

Aviva plc

Corporate social responsibility report 2006
- a summary

The full report is available at www.aviva.com/csr06



Customers

Health and safety

Community

Workforce Suppliers

Human rights

Environment

Standards of business conduct

Moving forward in CSR

Aviva, as a member of the international community, recognises its corporate social responsibility commitments in its various roles, which include insurer, investor, employer and consumer.

We reflect these commitments in a family of eight policies, which relate to:

Standards of business conduct

We are committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional and legal standards.

Customers

We seek to provide our customers with a service hallmarked by integrity, quality and care.

Human rights

We respect the Universal Declaration of Human Rights and seek to be guided by its provisions in the conduct of our business.

Workforce

We are guided by our aim to be the employer of choice in all countries in which we operate.

Health and safety

We are committed to providing a working environment which is both safe and fit for the intended purpose and ensures that health and safety issues are a priority for all business operations.

Suppliers

We regard suppliers as our partners and work with them to help us achieve our policy aspirations in the delivery of our products and services.

Community

We strive to be a good corporate citizen around the world, recognising our responsibility to work in partnership with the communities in which we operate.

Environment

We are committed to a programme of management, continuous improvement and reporting of our direct and indirect impacts, which marks our contribution to improving the world in which we live.

We recognise that our business activities have direct and indirect impacts on the societies in which we operate. We endeavour to manage these in a responsible manner, believing that sound and demonstrable performance in relation to corporate social responsibility policies and practices is a fundamental part of business success.

We are committed to continuous improvement in our corporate social responsibility programme and encourage our business partners to strive for matching performance.

Our business units throughout the world are committed to achievement of our policy objectives. Our performance will be periodically reviewed and externally verified to help us meet our policy goals. At a local level, the heads of our businesses will review progress at least annually. We will publish reports regularly.

**Approved by the board of Aviva plc
January 2005**

Aviva is the world's sixth-largest insurance group and the largest insurance services provider in the UK, with more than 54,000 employees serving millions of customers. We are one of the leading providers of life and pension products in Europe and are actively growing long-term savings businesses in Asian markets, Australia and the USA. Our main activities are long-term savings, fund management and general insurance.

You can find out more about Aviva plc by visiting our website www.aviva.com

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Overview

This is our fifth corporate social responsibility (CSR) printed summary report, which gives a high level view of our CSR approach, governance and performance in 2005, illustrated with some examples from Aviva businesses worldwide.

Our online CSR report provides full details on our performance in each of the eight elements of CSR as well as separate CSR reports on each of our businesses.

The CSR programme continues to cover all Aviva businesses worldwide. Reporting on the RAC, which we acquired during the course of the last year, will commence in our next report, to be published in 2007.

100%

of Aviva businesses worldwide are covered by the CSR programme

www.aviva.com/csr06

Chairman and group chief executive

We have established a board committee on CSR to strengthen the understanding and adoption of CSR in the operation of our businesses.

Lord Sharman of Redlynch OBE, Chairman

Chairman's introduction

We believe that there is a natural relationship between good governance – how a company organises and conducts its internal affairs – and CSR – how it manages its impacts and relationships with stakeholders. In both cases, integrity is the driving force. The board recognises that its responsibility is to ensure that this remains the case.

For this reason, we have chosen to establish a new committee of the board specifically to provide stewardship for our group-wide CSR performance. This is a natural stage in the evolution of CSR governance.

The CSR committee will comprise of four non-executive directors, myself and the group chief executive. Its primary task will be to examine the group's CSR strategy, policy, plans and progress at a more detailed level than can be achieved in a meeting of the full board. It will seek to strengthen the understanding and adoption of CSR in the operation of our businesses. While recognising the diversity of our businesses, it will encourage and monitor progress towards Aviva's common policy objectives.

The group's individual businesses have many means of access to external opinion on CSR in the countries in which we operate. These are important channels of information and constitute a valuable corporate radar at an appropriately local level. The new committee will draw on this knowledge in its direction of the group-wide programme.

In the international arena, the borders between the responsibilities of the State, the NGO and the business are sometimes blurred. Against such a background, it is all the more important that Aviva forms its own clear view of where its obligations under CSR lie. The committee will therefore also constitute a high level group for formulation of policy for recommendation to the full board on new matters of CSR challenge.

My predecessor, Pehr Gyllenhammar, provided a firm foundation for CSR within Aviva. I intend to build on that foundation and to develop further our understanding and practice.



