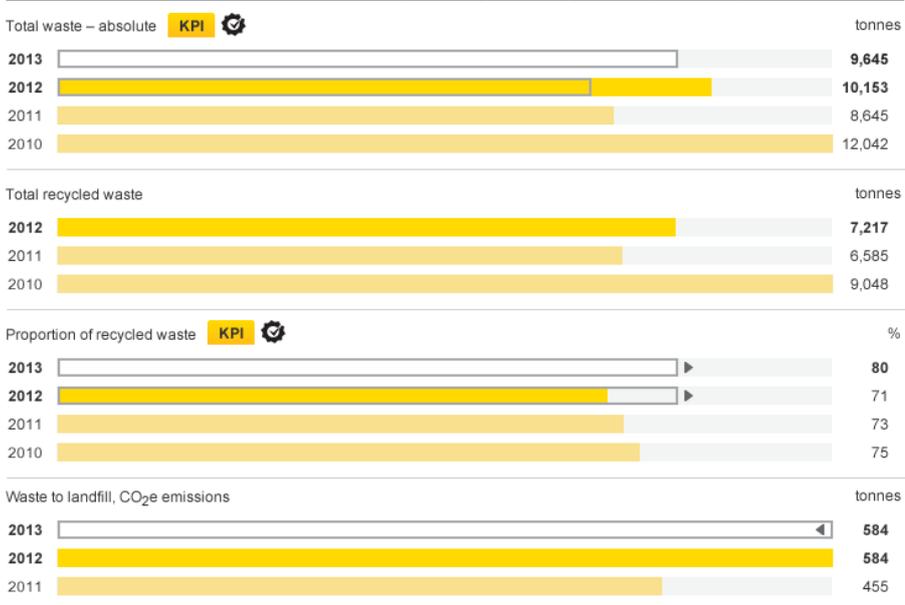
**KPI**  %

	2010	2011	2012	2012 target	Met target	2013 target
Employees who feel that Aviva makes business choices that support the environment	71	76	76	60		60

Climate change and environment > Performance data

# Performance data (continued)

## Total waste



**Key**

- KPI Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

- > [CO<sub>2</sub>e emissions](#)
- > [Energy consumption – buildings](#)
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	2010	2011	2012	2012 target	Met target	2013 target
Total waste, tonnes – absolute <span style="background-color: orange; padding: 2px;">KPI</span>	12,042	8,645	10,153	8,299		9,645
Total recycled waste, tonnes	9,048	6,585	7,217			
Proportion of recycled waste, % <span style="background-color: orange; padding: 2px;">KPI</span>	75	73	71	80		80
Reduction in the annual amount of waste, %		25	-17			
Waste to landfill, CO <sub>2</sub> e emissions, tonnes		455	584			583

Climate change and environment &gt; Performance data

## Performance data (continued)

### Waste management – breakdown of major waste streams

	2010	2011	2012
Paper, tonnes	4,987	2,712	<b>2,821</b>
Paper recycled, tonnes	3,550	2,193	<b>2,563</b>
Cardboard, tonnes	372	136	<b>134</b>
Cardboard recycled, tonnes	363	136	<b>121</b>
Plastic cups, tonnes	10	2	<b>27</b>
Plastic cups recycled, tonnes	9	1	<b>25</b>
Other plastics, tonnes	50	18	<b>3</b>
Other plastics recycled, tonnes	49	11	<b>3</b>
Office furniture, tonnes	1,410	1,238	<b>3,840</b>
Office furniture recycled, tonnes	836	629	<b>1,956</b>
Glass, tonnes	26	7	<b>3</b>
Glass recycled, tonnes	24	4	<b>3</b>
Aluminium cans, tonnes	25	16	<b>39</b>
Aluminium cans recycled, tonnes	24	16	<b>39</b>
Toner/Print cartridges, units	8,237	35,078	<b>7,800</b>
Toner/Print cartridges recycled, units	6,202	15,209	<b>939</b>
Batteries, units	2,370	1,630	<b>1,443</b>
Batteries recycled, units	1,642	985	<b>865</b>
IT waste, tonnes	2,041	2,009	<b>535</b>
IT waste recycled, tonnes	2,000	1,993	<b>531</b>
Organic waste, tonnes	479	462	<b>553</b>
Organic waste recycled, tonnes	479	462	<b>284</b>
General waste, tonnes	4,326	2,335	<b>2,512</b>
General waste diverted from landfill, tonnes	3,362	1,139	<b>1,659</b>

#### Key

<b>KPI</b>	Key Performance Indicator
	Key Performance Indicator, independently assured
	Met/exceeded target
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	Target
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### Paper purchased

	2010	2011	2012
Paper purchased, tonnes			
Paper	9,006	4,884	<b>3,318</b>
Envelopes	2,520	2,260	<b>869</b>
Paper purchased with recycled content, tonnes			
Paper	4,029	2,524	<b>1,339</b>
Envelopes	124	179	<b>135</b>

#### Notes to data

- Paper with a recycled content now accounts for 28% of the total paper purchased.

Climate change and environment > Performance data

# Performance data (continued)

## Staff

Total staff numbers in businesses reporting environmental data

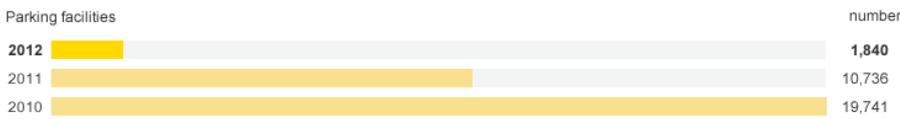
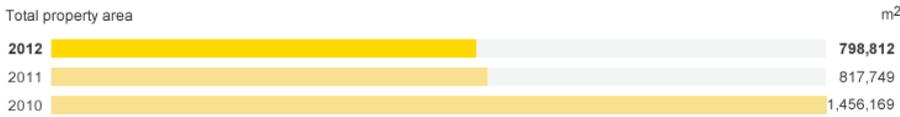


	2010	2011	2012
Total staff numbers in businesses reporting environmental data	45,345 <sup>1</sup>	45,235	<b>42,935</b>
Average number of FTE employees during 2012			<b>33,600</b>

### Notes to data

1. Environmental data covers 100% of total Aviva staff in 2010 including 100% of joint ventures.

## Property



	2010	2011	2012
Total number of locations	1,780	1,548	<b>1,851</b>
Total property area, m²	1,456,169	817,749	<b>798,812</b>
Parking facilities	19,741	10,736	<b>1,840</b>

### Key

- KPI** Key Performance Indicator
- Key Performance Indicator, independently assured
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# Attracting and retaining talent



To fulfil our vision of becoming the most recommended insurance company, we need great people to work with us. That's why attracting and retaining talent is such a key part of our corporate responsibility and people strategies.

At Aviva, the talent agenda is firmly embedded into our human resources processes, and consequently into the core business strategy. For example, our key people scorecards and robust monitoring processes help us to ensure we have a representative proportion of women in senior management. They also help us learn from new hire failures. These are important indicators in our competitiveness.

The long-term success of our business relies on the retention of our talent as well as a guaranteed pipeline of future talent from thriving communities. We know that to attract younger talent and engage our existing workforce, we need to 'digitalise' our approach. We also have to ensure that collaboration and ideas generation can be enabled in the workplace. This is why we scaled up our use of [social media](#) in 2012.

As a FTSE 100 company, we recognise the business value in investing in youth employability. In 2012, we introduced the Aviva [apprentice programme](#) in the UK. We also worked more closely with schools to inspire young people about careers in financial services.

Across all of this, we try to foster a culture that respects differences and recognises individuality. In 2012, we focused on this more than ever, beginning a journey towards 'cultural transformation' based on our [values](#).

Looking forward to 2013, we plan to develop our apprenticeship programme across more UK offices. We will work with specialist sector skills organisations to facilitate this with local schools. We will also be working more broadly across the business to empower line managers to attract talent into their teams. This in turn will help us to make progress towards our diversity aims, specifically addressing the gender balance for senior management positions.

## In this section

- > [Our approach](#)
- > [Case study: rediscovering our values](#)
- > [Talent acquisition](#)
- > [Emerging talent pipeline](#)
- > [Diversity and inclusion](#)
- > [Engagement, health and wellbeing](#)
- > [Performance data](#)

## Millennium Development Goals

Our talent programme actively contributes to the Millennium Development Goals.



MDG icons © United Nations

Attracting and retaining talent > Our approach

## Our approach

Our talent strategy seeks to offer development opportunities for our people. It also positions us to be able to attract and retain the very best people to build Aviva's future strategic capability.

### What is our approach to attracting and retaining talent?

<b>Engagement, health and wellbeing</b>	<p>We are sharpening our focus on how we engage our employees, as individuals, teams and as communities. Our employees' health and wellbeing is a priority for us, as the external and internal environment demands more of us all.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Values and culture</b>	<p>Our chairman led the introduction of a transformation strategy. This not only set out the strategic imperatives for the business, but also heightened the importance of underpinning everything we do with a values-driven culture.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Diversity and inclusion</b>	<p>We have refreshed our inclusion strategy with three core practices – careers, capability and culture. Through supporting initiatives we have continued to promote inclusion within and outside Aviva.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Attracting talent through social media</b>	<p>We piloted and implemented recruitment approaches that utilise social media to attract skilled people for specific roles. At the same time we engaged with our internal talent to help promote pride in Aviva's brand.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Supporting emerging talent</b>	<p>At Aviva, we know that a long-term view of talent is vital to the future of our business, particularly during an economic downturn. Central to this is ensuring that we can build strategic capabilities in critical roles.</p> <p>&gt; <a href="#">Find out more</a></p>

Attracting and retaining talent > Case study: rediscovering our values

## Case study: rediscovering our values



### The challenge

In a year of changes at Aviva, we welcomed in John McFarlane as our new chairman. Our chairman led the introduction of our transformation strategy to refocus and strengthen the business.

Our strategy emphasises a cultural transformation built on values. These underpin Aviva's approach and are vital in helping us to develop more agile, collaborative ways of working. This year, we have refocused on these aspects to build trust among our employees and ensure that our values underpin everything we do.

“Our people have shown a remarkable resilience to the structural changes across the business in 2012. But we recognise we need to demonstrate that as a business we are values driven. That starts with our senior leaders exploring their own values alignment and that of the internal culture against those values universally desired by our employees.”

**Kate Fisher**, Director of Values, Engagement and Inclusion, Aviva

### Our response

We wanted to ensure that any cultural shift would be permanent, and therefore recognised that we needed to bring our people with us. A starting point was to understand our existing and desired culture.