Lord Sharman of Redlynch, OBE
Chairman

Foreword by group chief executive

Our approach to CSR has been simple. Centrally, we have set policy objectives and our businesses around the world have identified how best to achieve them. This 'organic', locally-owned approach to our CSR programme is a key feature of its success to date. Each year, incrementally, we have moved forward. Learnings are exchanged between businesses and are carried forward from one year to the next. In this way, we can build on what is good and what works. We know we are on a journey and this report outlines the progress made in that journey over the past year and also seeks to anticipate the challenges of the future.

This focus on the future is key to Aviva's approach. We have defined our core purpose, our reason for being, as 'prosperity and peace of mind.' This is what we aim to deliver for any key stakeholders, most notably our customers, as we help them to prepare for a secure financial future. Across Aviva, we recognise the importance of listening and responding to our customers. Our focus on the future is a philosophy we express as Aviva: Forward thinking.

The Forward thinking approach embodies a key principle of CSR, which is to take action now to safeguard the future. For example, climate change is a major uncertainty for us all. While the role of science is to analyse and interpret the data, a responsible insurer can help society adapt to the changes and mitigate the risks. Norwich Union's demonstration house shows what steps people can take to limit the impact of flooding. This practical response to a challenge illustrates our approach to CSR. The test of CSR progress is to be found in the extent to which it is embedded in products and services.

The Aviva Forward thinking approach embodies a key principle of CSR, which is to take action now to safeguard the future.

Richard Harvey, Group Chief Executive

Our subsidiary, Hibernian, is the first company in Ireland to use a new technology to automate the assessment of flood risk. This permits us to rate properties at an individual house level, mirroring the developments already pioneered by Norwich Union in the UK. This example illustrates the exchange of best practice between our businesses.

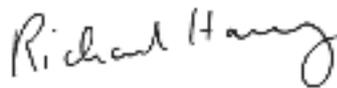
An example of connecting to local social priorities is given by our subsidiary in Lithuania. There, we have launched a product which enables local companies to offer enhanced employment benefits packages, which will help mitigate the major problem of loss of talented staff through emigration.

Our steady incremental progress is reflected in other ways. Aviva's global CO₂ emissions have reduced over the past year by 7,848 tonnes or by some 11%. Further, local business engagement in CSR continues with Bia Galicia, one of our businesses in Spain, becoming the fifth group company to produce its own CSR report.

Our asset management companies in the UK and the Netherlands offer good examples of responsible investment through active corporate engagement and offering socially responsible investment funds.

Our commitment to help develop understanding, and shape the practice, of CSR globally is evidenced by our continuing commitment to the United Nations Global Compact. Aviva chairs the UK network and our businesses overseas are also active in local networks, where they believe that they can make a contribution.

Aviva is committed to CSR and I am convinced of the value it brings to our business and to all its stakeholders. It reinforces the products we offer to our customers, enhances the performance of our staff, promotes social benefits and delivers value to our shareholders.



Richard Harvey
Group Chief Executive



Aviva and CSR

What is CSR?

CSR at Aviva means the management of our relations with our customers, workforce, suppliers and the community as well as the management of our performance in respect of the environment, human rights, health and safety, all under-pinned by adherence to rigorous standards of business conduct.

The CSR policy contains brief statements of fuller policies, which can be viewed at www.aviva.com/csr.

Why CSR is important to Aviva

At Aviva, we believe that CSR builds value for the business and all its stakeholders. In particular, we believe that it motivates our staff and that it is important to growing numbers of our customers and shareholders. We also believe that you cannot operate within a community – be it global or local – without taking account of its major challenges and playing your part in meeting those challenges.

How we practise CSR

From the start, our CSR practice has been guided by the following principles.

Aviva pursues CSR goals within business goals

Aviva is a business and we pursue our goals to reduce negative impacts and to promote positive benefits in conjunction with our overriding business strategy.

We play a part in helping to define management and reporting practice

CSR reporting is still a voluntary practice. It is also an evolving practice and we are keen to play a leading part in helping to define such practice in our sector through the FORGE group and generally through our membership of the Global Compact (see page 23).

Some elements of CSR are above business case

Some elements of CSR are non-negotiable and are not subject to any business case appraisal. For instance, one decides to be ethical or not, regardless of cost.