Working with the Barrett Values Centre, we introduced the Cultural Values Assessment (CVA) methodology. We added a values element to our Employee Promise survey, attracting a 61% participation rate globally. This enabled us to baseline Aviva's culture.

We analysed the data coming out of the CVA at both market and functional level. This highlighted the need for a deeper inquiry into universally desired values or aspects of our current culture. Over 75 human resources (HR) and corporate responsibility professionals have been trained to enable this inquiry.

### The impact

For the first time in our history, we have a unique insight into the personal values of our employees globally. We also understand how our people across the world perceive the organisational culture in Aviva as well as the gaps that we need to close. In the short term, we have armed our business and HR leaders with new information and insight into Aviva's culture.

In 2013 and 2014, we expect our people to begin feeling positive changes. These will come about as we increase our focus on Aviva's culture using this lens. The CVA will continue to be an important tool in measuring our cultural transformation programme's progress against this 2012 baseline.

### Related links

#### This report

> [Hear from our Chairman](#)

Attracting and retaining talent > Talent acquisition

## Talent acquisition

The ability to attract the best people within a competitive marketplace has never been more challenging. It demands an innovative response that makes full use of social media platforms.

To this end, in 2012, we piloted and implemented recruitment approaches that utilise social media to attract skilled people for specific roles. At the same time, we involved our existing workforce to help promote pride in Aviva's brand.

### Our performance

By exploring a range of social media options, we found which assets were most effective for specific roles or populations. For example, in 2012, we successfully recruited 60 middle to senior manager roles through our proactive talent mining on LinkedIn. This reduced both the time to hire and the transactional costs associated with recruitment, an estimated saving of £273,000.

We applied Facebook to emerging talent pipelines, namely graduates and apprentices. By enabling closed communities to learn more about Aviva and interact with us, we reinforced Aviva as an attractive place to work. We wanted to address the risk of counter offers for the best candidates, which can result in them pulling out of the process.

We also piloted ambient brand awareness within a specific job family (IT) by creating a global 'coding challenge'. Promoted by integrated social media, this challenged the external perceptions of Aviva and an IT career. The [#devchallenge](#) site reached an audience of 36,000 globally and attracted over 3,500 views. This pilot also established a link between our internal IT talent and potential external talent.

### Looking ahead

We will be applying what we learnt in 2012 to broaden our use of social media in 2013. This will ensure that we tailor our selection of online platforms to attract specific demographic groups. We also intend to:

- Gain access to a wider talent pool for the key Aviva job families
- Engage proactively with more passive job seekers
- Empower line managers to influence the attraction process
- Promote Aviva as a brand of choice in the digital arena.

### In practice

#### Hiring through social media

We have noticed that a number of graduates who accept job offers from Aviva drop out of the process prior to their start date. In 2012, we set out to keep them interested during that five to seven-month period.



A closed Facebook community was set up to enable two-way communication between Aviva and the offered graduates for the September 2012 intake. All graduates invited to join the group gave positive feedback on the content, relevance and experience. In September 2012, 100% of our offered graduates started at Aviva, compared to 87% in 2011.

### Highlights

**100%**

graduate hiring conversion rate since setting up a Facebook community

**£273k**

of recruitment transactional costs were avoided through successful LinkedIn talent hires

**60**

middle to senior manager roles recruited through LinkedIn

### Related links

#### Aviva websites

> [Aviva Careers](#)

Attracting and retaining talent > Emerging talent pipeline

## Emerging talent pipeline

At Aviva, we know that a long-term view of talent is vital to the future of our business, particularly during an economic downturn.

Central to this is ensuring that we can build strategic capabilities in critical roles. In 2012, we made progress on this, recruiting and training high-achieving young people onto our new apprentice programme. This aligns with our commitment to play our part in improving opportunities for young people from all backgrounds.

### Our performance

Our apprentice programme offers permanent roles to young people and sponsors their training towards industry-recognised professional qualifications across our technical job families.

It offers accelerated progression over a three to four-year period, with the potential to earn a salary commensurate with our graduate scheme. Training is given to support the transition from full-time education to professional life, and to build a sense of community and inclusion.

We were delighted by the response to our 2012 advertising campaign, which received an average of 42 applications per vacancy. All 21 'class of 2012' apprentices have shown maturity and motivation, welcomed by their managers.



*The Aviva apprentice programme has helped to revolutionise the entry routes into the insurance professions. Aviva has enabled young people who are capable and have huge potential to join the sector through a robust and high-quality training programme."*

**Jenny Barber**, head of education and careers, Financial Skills Partnership

### Looking ahead

Our 2013 recruitment campaign has launched with additional roles in our actuarial department as well as further vacancies for trainee underwriters. We will also be working to improve the quality of applications by advertising in line with university application timescales and through local schools outreach. This will help position the Aviva apprentice programme as a credible alternative to higher education.

We hope to further increase the career options available in 2014, for example:

- Providing apprentice opportunities across more of our key locations and in further disciplines
- Encouraging the business to take a longer-term view of the investment in training and young people
- Improving our work experience offering, a pipeline to the apprentice programme
- Working with local schools to educate pupils and teachers about career opportunities.

### In practice

#### What our apprentices say

“ I am learning so much more because the people I am working with have lots of experience.”

**Bethany**, Underwriting, Liverpool

“ We are learning like we did at school – it is just that we see our learning put into practice every day by doing the job.”

**Vickie**, IT, Norwich

“ We share our experiences and it's nice to know there is someone I can ask those silly questions to!”

**Rosie**, Underwriting, London

### Highlights

**549**

applications for our 2012 apprentices campaign, with a conversion ratio of 42:1

### Related links

#### Aviva websites

> [Aviva apprentice programme](#)

#### External websites

> [Financial Skills Partnership careers portal, Directions](#)

Attracting and retaining talent > Diversity and inclusion

## Diversity and inclusion

At Aviva, we don't believe in quotas; we believe in inclusion and recognition. The goal is for our organisational leaders to reflect our employee population and the customers we serve.

This is why we are working to create a culture of inclusion right across our global businesses.

### Our performance

In 2012, there were a number of notable achievements over the course of the year. In addition to delivering a range of inclusion-related initiatives, we also refreshed our inclusion strategy, covering three core practices:

- **Careers:** we want to be the employer of choice for our people so they choose to invest their working lives with us.
- **Capability:** we want our leaders to have the skills and capabilities required to build high-performing teams in a diverse business environment.
- **Culture:** we want to be 'most recommended', not only by our customers but also by our people. To do that, we need a culture and work environment that builds pride among our people.

Across the Group, we saw the successful conclusion of our first-ever global reciprocal mentoring programme. This involves pairing executives with high-potential women from across Aviva. The junior partners benefit from professional development, while executives gain a unique insight into the career challenges and pressures that women often face.

Human resources and corporate responsibility teams have also partnered to embed 'inclusive leadership' as part of Aviva's global talent strategy.

In the UK, we achieved a ranking of 32 in the [Stonewall Workplace Equality Index 2013](#). This reflects the progress we made in 2012 to create positive workplaces for lesbian, gay and bisexual employees. Our position was a huge improvement on 2012, with an upward shift of 66 places.

### Looking ahead

Women represent 22% of our senior management group. We are more committed than ever to increase this, and to build a more diverse pipeline of talent into middle management roles. We are working across the business to explore the most impactful ways of achieving this, including increased monitoring, specific skills development for women and mentoring.

### In practice

#### Creating inclusive workplaces

In Singapore, we were awarded the Outstanding Inclusive Workplace Culture Award by the [Tripartite Alliance for Fair Employment Practices](#). The award reflected Aviva Singapore Life's progressive work policies such as flexible working, training initiatives and employee development practices.



A judging panel from the alliance – the Ministry of Manpower, the National Trade Union Congress and Singapore National Employers Federation – visited the offices. They conducted a survey and focus group sessions with employees, including the chief executive and human resources director.

We are proud of our efforts to value every single one of our employees, regardless of age, gender, beliefs and education. We continue to challenge ourselves to do more.

### Highlights

**32<sup>nd</sup>**

out of 100 in the Stonewall Workplace Equality Index 2013, a rise of 66 places

**25%**

women in our Group Executive Committee (against 18% in 2011)

**2%**

increase in women among our director population

Attracting and retaining talent > Engagement, health and wellbeing

## Engagement, health and wellbeing

Our Employee Promise survey helps us understand and engage our people, and identifies where we can do more. In 2012, 75% of our employees said they were proud to work at Aviva, a 3% improvement.

Our focus remains on ensuring that managers have the insight and tools they need to inspire and motivate their people. It also means helping senior leaders respond to consistent challenges employees experience at work.

Aviva's corporate responsibility standards promote initiatives that build employee pride in Aviva as well as fostering an important sense of community. For example, in 2012, Aviva in Canada set out to engage younger staff in charity and volunteering campaigns. The second year of their GenNext initiative involved almost 100 employees in their 20s and 30s taking part in Company-sponsored volunteering and networking events.

Providing a safe and healthy environment for employees, contractors, customers and visitors remains a priority across the Group. We have well-established policies and systems in place to ensure health and safety, and to minimise risks. Our supportive working environment also encourages people to perform to their best and to strike a work-life balance, to proactively manage their wellbeing. For example, we operate flexible working practices and wellbeing initiatives including career break options, employee assistance programmes, bike checks and fitness centres.

### Our performance

With the structural changes in 2012, progress against the engagement and wellbeing agenda was slower than expected. People managers have understandably prioritised supporting their people through the immediate transition. However, the implementation of Workday, our people data system, will improve our data capture capabilities to help us better focus our efforts.

As part of the Customer Cup 2012 (Aviva's internal innovation tournament), a pilot was undertaken to raise managers' awareness of mental health in the workplace. This has been positively received by the initial attendees and our focus is on how we integrate that into manager training for all.

Recognising our employees and their needs is an important prerequisite to their engagement and the subsequent satisfaction of our customers. In 2012, we also stepped up our efforts to respond to our employees with HR-related queries. Understanding how they wanted to contact us to raise the query, and also receive the subsequent answer, was an important starting point.

Following analysis of this HR demand, we re-designed the HR Support and Payroll teams to become cross-skilled in the top 10 demands. This delivered end-to-end support for all employees through the option of phone line, email access and Ask HR, with specialist teams who provide case management.

### Looking ahead

During 2013, we will be developing a more integrated wellbeing approach that will enable us to have a broader insight into our people's health. This will include health risk assessments and other wellbeing analysis. We are also committed to ensuring that our approach is tailored to the complex needs of our people. We will therefore focus on initiatives that offer choice.



I completely support the idea of giving managers more awareness of mental health issues and more help with managing staff with mental health issues."