Elements of CSR do require a business case appraisal

A policy commitment does not mean taking action at any cost. It means doing so at a pace the business can absorb. For instance, at the launch of our environmental policy in 1998, we did not convert overnight to the use of renewables-sourced electricity, which might have been possible, but at significant additional cost. However, over the past eight years, we have gradually built up to the point where we do now source 100% of our electricity in the UK (and 20% in two other businesses) from renewables.

Obligations to shareholders must always be assessed

In the practice of CSR, the financial consequences of any significant action should be assessed, taken into account and justified, as with all business decisions.

Incremental approach

Aviva has pursued gradual progress in CSR at a pace which the businesses can absorb. The ability to absorb change while many other things are going on (which is always the case) is limited.

Each of our businesses differs in size, resource and local circumstance. Accordingly, they move towards common policy objectives at different speeds.



Since each of our businesses differs in size, resource and circumstance, we accept that they will move forward towards common policy objectives at different speeds.

No group targets

We have group policy objectives, but do not set group-wide targets, because of differing local circumstances. For instance, common recycling or CO₂ reduction targets are not possible because of the differences in availability of recycling facilities or renewables-sourced electricity. Targets, where appropriate, are set at business level.

Both indirect and direct CSR impacts must be managed

For instance, in respect of CO₂ reduction, we can take steps to reduce our own direct impacts. Indirectly, we can influence the behaviour of others through our purchasing and asset management activities and through providing products that encourage beneficial effects.

Aviva seeks to integrate CSR into products and services

Products and services can carry a social or environmental benefit and also meet

normal business return criteria - a 'win win' situation. This is achievable in products such as Autograph™ or Pay as you Drive™, which marry risk reduction with environmental benefit. It is also possible in micro-insurance, which extends the benefits of insurance to the otherwise excluded and brings a sufficient return (see pages 14 & 15).

Aviva's CSR programme is geared to achieve policy objectives

Our approach to CSR has been to set policy objectives and to require our businesses, in the light of their differing size, resource and circumstances, to make their own path towards policy achievement. This approach gives ownership to the businesses. It also explains the story-like nature of Aviva's CSR reports. Each year, each business is expected to make progress against the previous year and to report on it.

CSR risk monitoring

While the programme is driven by opportunities identified by the businesses, we also monitor and report on our positioning in respect of key risks and challenges at group and at business level.

Streams of value

Employees. A strong CSR programme enables existing and possible new employees to identify with what we stand for as well as with what we offer them by way of employment prospects.

Investors. Socially responsible investment is a small but growing activity. It is important that we appeal to investors across the board. Our strong CSR performance has been recognised by ratings agencies.

Customers. Purchasing functions across the world are beginning to factor in CSR performance as one of the criteria on which they base their selection of partners. Strong CSR performance enhances our case. We also believe that some individual customers are influenced in their choice of provider by CSR performance.

The enhanced appeal of the company to these three important stakeholders highlights the financial value of pursuing a strong CSR programme. However, as our Chairman states, the overriding purpose of CSR is to reinforce the integrity of the company.



The group CSR team

- 1 **Megan Crockford** CSR Assistant
- 2 **Richard Whitaker** Group Company Secretary
- 3 **Zelda Bentham** Environment Manager
- 4 **Michelle Wolfe** CSR Reporting Manager
- 5 **Janneke Dijkstra** CSR Communications Manager
- 6 **Anthony Sampson** Director of CSR
- 7 **Annette Pendrey** CSR Research Manager

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Governance at group level

Board ownership

In January 2006, the Aviva board agreed to set up a CSR committee. It is to be chaired by the senior independent non-executive director, Wim Dik, and counts the group's Chairman, the CEO and three other non-executive directors among its members. The terms of reference for this committee are available on our website. The committee will meet at least twice a year. Among its functions will be the task of reviewing CSR policy and progress more closely than is possible at the annual full board meeting and also of helping to determine and review Aviva's position on some of the most difficult CSR challenges. In this respect, it will take over the function of the former high-level issues group.

The appointment of this committee will greatly strengthen the involvement of the board in the direction, monitoring and management of the CSR programme.

Steering groups

Aviva has a central CSR steering group, which meets quarterly to review progress, exchange good practice and consider response to specific CSR challenges.

We also have a European steering group, which meets each January. It brings together non-UK European businesses to review performance, exchange good practice and consider local CSR issues.

In the autumn of 2006, we will hold our first North American steering group, which will perform a similar function for our businesses there.

CSR review group

The CSR review group brings together policy owners, representatives from the group's businesses and external advisers, including our assurers, in a two-day meeting each year to review policy, performance, plans and issues. The June 2006 meeting will be attended by the Chairman of the board's new CSR committee and, as in previous years, by the Aviva Chairman.