**Pilot attendee**, Eastleigh, Aviva

### In practice

#### One Young World

Aviva is committed to developing responsible young leaders. As such we partnered with **One Young World** and sponsored our employees and charity partners to attend the 2012 summit in Pittsburgh, USA. This offered a platform for 1,500 young people from 180 countries to come together to debate and find solutions to global issues.



Two of Aviva's delegates took to the stage to speak on diversity and inclusion issues and ethical business. They came away with insights they are now turning into actions – their new Young Leaders network is the first of these.

### Highlights

#### Two

Aviva delegates attended the One Young World conference

#### 75%

of employees are proud to work at Aviva, up 3%

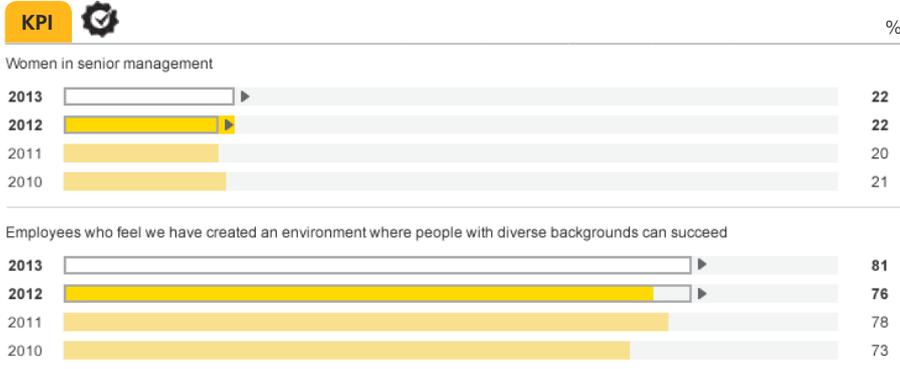
#### 86%

of all employee HR queries are now answered at point of requisition compared to 25% in 2011

Attracting and retaining talent > Performance data

# Performance data

## Diversity and inclusion



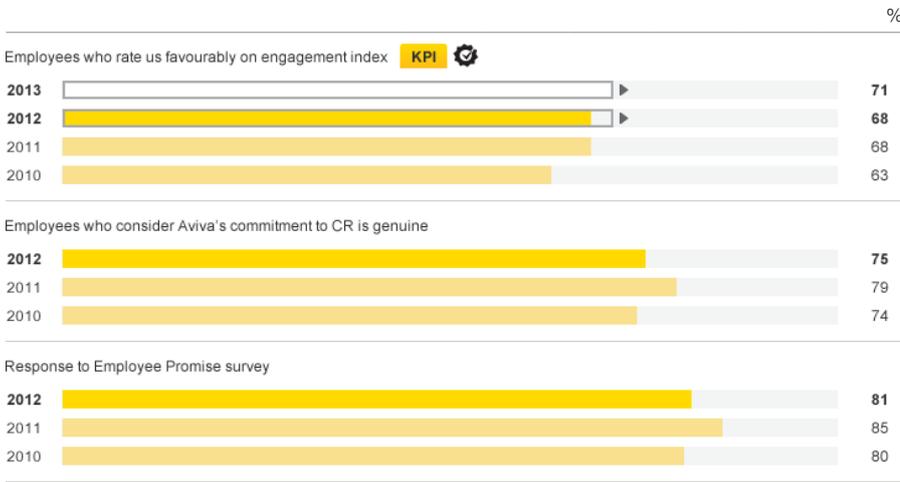
	2010	2011	2012	2012 target	Met target	2013 target
Women in senior management	21	20	22	20	✓	22
Employees who feel we have created an environment where people with diverse backgrounds can succeed	73	78	76	81	✗	81

**Key**

- KPI Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

- > [Diversity and inclusion](#)
- > [Employee engagement](#)
- > [Employee perception](#)

## Employee engagement

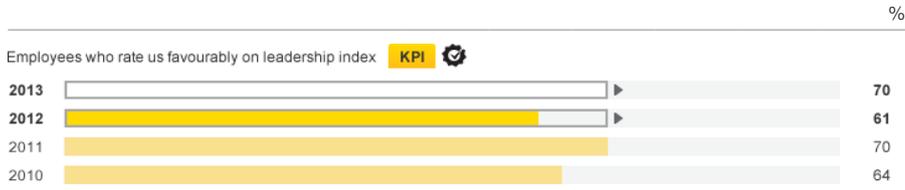


	2010	2011	2012	2012 target	Met target	2013 target
Employees who rate us favourably on engagement index <span style="background-color: #f90; padding: 2px;">KPI</span>	63	68	68	71	✗	71
Employees who consider Aviva's commitment to CR is genuine	74	79	75			
Response to Employee Promise survey	80	85	81			

Attracting and retaining talent > Performance data

# Performance data (continued)

## Employee perception



	2010	2011	2012	2012 target	Met target	2013 target
Employees who rate us favourably on leadership index <b>KPI</b>	64	70	61	70		70
Employees proud to work for Aviva	70	72	75			
Employees who feel that Aviva is doing a good job of retaining the most talented people <b>KPI</b>	New KPI	New KPI	42	50		50

**Key**

- KPI** Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

- > [Diversity and inclusion](#)
- > [Employee engagement](#)
- > [Employee perception](#)

# Community development



At Aviva we're proud of our long history of contributing to the wider community. In today's uncertain economic times, it has never been more important for us to focus on creating social as well as economic value.

We aim to leave a lasting legacy in society by running our business responsibly and creating value through our products and services. For example, to improve insurance access and service for vulnerable people in the UK, we have created an internal 'dementia taskforce'. We also now include Alzheimer's Society materials in our training programme.

To help low-income households, we work with social landlords and broker partners to provide tenants with easily accessible and affordable home contents insurance. Fewer than half of low-income households have contents insurance whilst a third take out loans to replace items. This compounds the risk of indebtedness.

In India, Aviva is a significant micro-life insurer. Our simple and affordable (less than £2 per year) insurance products allow low-income customers, especially in rural areas, to access protection for the first time.

To scale up our impact, we join together with our stakeholders to address key challenges facing our communities. The [Aviva Community Fund](#) in Canada is a good example of this approach. The Fund donates \$1 million a year to inspire positive change. In 2012, there was a grand prize of up to \$150,000 for ideas to support homeless and at-risk young people. This generated 1,530 live ideas, over 2,750 brokers got involved and more than 2.8 million votes were cast. That's a vote from about 10% of Canada's adult population.

Our measurement and evaluation approach helps us to understand and constantly improve our impact. This enables us to share learning with partners and policy makers alike. As a result Aviva's DJSI and FTSE4Good 'Social Impact' scoring has improved significantly over that last two years.

## In this section

- > [Our approach](#)
- > [Case study: addressing child labour in India](#)
- > [Street to School – because education is insurance](#)
- > [Street to School partnerships](#)
- > [Working with others](#)
- > [Acting as a catalyst for change](#)
- > [Employee engagement](#)
- > [Performance data](#)

## Millennium Development Goals

Our community development programme actively contributes to the Millennium Development Goals.



MDG icons © United Nations

Community development &gt; Our approach

## Our approach

As a business, we depend on healthy communities for our current and future customers, our employees, our supply chain and our investors.

### What is our approach to community development?

<b>Shared value</b>	<p>We want people to benefit from Aviva's inclusive products and our additional investment in communities. In turn, we have the opportunity to demonstrate Aviva's values, develop our skills and build loyalty in our brand.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Narrow focus</b>	<p>We prioritise support for programmes that mirror our expertise and passions – protecting street children, delivering financial literacy and livelihood skills training, and alleviating life trauma.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Reach</b>	<p>Our business partners and customers also care about these issues and their involvement vastly broadens our reach. Our programme provides opportunities for business partners and customers to take action as well.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Advocacy</b>	<p>We add our voice to the debate to ensure that governments and influencers are aware of key issues. We want to be part of a movement calling for lasting change.</p> <p>&gt; <a href="#">Find out more</a></p>
<b>Partnership</b>	<p>To create the most sustainable social value, we seek to combine our talents and expertise with those of recognised community development experts around the world.</p> <p>&gt; <a href="#">Find out more</a></p>

Community development > Case study: addressing child labour in India

## Case study: addressing child labour in India



### The challenge

We know from the International Labour Organization that millions of children are engaged in often harmful labour that hinders their education, development and future livelihoods. Of course this represents a violation of their rights but it also perpetuates poverty and compromises the hope of sustainable development. Now our Street to School projects have brought us face to face with this.



*Around here children living on the streets are often employed as child labour because they are cheap and will work long hours without complaining. They also have no idea about their rights and rarely have any strong support system to stand up for them."*

**Advocacy worker**, Save the Children

### Our response

Over the past 18 months, Save the Children has been working with police, juvenile welfare officers and shopkeepers. This engagement was part of the Street to School project. The aim is to raise awareness about the issue of child labour in a market area of Delhi called Lajpat Nagar.

It has been a whole-community response and the results have been described as 'a revolution' by *The Hindu Times*.

A concerted campaign saw more than 200 shopkeepers take an oath to make Lajpat Nagar Market a 'Child-Labour-free Zone'. Ninety police officers attended training sessions run by lawyers about juvenile justice, and regular newsletters reach 6,000 shopkeepers, parents and officials.

### The impact

More than 90 children have been able to move on from just labouring to enrol in the Street to School centre or local schools. At least 350 shopkeepers in the market area have declared their shops 'child-labour free' and have put stickers up supporting the cause.

Shopkeepers now encourage children who had been working for them to attend the Street to School centre. This provides education, counselling and a safe place to play.

Success has not come easily and there is still a long way to go until the market is completely child-labour free. Save the Children is already working on similar initiatives in other markets in Delhi.

### Related links

#### External websites

> [The Hindu Times, 6 August 2012: 'Lajpat Nagar market kindling a revolution'](#)

Community development > Street to School – because education is insurance

## Street to School – because education is insurance

Our Street to School programme has been championing the rights of street-connected children around the world since 2010. At Aviva, we believe that each and every child should have access to education... because education is insurance for a better life.

Through our Street to School programmes, we have reached over 640,000 street-connected children or those at risk of becoming street-connected. By listening to what matters to them, we have been able to meet their needs and help them with education and training.

### Our performance

This requires narrow focus and perseverance. Our original goal was to help 500,000 children by 2015. Thanks to the help of our partners, employees and customers, we have already reached over 640,000 children. In 2012, we committed 58% of our community development budget to Street to School.