CSR governance in the businesses

CSR governance in each of the businesses is described in the business unit reports on the internet. As our businesses vary widely in terms of size, structure and, sometimes, function, no one structure would fit all circumstances. Each business designs its own governance structure to suit circumstance. It is noteworthy that two businesses, Norwich Union Insurance and Norwich Union Life, have decided to appoint their own full-time CSR managers.

6 CSR board committee members

6 Group CSR team members

23 CSR nominated managers across the group worldwide

9 SRI team members

1 Central CSR steering group

2 Regional CSR steering groups

8 Climate change forum members

Numerous committees across the business

40 CSR review group members

Guiding our CSR programme

CSR challenges for Aviva in 2006

Each of our businesses focuses on challenges, which have particular relevance in its own marketplace. You can read about these in the individual business unit reports on the internet. At group level, we focus on global matters. The principal challenges for 2006 are:

Climate change

Aviva responds to climate change by keeping its own house in order and seeking to reduce its own CO₂ output. We also encourage others to do the same through the influence we exert through our position as an investor, a purchaser and a provider of products. Our chief focus is on adaptation and mitigation and our report details the considerable contributions in respect of both (see page 9).

Over the coming year, we will be considering what further steps we could and should take in respect of climate change.

Carbon balancing

This phrase means rendering our activities – broadly travel and buildings management – carbon neutral. Some of our businesses have already begun to consider this in respect of their own operations. Some have already applied it in respect of certain events and activities.

Carbon balancing is a complex field with various competing approaches and we believe that it does need to be carefully researched in order to ensure that a methodology or mix of methodologies really does have a positive effect, which would not have occurred without our intervention. We will conduct that research this year.

Examination of responsibility and disaster response

Aviva, like many other companies, provided matching funds for staff donations in respect of the Tsunami appeal. However, we did not provide similar support in respect of other disasters. The differing responses pose a policy gap, which we believe needs to be explored. The matter raises questions such as:

- Is it appropriate to use shareholders' funds for response to any such catastrophes or emergencies? What criteria should apply?
- Should our responses be limited to those countries where we have businesses and an interest in identifying with the local community?
- Is it appropriate for us to provide – or to assist staff to provide – any support on an altruistic basis? If so, under what circumstances?
- What support are we able to provide other than financial support?

Continued internationalisation of CSR programme

CSR concepts and practice are often widely recognised to have originated in the UK. However, this has sometimes led to a predominance of UK-centric thinking when we increasingly need to hear and take account of non-UK perspectives.

Our businesses overseas have developed their own routes towards fulfilment of our CSR policy. These routes reflect local marketplace and local priorities. As a global business, we will seek to take increasing account of the views of our overseas businesses and their stakeholders in the future development of our CSR programme.

We have already made progress in this respect with, for example, the establishment of steering groups outside the UK. For the future, we are considering the addition of non-UK experts to Aviva's external adviser body in the CSR review group. We will also continue with our programme of visits to overseas businesses to both learn from their experience and to provide support.

Among its functions, the CSR board committee will help determine and review Aviva's position on some of the most difficult CSR challenges.

Wim Dik, Senior independent non-executive director, Chairman of the board's CSR committee

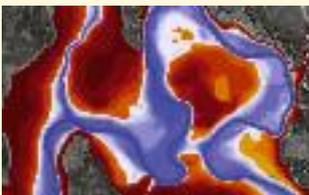


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CSR issues for Aviva

The principal CSR risks and issues for Aviva are identified in a number of ways, involving both our businesses individually and the Aviva head office in conjunction with our various stakeholders, including investors and non-governmental organisations. The different organisations mentioned in our external engagements section (page 23) are particularly important in this connection, as are the regular contacts we have with analysts and researchers for ratings agencies.

In addition, we have recently conducted a detailed assessment of CSR risks for financial services in association with the FORGE group (page 23). On the following pages we comment on the principal risks for Aviva and outline our response.



- 1 Floodmapping – Playing our part in response to **climate change**
- 2 Making **customers** our advocates
- 3 Looking after our **staff** around the world

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Climate change

2005 was another dramatic year in terms of climatic events with hurricane Katrina alone causing losses in excess of \$50bn in the US. Since 1990 we have experienced the warmest 15 years on record, and the hottest five since 1997.

The G8 national science academies, last year, sent an unprecedented message to global leaders stating their concerns about the need for action on climate change. We, at Aviva, believe that man's influence significantly contributes to these changes.

Strong progress has been made in the management and reduction of Aviva's direct environmental impacts through reduced emissions and business travel (see pages 20 & 21).

The establishment of the climate change forum at the end of 2004 is another clear sign of the importance of this issue for Aviva. The forum co-ordinates activity to mitigate the impacts of climate change, with a focus on initiatives that seek to minimise the impacts of weather events on our customers and businesses

in a range of time horizons. Its primary focus is on general insurance activity, but it will in future also cover our other core business activities.

This forum:

- Brings together those people in Aviva with expertise in the field of insurance and climate change and determines how this issue affects our business;
- Identifies the impacts of climate risks, and where these affect our customers and our business now and in the future and discusses mechanisms to minimise these impacts;
- Develops an ongoing strategy to address climate risks and provides a focus for lobbying key stakeholders via industry bodies (such as the CII, ABI and UNEP).

The forum has co-ordinated contributions to the ABI input to the UK government's Stern review of the Financial Costs of Climate Change and to the steering group on the ABI report on the Financial Risks of Climate Change published in 2005. In addition, we continue to lobby governments on climate-related building and planning issues. Further, at an international level,

we support and work with the United Nations Environment Programme Finance Initiative.

We also continue to develop products and services which provide a positive link between climate impact and premium paid.

Recent initiatives in this area include our Irish business, Hibernian, being the first company to undertake geographical identification of the areas most likely to flood in Ireland. This will allow us to offer cover to additional customers in areas currently often uninsurable in view of flood risk. This follows the digital flood mapping activity undertaken by Norwich Union in the UK.

In our UK fund management business, we seek to invest in low carbon technologies and choose to avoid carbon intensive companies. Our SRI portfolios are therefore significantly lower in carbon intensity compared to mainstream funds – due to under representation of big CO₂ emitters and over representation of environmental technology and renewable energy stocks.

- We incur tens of millions of pounds of claims per annum from weather based events
- Our experience shows claims costs can be significantly reduced through flood proofing and flood alarm systems
- Our SRI portfolios are significantly lower in carbon intensity compared to mainstream funds



Our customer focus

Not surprisingly, our research has shown that many of our principal CSR risks and opportunities revolve around different aspects of our relationship with our customers. Treating our customers fairly – working to give them the best that we can – is a permanent objective of all our businesses. As an illustration, we outline below the approach adopted by two of our biggest businesses in working to meet this objective.

Actions to improve customer service in Norwich Union Life

Norwich Union Life's key aim throughout 2005 has been to understand and respond to its customers. In September, we reorganised the Life business to establish a working structure which allowed us to better focus on our customers and react more quickly to meet their needs.

Customer service remains a topical issue and we undertake regular customer feedback to gain insights into all aspects of our service. This enables us to carefully target and track improvements.

A number of initiatives have been undertaken during 2005 to improve customer service, including introducing a more direct link between performance and remuneration in terms of fair treatment of customers.

We have also been open and transparent where we have experienced customer service challenges. One of these challenges has been with regard to the service levels we have provided to financial advisers and in November our Chief Executive wrote to advisers to outline the steps being taken to address their concerns. This included new initiatives such as a Protection Promise for policyholders, as well as bringing in additional staff to take individual ownership of adviser issues.

Norwich Union Life is committed to taking a leading approach to protecting our policyholders' interests. In 2005 we have proactively contracted customers back into the State Second Pension and have also engaged with senior stakeholders in relation to industry activity to address the future of pensions in the UK.

Making customers our advocates at Norwich Union Insurance

In Norwich Union Insurance, we are on a determined journey to be recognised by customers and non-customers as a great service provider, with insurance at our core and care in our heart. Since 2002, all employees have been engaged in the Leadership and Care programme, designed to put customers first and look through their eyes. For example, customers were consulted when we devised our seven Principles of Care to help provide great service.

We have now turned to the harder challenge of creating not just customer satisfaction, but customer advocacy. New tools are being deployed to assist this. A Customer Experience Monitor enables the business to track customer reaction to contacts with us so that we can rapidly put right anything they think we are getting wrong.

We want to make customers our advocates and we will measure our success in this on their willingness to recommend us, renew with us or take out additional insurance with us.



From 2006, measurements of both customer and employee satisfaction will form part of the annual bonus awards for senior managers.

Managing structural change

Structural change is a constant feature of modern business life. One element of it is offshoring.