The problem of street connections is complicated. We have listened and learned from our partners to shape our programmes so they help children on their journey towards a secure future. The proportion of children helped by the various elements of programmes in 2012 is as follows:

■ <b>Awareness and prevention</b> – helping children understand the dangers of the street and how to manage the issues that drive them there	<b>34%</b>
■ <b>Outreach</b> – contacting children and connecting them with support services	<b>19%</b>
■ <b>Health and wellbeing</b> – providing access to basic healthcare and counselling	<b>6%</b>
■ <b>Safe places</b> – helping children return home safely or find a safe place to stay	<b>7%</b>
■ <b>Education and training</b> – helping children to access life skills, vocational training or formal education	<b>34%</b>



To date, our employees have raised over £3 million and contributed over 56,000 hours of volunteering. In total, we have invested over £13.1 million since we launched Street to School in 2010.

Our award-winning cause-related marketing campaigns engage our customers, employees and brokers. We want to raise their awareness of street-connected children in their own communities.

We know that we can help most by shining a big yellow spotlight on the issue. That's why we helped create [International Day for Street Children](#) with the Consortium for Street Children. This year, the day gained wide media coverage and saw events in 38 countries as we called governments and the UN to action.

### In practice

#### 'Bringing it Home' campaign in the UK

Every five minutes a child in the UK runs away. Aviva, Railway Children and Mumsnet have created an [online space](#) that helps parents with this challenge. For every interaction on the Mumsnet site, Aviva is donating £2 to Railway Children to help vulnerable young people at risk on Britain's streets.



*Mumsnet is delighted to be working with Railway Children and Aviva. Together, we provide help and advice for any parent who is concerned that their child is bottling up worries that could make them run away."*

**Carrie Longton**, Mumsnet Co-Founder

### Highlights

**£1.4m**

raised by employees for Street to School

**Over 640,000**

children helped by Street to School projects to date

**Excellence**

in Cause Related Marketing prize at Marketing Society Awards

Community development > Street to School – because education is insurance

## Street to School – because education is insurance (continued)



*I am honoured to lend my voice of support to the International Day for Street Children. Children – particularly street children – are not merely victims, but are subjects of rights."*

**Najat Maalla M'Jid**, UN Special Rapporteur

### Looking ahead

At the end of 2012, we conducted a half-way review of our Street to School goals through to 2015. We analysed our impacts and consulted a wide range of internal and external stakeholders. And we re-committed to keep up the momentum in engaging our colleagues, customers and partners to extend our reach.

From now on, we will focus even more on providing sustainable livelihoods in our projects and increasing collaboration and advocacy across all sectors. This marks a transition towards a more lasting, sustainable impact. We want to be not just a champion for street-connected children but a catalyst for action.

### Related links

#### Aviva websites

> [Aviva Street to School website](#)

#### External websites

> [2013 International Day for Street Children](#)

> [Video: International Day for Street Children](#) showcasing the views of street-connected children in five countries

> [Mumsnet](#)

> [Railway Children](#)

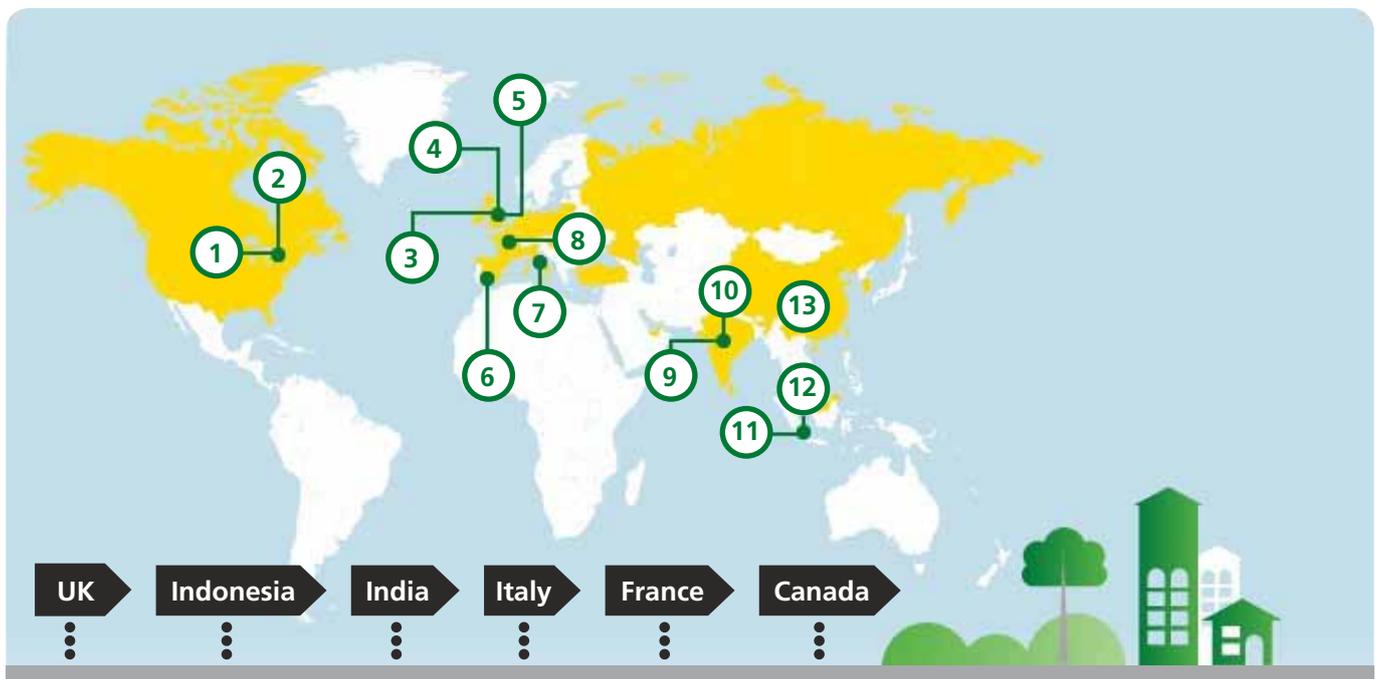
Community development > Street to School – because education is insurance > Street to School partnerships

# Street to School partnerships

We have over 20 partnerships with expert organisations and advocacy groups around the world. As well as our global partners, we work with local specialists in our markets. This enables us to be as sensitive and effective as possible at a grassroots level.

**Key**

-  Our Street to School partners
-  Some of our partnership initiatives



1



**YouthLink**

Supporting vulnerable young people to develop their strengths through providing safe places to stay, promoting mental health and social wellbeing.

> [Find out more about YouthLink](#)

2



**Eva's Initiatives**

Toronto-based charity operating shelters and helping to get homeless, at-risk young people permanently off the streets.

> [Find out more about Eva's Initiatives](#)

3



**Consortium for Street Children**

International network dedicated to realising the rights of street children through advocacy, research and shared learning.

> [Find out more about Consortium for Street Children](#)

More 

Community development > Street to School – because education is insurance > Street to School partnerships

## Street to School partnerships (continued)

More 

4



### Railway Children

Our Street to School partner in the UK, we are working with Railway Children to fight for vulnerable children who are at risk on the streets where they suffer abuse and exploitation.

> [Find out more about Railway Children](#)

5



### The Albert Kennedy Trust

Small charity operating in London and Manchester helping young Lesbian, Gay, Bisexual or Trans people who are homeless or victims of domestic violence.

> [Find out more about The Albert Kennedy Trust](#)

6



### SOS Children's Villages

Provides quality, alternative care for children who cannot live with their biological families, and supports families so that they can remain together.

> [Find out more about SOS Children's Villages](#)

7



### L'Albero della Vita

Provides health support, food and education to children who have been abandoned across Italy.

> [Find out more about L'Albero della Vita](#)

8



### Zup de Co

Pioneering charity that creates partnerships for university students to support the education of younger school pupils in disadvantaged areas of France.

> [Find out more about Zup de Co](#)

9

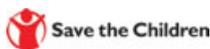


### CRY

Child Rights and You (CRY) have fought for over three decades for the rights of under-educated, exploited and vulnerable children in India.

> [Find out more about CRY](#)

10



### Save the Children

In India we've partnered with Save the Children to protect the rights of street-connected children in Delhi and Kolkata and help them to fulfil their potential.

> [Find out more about Save the Children](#)

11



### The Learning Farm

Charity providing training and support to vulnerable young men from the streets of Jakarta to develop skills and livelihoods in sustainable farming.

> [Find out more about The Learning Farm](#)

12



### Plan

We're supporting Plan to increase birth registration, helping street-connected children access their rights to health, sanitation, education, livelihoods and protection.

> [Find out more about Plan](#)

13



### Twinkling Stars

Launched by Aviva with the China Youth Agency, Twinkling Stars supports the education and welfare of rural underprivileged children across China.

> [Find out more about Twinkling Stars](#)

More 

Community development > Street to School – because education is insurance > Street to School partnerships

## Street to School partnerships (continued)

More 

UK

Railway Children fights for vulnerable children who are alone and at risk on UK streets. Aviva supports projects in London, Sheffield and Scotland, [awareness campaigns such as with Mumsnet](#) and advocacy activity. This includes the recently launched [research on the REACH model](#)  (pdf, 1.2mb). Together, we reached over 25,000 children in the UK in 2012 in schools, on the streets and with specialist refuge and support services.



> [Watch Railway Children video](#)

Indonesia

Without a birth certificate, street-connected children cannot access education and healthcare, and may be vulnerable to exploitation. So we are working with [Plan](#) and the Ministry of Social Affairs in Jakarta to support 3,500 families whose children live and work on the streets. We are also partnering local experts [The Learning Farm](#) who proactively target older male youths – often overlooked by mainstream efforts. An innovative four-month residential organic farming course in East Java equips them with the skills to return to their communities and start small businesses. Over 90% go on into long-term employment.



India

India has the largest number of street-connected children in the world. In 2012, our work with [Child Rights and You \(CRY\)](#) helped over 83,000 children. CRY has a rights-led approach to help children and their communities realise their rights. Outcomes include birth registration, vaccinations, access to educational 'bridging' centres and entry to training or schools.



Aviva was recognised at the 2012 CRY Summit as a 'Child Rights Champion'. CRY is also taking part in our [PASSPORT 2012 research](#).

Our partner [L'Albero della Vita](#) offers one-to-one support and teaching to young children who are unable to live safely with their families. We support two centres and also contribute volunteering and in-kind gifts.

L'Albero della Vita is taking part in our [PASSPORT 2012 research](#).

"We will get a better understanding of the reality that these children face every day. Through this dialogue the children can 'lead' new initiatives, and their views can influence future activities and help decide what changes can improve their lives." Emanuela, Partnership Co-ordinator, L'Albero della Vita



Italy

France

In France, we partner with [Zup de Co](#) to support the education and aspirations of those at risk of dropping out of school. Using mentoring and employee volunteering, they have helped over 180 children directly as well as carrying out cause-related marketing and awareness campaigns on Facebook.



[YouthLink](#) provides safe, affordable housing in Toronto for young people. A live-in mentor and a full-time youth worker help residents to set and pursue their goals for education, employment and independence. YouthLink is also participating in our [PASSPORT 2012 research](#).



Canada

[Eva's Initiatives](#) works with homeless and at-risk youth to help them reach their potential and lead productive, self-sufficient and healthy lives. It provides youngsters with safe shelter, harm reduction services, and employment and training support.



Our partnerships in Canada helped over 1,000 young people in 2012.

Community development > Street to School – because education is insurance > Street to School partnerships

## Street to School partnerships (continued)

### Group-wide partners

#### Save the Children

Our work with Save the Children focuses on project models in India that can be scaled up for maximum impact. In India, we have Street to School centres in Delhi and Kolkata. Here, we run [campaigns against child labour](#) and help children with vocational learning or re-entry to mainstream education. We also have four 'Mobile Learning Centres', which bring school to the street.

Our projects with Save the Children helped impact 14,395 children in 2012.

#### Consortium for Street Children (CSC)

Over the past three years, we have worked with the CSC to co-ordinate our advocacy activity and contribute to building the capacity of NGO networks. As well as the International Day for Street Children and the [UN study into the rights of street-connected children](#), we have:

- Seconded Sally Shire, previously Aviva global brand director, to be the CEO of the Consortium for the past two years
- Partnered with CSC and HSBC to create the world's largest [on-line resource](#) hub to promote collaboration

#### Related links

##### External websites

- > [Save the Children](#)
- > [Consortium for Street Children](#)

Community development > Working with others

## Working with others

Our trusted community partnerships give us access to knowledge and practical expertise to help us tackle key issues in our society. Combining our strengths brings enhanced benefits to our communities and to our business.

We work with non-governmental organisations, other businesses, public sector bodies and international organisations like the United Nations, to leverage our impact.

For example, we're partnering schools through our Premiership Rugby Schools Programme, which kicked off its third season in 2012. The Programme introduces young people to tag rugby. Since the programme started, almost 100,000 children from key stage 2 have attended our five-week tag rugby programme. Almost 3,000 teachers have received coaching skills and have reported that classroom behaviour has improved as a result.

We are also proud supporters of British Athletics at grassroots level (see case study: From playground to 2012 podium).



*Aviva's support helped ensure that athletics was ready to make the most of the 2012 legacy. Over the last year more than 500,000 people have taken up the sport. That is a great result that gives us real hope for the future."*

Niels de Vos, Chief Executive, British Athletics Board

### Our performance

In 2012 we strengthened our relationships with our key partners, including:

**Oxfam** – our partner since 2006: providing immediate help to communities suffering life trauma



**The Premiership Rugby Schools Programme** – introducing young people to rugby union in the UK



**The Office of the High Commissioner for Human Rights** – as part of our Street to School programme

### In practice

#### Aviva and Oxfam 365

Aviva was one of the first companies to sign up to the Oxfam 365 Alliance.



This emergency fund supports relief operations and helps Oxfam respond to humanitarian disasters including to under-reported crises. Thanks to this alliance, 6.5 million people facing 27 emergency situations across the globe were reached in 2011–12.

This year Aviva's contribution helped the equivalent of 80,000 people in East Africa during the worst drought in 60 years. This included providing emergency food and water, and public health training in refugee camps. It also funded drilling a deep bore hole to provide a long-term supply of safe water.

Community development &gt; Working with others

## Working with others (continued)

**The Consortium for Street Children** – with HSBC we co-sponsor the Consortium's new resource hub: possibly the world's largest collection of guidance and research



**The Indonesian government and Plan UK** – piloting birth registration for street-connected children in Jakarta

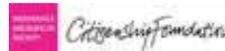


**The Chinese government and a local NGO** – supporting research into the effects of children left behind by parents due to economic migration

**ESIC**, a leading business school in Spain – supporting an international microcredit project involving 350 small businesses



**The Schools' Business Partnership** on careers education and the Citizenship Foundation on economic citizenship education in schools



**City of York Council** on adult financial capability



### In practice

#### From playground to 2012 podium

Aviva has proudly supported British Athletics for 13 years. Our investment includes the staging of six televised elite events each year and sponsorship of the GB & NI Team. During this time, the Team won more than 1,000 Championship medals, and we hosted over 110 televised events which were attended by over 750,000 spectators.



We also established seven grassroots initiatives called the Aviva Academy, which engaged over three million children. These aim to give every child the chance to participate in athletics regardless of ability. Inspiring the next generation, our sponsorship of the junior and senior GB & NI Team ensured our top athletes received the best possible support.

Community development > Acting as a catalyst for change

## Acting as a catalyst for change

We are aware that global sustainable development goals cannot be met by working in isolation. We want to help promote new 'systems of change', alongside others.

At Aviva we are keen to play an advocacy role where we know we can add value to the debate. We try to do this at a multilateral level, which will make the greatest difference.

### Our performance

An example of our catalysing approach is our ongoing work with the UN Office of the High Commissioner for Human Rights. As part of our Street to School programme, we co-sponsored a unique [report](#) (pdf, 5.3mb) on the rights of children working and/or living on the street. This was welcomed by the UN Human Rights Council in March 2012.

We are now actively working to turn the report's recommendations into global action in partnership with the Consortium for Street Children. We want to make sure that street-connected children are not left out of global action on child rights issues.

We have contributed to the consultation and implementation guidance for 'Children's Rights and Business Principles' (pdf, 1.1mb), published by UNICEF, Save the Children and UN Global Compact.

Across all our work, our goal is sustained impact. For example, in Indonesia we are partnering with The Learning Farm (TLF) on an innovative organic farming course. This aims to equip the street-connected young men with skills to return to their communities and start small businesses. Of graduates, 47% go on to work in organic farming and 44% find other employment. Graduates also pass on their knowledge about organic farming – important in a region where pesticides have been widely overused and endangered food security.

### In practice

#### PASSPORT 2012: the voice of children and young people

During 2012 we carried out our own pioneering studies in India, Canada and Italy called PASSPORT 2012. Led by



Dr Thomas de Benitez, the 'participatory research' is in response to a key UN recommendation. That is, "to ensure that children, as experts of their own lives, participate in information gathering, analysis and dissemination of research".

We believe that by carefully listening to the voice of the beneficiaries in our projects we can have a much greater and more sustained impact. We want to embed this methodology to monitor our impact, share learning and spread capability among NGOs and wider funders.



*"[I was] hiding, I had no plans whatsoever and now I have a five-year plan."*

**Amber**, Canada YouthLink

### Highlights

#### 89 countries

involved in International Day for Street Children

#### UK REACH model

shows how every £1 spent saves the public purse £1.85

Community development > Acting as a catalyst for change

## Acting as a catalyst for change (continued)

### Looking ahead

In the UK, the Aviva-sponsored [research into The Railway Children's REACH model](#) (pdf, 1.2mb) was launched at the Houses of Parliament in February 2013. REACH helps agencies work together to provide a safety net for children before, during and after they run away. The research shows a £1 investment in REACH actually saves the public purse £1.85. In 2013 we will be working across all sectors to encourage wider implementation of the model in UK communities.

We are looking forward to again supporting a variety of advocacy activities on the [International Day for Street Children 2013](#).

We are supporting the Consortium for Street Children to gain UN recognition for the day. We also continue advocacy for a reference to street-connected children by the UN Committee on the Rights of the Child.



*I would like to thank Aviva for their belief and trust in our model and support in its implementation. Working together as part of the global Street to School programme we have delivered an evidenced solution for children surviving alone on our UK streets."*

**Terina Keene**, Chief Executive, Railway Children

### Related links

#### External websites

- > [2013 International Day for Street Children](#)
- > [UN report: 'Protection and Promotion of the Rights of Children Working and/or Living on the Street'](#) (pdf, 5.3mb)
- > [UNICEF guidance: 'Children's Rights and Business Principles'](#) (pdf, 1.1mb)
- > [Railway Children REACH model: 'Proving What Works for Street-Connected Children'](#) (pdf, 1.2mb)

Community development > Employee engagement

## Employee engagement

The involvement and pride our employees have in our community activity matters hugely to Aviva. Of our people, 76% agree that we do a good job of contributing to our communities.

2012 was a challenging year for Aviva's people with significant restructuring and leadership upheaval. Staying motivated and close to our values through participation in our community outreach has never been more important.

### Our performance

In 2012, our employees contributed £2.8 million through their own giving and fundraising. This reflects the importance our employees place in their communities despite the economic climate and we continue to offer company matching schemes in some locations. We are proud to have achieved the UK government's payroll-giving Gold Standard award recognising our leadership in this area.

In 2012, 18% of Aviva employees took part in volunteering. Overall, employees contributed more than 56,000 hours of time and talent.

Aviva has a long track record of encouraging volunteering and pro bono activity, and we have maintained our three days of paid volunteering leave policy. We believe this helps make Aviva an attractive place to work as well as contributing towards our community targets.

We introduced a new volunteering strategy and system in the UK, and aim to roll this out globally where appropriate. This sits within our human resources system because we believe that volunteering helps build skills, confidence and capability. For example, we have now achieved a level of 58% skills and leadership-based volunteering in the UK.

When evaluating the difference volunteering makes for our employees, we see that:

- 88% of volunteers gained self confidence
- 94% improved their sense of wellbeing and happiness
- 58% said volunteering helped them to perform better in their jobs
- 37% said it helped them apply for more senior jobs

### Looking ahead

An important priority for 2013 is to maximise the use of our volunteering system and roll out more internal campaigns. We want to increase the percentage of employees taking up voluntary activities and widen opportunities to more of our markets.

We will also be engaging with community stakeholders to find out how we can do more and measure our impacts. We are determined to make it easy and rewarding to give, and will apply employee insights to make this happen.

### In practice

#### Embedding volunteering

Embedding employee engagement in our community development and talent strategies is vital. This approach has helped Canada to increase employee participation in community activity by 20% since 2011. And in the UK, volunteering and fundraising projects are now a key part of our apprentice and graduate schemes.



In 2012, our Brighter Futures Award recognised individuals, teams and leaders for their contribution to Street to School. Winners came from Indonesia, Lithuania and China.



*The passion and commitment for Street to School runs wide and deep in higher growth markets. It's fantastic to see whole organisations, branches and teams working together to create solutions for street and underprivileged children across our markets."*

**Simon Machell**, CEO of higher growth markets and Brighter Futures Awards judge

### Highlights

**56,357**

hours contributed by the 18% of Aviva employees who took part in volunteering in 2012

**£2.8m**

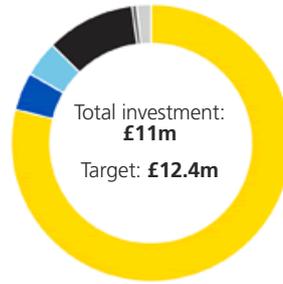
given or raised by employees

Community development > Performance data

# Performance data

## Total community investment

KPI	
Type of impact	£m
Charitable spend	8,709,942
Management time	494,342
Project costs	468,583
Cost of volunteering	1,135,873
Gifts in kind	17,541
Value of marketing	158,732



**Key**

- KPI Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

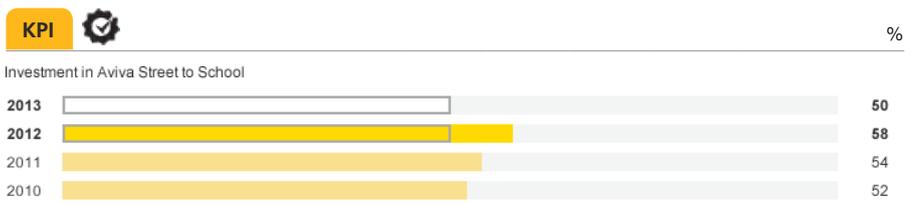
	2010	2011	2012	2012 target	Met target	2013 target
Amount of community investment, £	11.4	12.4	11	12.4		11
Of which:						
Charitable spend, £	7,444,688	8,287,105	8,709,942			
Management time, £	677,129	764,659	494,342			
Project costs, £	186,504	362,134	468,583			
Cost of volunteering, £	780,984	779,697	1,135,873			
Gifts in kind, £	78,443	110,859	17,541			
Value of marketing, £	2,247,444	2,167,370	158,732			
Total employees at Aviva		45,345	42,270			
Community Investment total, £		12,471,824	10,985,015			
Estimated investment per full time employee, £		275.04	259.88			

- > [Total community investment](#)
- > [Investment in Aviva Street to School](#)
- > [Volunteering](#)
- > [Employee perception](#)
- > [Children reached by Street to School by type of impact](#)
- > [Community investment – average increase in employee morale](#)
- > [Community investment – average impact on employee personal development](#)
- > [Payroll giving](#)

### Notes to data

- Our overall investment is lower than 2011 because changes in business strategy meant we did not carry out a large global brand campaign in 2012.

## Investment in Aviva Street to School

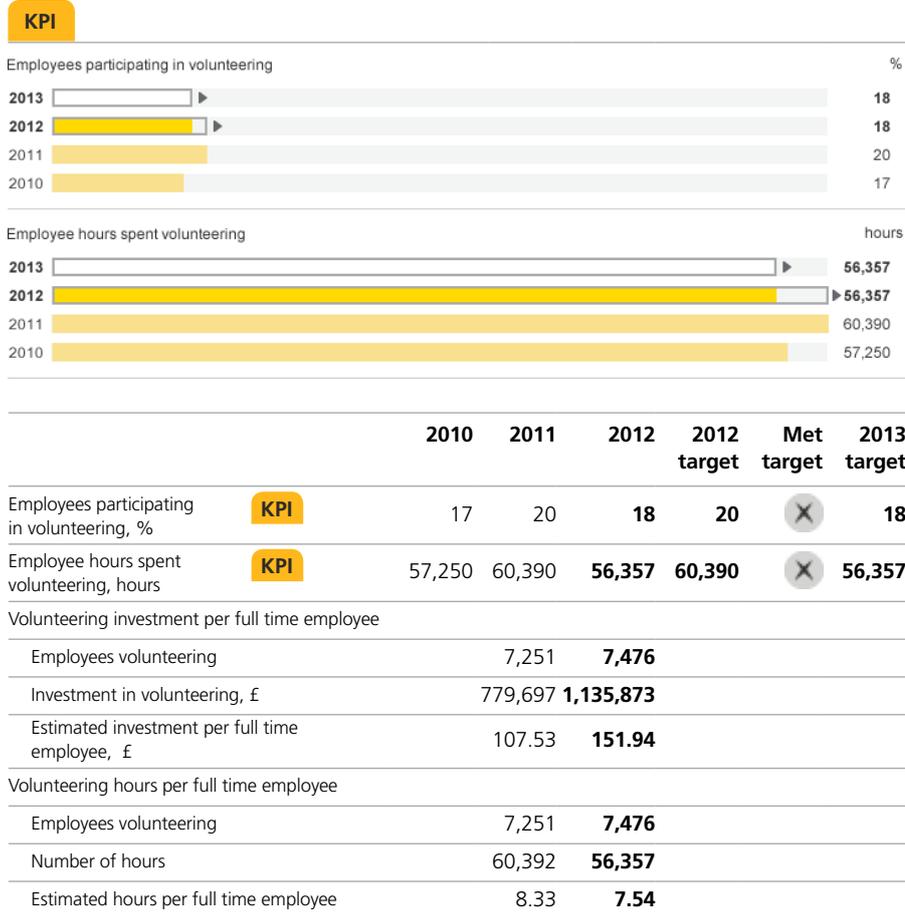


KPI		%					
	2010	2011	2012	2012 target	Met target	2013 target	
Investment in Aviva Street to School	52	54	58	50		50	

Community development &gt; Performance data

## Performance data (continued)

### Volunteering



#### Key

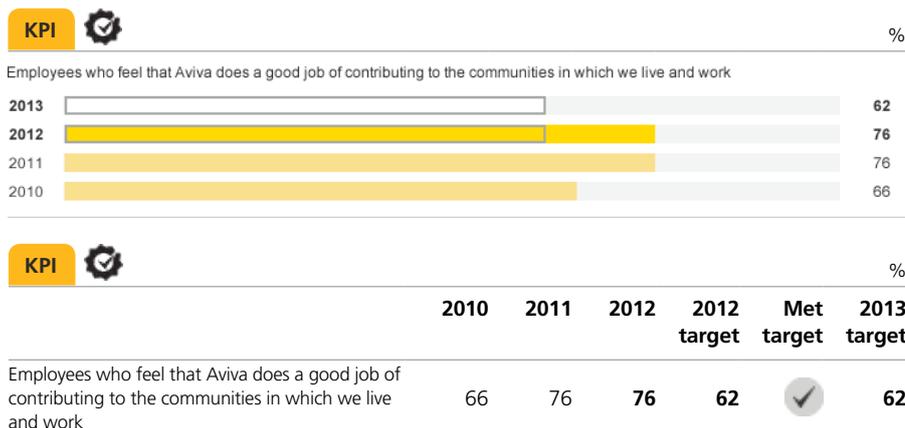
- KPI** Key Performance Indicator
- Key Performance Indicator, independently assured
  - Met/exceeded target
  - Missed target
  - Target
  - More than

- > Total community investment
- > Investment in Aviva Street to School
- > Volunteering
- > Employee perception
- > Children reached by Street to School by type of impact
- > Community investment – average increase in employee morale
- > Community investment – average impact on employee personal development
- > Payroll giving

#### Notes to data

- Total volunteering hours are also lower due our reduced head count and the impact of internal transformation programmes. However, the number of employees participating is up by 3%. Employee perception of how we act in our communities remains strong compared to peers.

### Employee perception

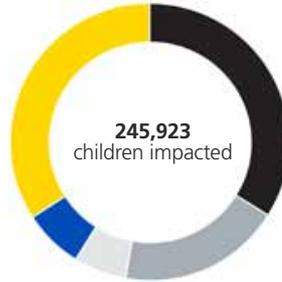


Community development > Performance data

# Performance data (continued)

## Children reached by Street to School by type of impact

Type of impact	%
■ Awareness and prevention	34
■ Outreach	19
■ Health and wellbeing	6
■ Safe places	7
■ Education and training	34



**Key**

- KPI Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

	Number of children		
	2010	2011	2012
<b>KPI</b> Number of children impacted by Aviva's Street to School programme	128,872	274,248	<b>245,923</b>
Awareness and prevention, %	12	18	<b>34</b>
Outreach, %	7	7	<b>19</b>
Health and wellbeing, %	7	4	<b>6</b>
Safe places, %	3	5	<b>7</b>
Education and training, %	71	66	<b>34</b>

- > [Total community investment](#)
- > [Investment in Aviva Street to School](#)
- > [Volunteering](#)
- > [Employee perception](#)
- > [Children reached by Street to School by type of impact](#)
- > [Community investment – average increase in employee morale](#)
- > [Community investment – average impact on employee personal development](#)
- > [Payroll giving](#)

## Community investment – average increase in employee morale

	%		
	2010	2011	2012
Community investment – average increase in employee morale	93	89	<b>99<sup>1</sup></b>

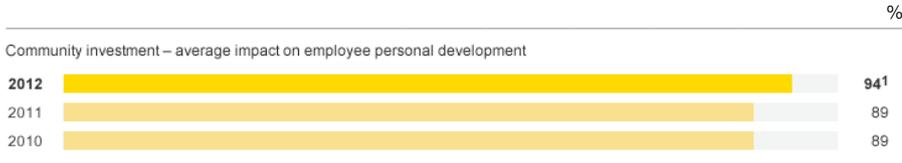
### Notes to data

1. 2012 data based on a smaller sample of countries reporting data compared to 2011

Community development > Performance data

# Performance data (continued)

## Community investment – average impact on employee personal development



	2010	2011	2012
Community investment – average impact on employee personal development	89	89	94 <sup>1</sup>

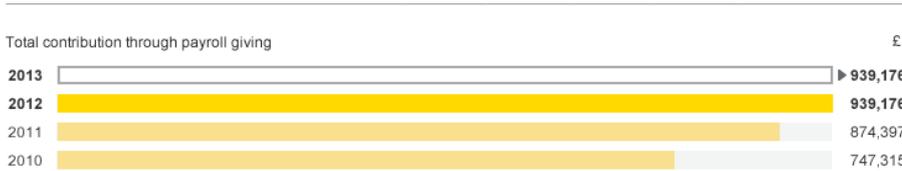
**Key**

- KPI Key Performance Indicator
- Key Performance Indicator, independently assured
- Met/exceeded target
- Missed target
- Target
- More than

### Notes to data

1. 2012 data based on a smaller sample of countries reporting data compared to 2011

## Payroll giving



	2010	2011	2012	2013 target
Total contribution through payroll giving, £	747,315	874,397	939,176	936,176
Employees contributing through payroll giving, %	29	30	28	28

- > Total community investment
- > Investment in Aviva Street to School
- > Volunteering
- > Employee perception
- > Children reached by Street to School by type of impact
- > Community investment – average increase in employee morale
- > Community investment – average impact on employee personal development
- > Payroll giving

# Responsible investment

“We believe we are among the first global asset management businesses to embed environmental, social and governance considerations across all global investments.”

**Dr Steve Waygood**, chief responsible investment officer, Aviva Investors



We seek to invest in a responsible and sustainable manner to benefit our customers and society as a whole. Through responsible engagement and voting policies, we promote transparent, effective governance in companies in which we invest, with a focus on environmental, social and governance aspects.

We do this by considering environmental, social and governance (ESG) issues in all our decisions. We also maintain our investment in the low carbon economy, scanning the horizon for new opportunities like renewable energy.

We apply our influence as shareholders to promote good practice among the companies we invest in. And when it comes to advocacy, we are leading proactive initiatives to correct market failures with policy makers. Finally, our approach is based on building Aviva Investors' reputation as a leading responsible investor – the business case is clear.

## In this section

- > [Our approach](#)
- > [Case study: fund manager selection](#)
- > [Mainstreaming responsible investment](#)
- > [Corporate governance](#)
- > [Responsible investment voting policy](#)
- > [Voting trends](#)
- > [Public policy and advocacy](#)

Responsible investment > Our approach

## Our approach

How we act as an investor is central to our responsible business approach. We're aiming to be among the first global asset management businesses to incorporate environmental, social and governance considerations across all our investments.

### What is our approach to responsible investment?

<b>Considering ESG issues in our decisions</b>	Integrating ESG considerations for each investment desk, working with fund managers and responsible investment officers. <a href="#">&gt; Find out more</a>
<b>Investing in the low-carbon economy</b>	Seeking new opportunities to invest in renewable energy, such as our 2012 purchase of a UK rooftop solar energy company and Spanish wind farm. <a href="#">&gt; Find out more</a>
<b>Engaging with companies</b>	Using our influence as shareholders to promote good practice among the companies we invest in. <a href="#">&gt; Find out more</a>
<b>Commercial differentiation</b>	Building Aviva Investors' reputation as the leading responsible investor. <a href="#">&gt; Find out more</a>
<b>Policy advocacy</b>	Leading proactive initiatives to correct market failures with policymakers, at national, European Union and United Nations levels. <a href="#">&gt; Find out more</a>

## Case study: fund manager selection



### The challenge

Our Multi-Asset Multi-Manager (MAMM) team is the central source of manager research and selection within Aviva Group. We challenged the team to integrate the six [UN Principles for Responsible Investment \(PRI\)](#) into our asset management approach.

The principles are:

- **Principle 1:** We will incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

### Our response

The MAMM team was one of the first desks at Aviva Investors to establish an ESG policy. The team has embedded the six principles in the following ways:

- **Principle 1:** embedded ESG considerations into due diligence questionnaires.
- **Principle 2:** reviewed the engagement policies of the underlying managers.
- **Principle 3:** published the ESG policy statements of underlying managers as well as the results of company engagements of underlying holdings.
- **Principle 4:** encouraged all managers to sign up to the UN PRI.
- **Principle 5:** surveyed approximately 130 asset managers on ESG factors to extend the scope of manager selection analysis.
- **Principle 6:** documented, researched and reported on ESG engagement with managers and companies in underlying holdings.

### The impact

The new approach is helping the MAMM team add value to their portfolios. Their better understanding of financial and non-financial risk is helping them develop strong, diversified portfolios that will achieve long-term responsible investment goals.

### Related links

#### External websites

- > [United Nations Principles for Responsible Investment](#)

Responsible investment > Mainstreaming responsible investment

## Mainstreaming responsible investment

This year, we led the way for the financial sector by expanding our responsible investment approach to include all investments across all asset classes.

We have set up a new dedicated Global Responsible Investment (GRI) team to oversee our new approach. Led by the chief responsible investment officer Dr Steve Waygood, the GRI team promotes sustainable business practice across Aviva Investors' companies. It leads our advocacy on financial policy at national, European and international levels through engagement with non-governmental organisations, governments, regulators and the investment community.

We also set up a network of responsible investment officers (RIOs), which includes fund managers and analysts from each investment desk. The network works closely with the GRI team to ensure smooth implementation of their desk's ESG policy and strategy.

### Our performance

We are proud to have pioneered this innovative approach. We are aiming to provide a blueprint for like-minded investors to promote sustainable investment practices across the following areas.

Focus area	Our approach
<b>Integrating ESG considerations into all investment decisions</b>	Customising ESG integration for each investment desk, working with fund managers and responsible investment officers.
<b>Engaging with companies</b>	Using our influence as shareholders to promote good practice among those companies in which we invest.
<b>Policy advocacy</b>	Leading proactive initiatives to correct market failures with policymakers at national, European Union and United Nations levels.
<b>Commercial differentiation</b>	Building Aviva Investors' reputation as the leading responsible investor.

By the end of 2012, we had completed the first phase of the ESG integration, introducing the approach for 33% of all assets under management.

### Looking ahead

Establishing the right governance and management structure is the first step in this long-term approach for Aviva Investors. We aim to embed ESG considerations across all investment desks by the end of 2013, including at overseas offices and the private equity desk. And we aim to achieve 79% coverage by July 2013.

### In practice

#### Low-carbon investments

Our commitment to the low-carbon economy saw us make our first significant investments in renewable energy infrastructure in 2012.



We completed what was seen as the UK's largest rooftop solar deal, acquiring Homesun – a 23MW portfolio of residential solar panels. We also invested in a joint venture to purchase the 49MW Almatret wind farm in Catalonia, Spain.

Our total investment in renewable energy infrastructure is now almost £200m and we plan to significantly increase our investment in this area in 2013.

### Highlights

**33%**

of all assets are now managed according to the ESG integration project, with 100% planned by the end of 2013

Responsible investment > Corporate governance

## Corporate governance

We believe well-governed companies that operate responsibly and sustainably are best placed to achieve long-term growth and shareholder value.

With this in mind, we promote transparent and effective governance and engagement among the companies we invest in. We have supported the development of good governance in the UK and beyond for many years, and we take our own stewardship responsibilities seriously. We comply with all the principles of the Financial Reporting Council's UK Stewardship Code.

> [Read more about our approach to stewardship](#) and [how we are meeting the UK Stewardship Code](#) (pdf, 96kb).

We use proxy voting to challenge poor management approaches and to protect the value of investments. We have developed our voting approach over decades. While we aim to support the companies we invest in, we intervene strongly where we believe more sustainable practices should be implemented.

During 2012, Aviva Investors worked with five other committed stewardship investors to produce '2020 Stewardship – Improving the quality of investor stewardship'. The paper was launched after a number of meetings with CEOs and chairmen of a number of companies, and made four recommendations:

1. A simple guide to good-practice engagement.
2. Encourage feedback between companies and investors on the quality of meetings.
3. A framework to encourage institutional investors to be more transparent about their exercise of stewardship.
4. Companies should work to achieve a critical mass of stewardship investors on their share register.

We worked with the Institute of Chartered Secretaries and Administrators (ICSA) on recommendations 1 and 2. We are continuing to work with other organisations on recommendations 3 and 4 and hope to report progress next year.

We hope that this guidance will improve the quality of engagement with the UK. The ultimate aim is to enable companies to make better long-term decisions that enhance the performance of UK companies. This will benefit the UK economy as well as our clients.

### Looking ahead

Going forward, we continue to maintain our positive approach to promoting good governance. We will apply trend data to ensure we stay ahead and can effectively engage with those companies who consistently get negative votes.

### In practice

#### Voicing our concerns

Aviva Investors is a large shareholder in Trinity Mirror plc. In 2012, we became



increasingly concerned by the company's performance and the significant disconnect between the CEO's pay and performance.

When the company failed to address our concerns, we voted against the CEO and the remuneration report, among other resolutions, at the company's AGM.

The remuneration report was voted down and CEO Sly Bailey's resignation was announced a few days before the AGM.

### Highlights

#### 2020 Stewardship

[Improving the quality of investor stewardship](#), a report published by Aviva Investors and five other committed stewardship investors

Responsible investment > Responsible investment voting policy

## Responsible investment voting policy

Consideration of environmental, social and governance issues is now business as usual for Aviva Investors' Corporate Governance and Corporate Responsibility Voting Policy.

Since 2001, we have carefully considered the disclosure and performance of environmental, social and governance (ESG) issues by companies when making voting decisions. We were the first asset manager in the world to seek improvements to ESG reporting and performance by the companies we invest in.

> [Read our Corporate governance and corporate responsibility voting policy](#) (pdf, 301kb)

### Our performance

We want our portfolio to practise sound disclosure and performance and we continue to withhold support where we are concerned about their ESG performance. Where we withhold support, we openly and proactively communicate our voting policy and rationale to the company to help them improve their future performance.

Our ESG disclosure policy informs our voting strategy and covers six key issues that we believe are material to a company's performance:

- **Environment** – environmental risk controls, greenhouse gas emissions data and reduction targets, environmental impact and disclosure of energy use, waste and water use.
- **Climate change** – risk disclosure, adaptation and mitigation efforts, evidence of reduction of climate change catalysts.
- **Health and safety** – lost-time injury rates and fatalities.
- **Human rights** – policies, training and land use rights licensing.
- **Supply chain labour standards** – disclosure of supply chain labour policies and independent stakeholder verification.
- **Bribery and corruption** – adherence to bribery policies and procedures to remedy non-compliance.

### Looking ahead

From 2014, Aviva Investors will be fully incorporating the wider aspects of diversity, beyond gender, into our ESG disclosure policy. We will continue to look for other opportunities to strengthen our policy in the future.

### In practice

#### The 30% Club

In 2012, the Davies Committee highlighted the growing number of voices championing women on boards.



We are an active member of the 30% Club – a group of chairmen and organisations voluntarily committed to bringing more women onto UK corporate boards. On average, FTSE 100 companies have only 17.3% female representation on their boards.

Aviva Investors was one of the first to start focusing on this area of diversity. We will start voting against FTSE 350 reports and accounts across our investments in 2013 if a satisfactory diversity statement is not included. From 2014, we will also consider voting against nominations committee chairmen and/or board chairmen where their boards remain unbalanced. This is in regard to a range and balance of skills, experience, independence and knowledge.

### Highlights

#### Member

of the 30% Club Steering Committee promoting female representation on boards

### Related links

#### External websites

> [The 30% Club](#)

Responsible investment > Responsible investment voting policy > Voting trends

# Voting trends

Our environmental, social and governance voting universe includes over 1,800 companies in the MSCI World Stock Market Index.

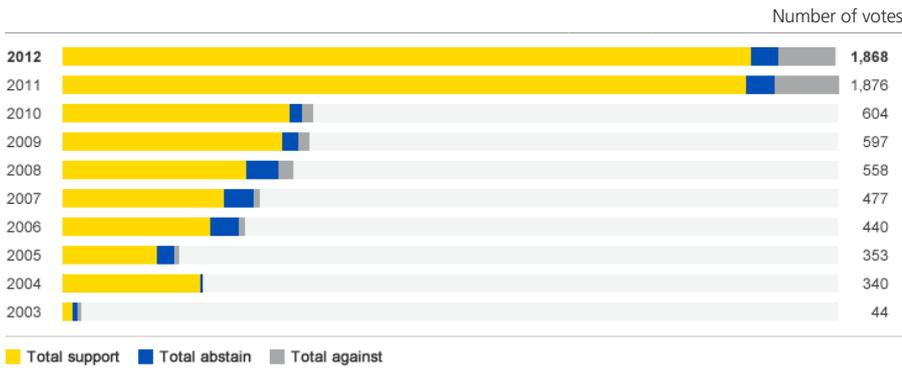
This is testament to our commitment to responsible disclosure and performance across our portfolio. We collate our environmental, social and governance (ESG) voting data and use the findings in two ways:

- **Engagement** – we target our engagement more effectively by identifying companies whose ESG disclosure and performance we consistently vote against.
- **Trend analysis** – we monitor company and industry-specific improvements and deteriorations with regard to ESG issues.

## Performance

The chart below shows the distribution of votes cast by Aviva Investors in 2012. The detailed data behind it helps us identify which companies we may wish to engage with.

## Distribution of our ESG votes



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Total support</b>	24	333	299	357	389	445	531	549	1,650	<b>1,662</b>
<b>Total abstain</b>	13	7	41	68	72	75	38	28	70	<b>68</b>
<b>Total against</b>	7	0	13	15	16	38	28	27	156	<b>138</b>

### Highlights

**Over 1,800**

companies covered by our ESG voting policy

**Increase**

in Against to abstain indicates upward trend in companies addressing ESG issues

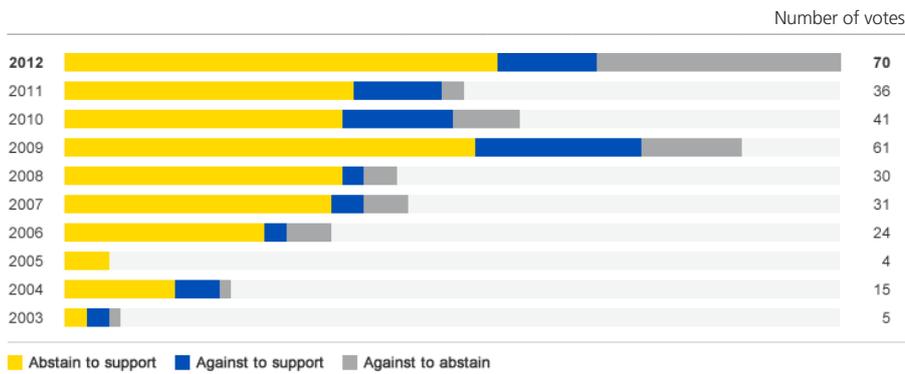
Responsible investment > Responsible investment voting policy > Voting trends

## Voting trends (continued)

### The changing pattern of our ESG votes

The graph below shows how we have voted year-on-year. We use this data to monitor the effectiveness of our corporate governance and engagement strategy. We also use it to target companies whose performance has deteriorated for inclusion in our engagement programme.

In 2012, we saw an increase in the Against to abstain field. This may indicate a trend of laggard companies who are now beginning to address their material ESG issues.



Number of votes

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Abstain to support</b>	2	10	4	18	24	25	37	25	26	<b>39</b>
<b>Against to support</b>	2	4	0	2	3	2	15	10	8	<b>9</b>
<b>Against to abstain</b>	1	1	0	4	4	3	9	6	2	<b>22</b>

### Looking ahead

We hope to see the current trend of voting improvements maintained – demonstrating the positive influence we are having through our engagement with companies.

Responsible investment > Public policy and advocacy

## Public policy and advocacy

We strongly believe in the value of working with governments, regulators, companies, NGOs and investors to promote responsible investment in markets around the world.

Over the year, Aviva Investors has continued to play a leading role in investor coalitions promoting responsible investment policy. Below are some examples of this.

### Rio+20

Paul Abberley, interim chief executive of Aviva Investors, was part of the UK Government's official Rio+20 delegation, led by the Deputy Prime Minister. The delegation aimed to promote a UN treaty on global sustainability reporting.

We convened a Corporate Sustainability Reporting Coalition calling on UN member states to develop a policy framework on corporate sustainability reporting. A key achievement was the inclusion of Paragraph 47 in the summit's outcome document, *The Future We Want*. This builds on the UN's previous commitments to the Global Compact and the Global Reporting Initiative.

Looking ahead, we will be calling for an international treaty on compulsory sustainability reporting among UN member states.

### Sustainable Stock Exchanges

We are an active supporter of the Sustainable Stock Exchanges (SSE) initiative. This encourages exchanges to work together with investors, regulators and companies to adopt responsible, long-term approaches to investment.

In 2012, more global exchanges signed up to the principles of the SSE. These included the major exchanges in India, South Africa, Japan, Brazil, Turkey and Egypt, as well as the NASDAQ.

### Carbon Disclosure Project – Carbon Action

Aviva Investors is one of the Carbon Disclosure Project's (CDP) strategic partners on Carbon Action, which now has 92 signatories representing \$10 trillion in assets.

Carbon Action aims to engage with high-emitting companies around the world to promote cost-effective carbon and energy efficiency measures. It also tries to improve strategic risk management for investors.

### Tomorrow's Capital Markets

During 2012, Aviva Investors worked with Tomorrow's Company to produce a report entitled *Tomorrow's Capital Markets*. This report marked an important step on the journey towards a more stable global economic system. We want to see positive change in corporate culture within financial markets and we are promoting ethical behaviour along the investment chain. We hosted a conference to encourage other investors to take this project forward.

> [Read more about Tomorrow's Capital Markets](#)

### Looking ahead

We plan to launch a new report on future financial markets at the 2013 UN Environment Programme Finance Initiative global roundtable in Beijing. We will work with relevant groups at the event to share our findings.

#### In practice

##### Towards mandatory greenhouse gas reporting

We are actively involved in Defra consultations ahead of the introduction of mandatory greenhouse gas reporting for the UK planned for late 2013.



We are contributing our expertise to help shape the detail of the upcoming legislation. We particularly want to ensure investors will have the material and comparable data they need to inform their non-financial considerations for investment analysis.

#### Related links

##### External websites

- > [Rio+20 Conference](#)
- > [Sustainable Stock Exchanges](#)
- > [UN Environment Programme Finance](#)

## Glossary

30% Club	A group of chairmen and organisations in the UK, voluntarily committed to bringing more women onto UK corporate boards
Accounting for Sustainability	A voluntary sustainability initiative that brings organisations together to develop tools to embed sustainability and report in an integrated way on financial and non-financial indicators
AGM	Annual general meeting
AI	Aviva Investors
Aviva NDB	Our joint venture business in Sri Lanka
Carbon footprinting	Assessing an organisation's carbon impacts
Carbon offsetting	Carbon offsetting is when an organisation purchases credits to fund environmental/social projects. This compensates for carbon emissions that the organisation cannot avoid
CBI	Confederation of British Industry
CD	Community development
CDP	Carbon Disclosure Project. An independent not-for-profit organisation and global disclosure system for organisations to report and improve environmental performance
CEO	Chief Executive Officer
ClimateWise	A collaborative insurance initiative through which members aim to work together to respond to the myriad risks and opportunities of climate change
CO <sub>2</sub> e	Carbon dioxide equivalent. A way of measuring greenhouse gas emissions
Connected Reporting Framework	A simple approach to connecting strategic direction, financial performance and environmental and social considerations in corporate reporting, developed through the Accounting for Sustainability project
CR	Corporate responsibility
CRO	Chief Risk Officers Forum
CSC	Consortium for Street Children
Customer Cup	Aviva's internal innovation tournament
CVA	Cultural Values Assessment
Davies Committee	Lord Davies's inquiry into male dominance in boardrooms in the UK
DEC	Display Energy Certificate. A rating of a public building's energy performance
DJSI	Dow Jones Sustainability Index – one of the major global corporate sustainability indexes
Employee Promise	"At Aviva I am recognised for who I am, and my contribution matters."
Envol	A national partnership in France which promotes good environmental management among small and medium businesses
EPC	Energy Performance Certificate. A rating of a building's energy performance
EPS	Employee Promise Survey
ESG	Environmental, social and corporate governance
Ethibel	An independent consultancy agency for socially responsible investments
FTSE 100	An index of the 100 companies listed on the London Stock Exchange with the highest market capital value
FTSE4Good Index	A series of ethical investment stock market indices
GRI	Global Responsible Investment, a new team at Aviva Investors
GFS	Global Financial Services benchmark. This is a tough external benchmark that we use as a stretch target
HMRC	HM Revenue & Customs
HR	Human resources

## Glossary (continued)

HSE	Health, Safety and Environment
ILO	International Labour Organisation. United Nations agency that seeks the promotion of social justice and internationally recognised human and labour rights
KPIs	Key performance indicators
LEED	Leadership in Energy and Environmental Design, an internationally recognised building certification system
Living Wage	The minimum income necessary for a worker to meet basic needs (for an extended period of time or for a lifetime)
MAMM	Multi-Asset Multi-Manager, a team at Aviva Investors
MDGs	Millennium Development Goals
MSCI	Widely tracked global equity benchmarks
NGOs	Non-government organisations
NPS	Net Promoter Score, a tool to measure customer satisfaction by the proportion of customers who will promote your company
PASSPORT 2012	Aviva-commissioned participatory research for our Street to School programme
PRI	United Nations Principles for Responsible Investment
RNPS	Relationship Net Promoter Score
Right call	Our independent malpractice reporting service
ROI	Return on Investment
STOXX	A series of market indices
Sustainable stock exchanges	Stock exchanges active in raising awareness of ESG issues and standards among listed companies
TLF	The Learning Farm
UK Carbon Reduction Commitment Energy Efficiency Scheme	A mandatory scheme to improve energy efficiency and cut CO <sub>2</sub> emissions in large public and private sector organisations
UN	United Nations
UNEP	United Nations Environment Programme
UNGC	United Nations Global Compact
UNGC LEAD	A leadership group of companies, including Aviva, who have been set a challenge to reach further and set a best practice example in sustainability.