Aviva operates in a competitive, global market where consumers want – and expect – products that deliver value for money combined with high levels of service. It is therefore vital that we continually explore opportunities to improve our efficiency while constantly looking for ways to improve levels of customer service.

As we move into 2006, offshoring is now a key component of Aviva's business model. Aviva today has a presence in India across Delhi, Pune, Bangalore, Chennai and Colombo in Sri Lanka, employing a total of around 4,500 people. It is envisaged that our total offshore strength will be around 7,800 people by 2007. Although we do not yet own any of our call centres in India, we wish to bring, over time, around 80% of our outsourced functions in-house. The process of doing so will commence this year.

Our offshored activities include operational support to our UK and Canadian processes and customers. In addition, we have outsourced some of our IT capability and these IT partners utilise their own IT resources which are based offshore in India. The impact on our UK employees has been minimal – we employ almost exactly the same number of people now in the UK as we did prior to our decision to offshore. We respect the cultural norms in India. We, for example, do not ask our staff to adopt western names or identities and we take an open and honest approach in all our plans and communications. Staff work eight hour shifts within brand new, purpose built call centre premises benefiting from leisure facilities. They receive competitive upper quartile packages for India and typical benefits include: provident funds with equal contribution from the employer, free transport between home and work to cater for shift times, free meals, life insurance and they are given extensive training opportunities.

Offshoring has so far proved a success. However, we have learnt that the initial notification of certain categories of business, such as household claims and breakdowns is best taken in the UK and these cases are handled in the UK, in the first instance.

Another example of significant structural change in 2005 occurred when Norwich Union Insurance acquired RAC, the UK's first vehicle breakdown organisation. Keeping staff informed is a vital part of the successful management of integration. This was done in a number of different ways: a new publication, *i-update*, was introduced to keep staff informed about progress; a special edition of the company's DVD-based magazine, *The Mix*, was published to introduce the new management team and set out plans for the future; the intranet was revamped; managers gave extensive face-to-face briefings. The success of this communications effort was revealed in surveys: 86% of staff felt informed about the integration and 93% felt positive about it.

86%

of UK staff felt informed about the RAC integration and 93% felt positive about it

Offshoring is a key component of Aviva's business model to help improve efficiency and levels of customer service.

CSR in practice

The following examples, grouped under the eight elements of CSR, provide illustrations of our progress and highlights of our performance around the group over the past year.

We do not set group-wide targets because our businesses differ in size, resource and the circumstances of their national market. They therefore develop their own separate paths towards achievement of common group policy objectives. This generates a different story in each case.

Only in some cases, such as that of CO₂ emissions and other environmental measures and certain markers of workforce and community performance, is it possible to aggregate a report at Aviva group level. We do that where we can.

The real impact of CSR in financial services is to be found in products, services and relations with customers and this is a story, which can only be effectively told at business level.

The examples are drawn from the separate reports provided by all our businesses, which can be viewed on the internet. These reports also include performance data.



www.aviva.com/csr06

- 1 Managing our environmental impacts
- 2 Supporting our local communities
- 3 Helping to raise awareness of fraud

Standards of business conduct

We regard ethical practice as critical to responsible business and we are committed to conducting all aspects of our business according to rigorous ethical, professional and legal standards.

The spirit and guidance of the standards of business conduct policy embody our corporate values of *integrity, performance, progressiveness and teamwork*. The policy must be followed by all our staff, in particular by our senior managers across our businesses, to set an example for others to follow. All CEOs around the group must provide annual assurance that the policy is adhered to within their business. Compliance with the standards is also required as part of Aviva's senior management contract.

Measures to embed the standards of business conduct policy

Communicating to staff at the start of their career with us

Aviva head office and Norwich Union Life communicate the Aviva Values and the standards of business conduct policy, respectively, to staff via their employment contracts. In Romania, where Aviva's reputation is considered to be one of its most precious assets, new insurance agents receive a copy of The Agent Code and employees receive the staff handbook. These explain that Aviva is in business for the long term and that we have values that shall be respected.

Communicating to staff during their careers

Many of our businesses around the group have translated the standards of business conduct policy into the local language (where appropriate), have tailored it to local needs and have made it available on the local intranet.

The Leadership in Action course for all Aviva head office employees with high management potential continues to be successful in raising and embedding the Aviva Values through good leadership, focusing specifically on integrity, honesty and trust.

The reinforcement of the Aviva Values takes place via employee awards in Aviva India and via employee meetings in our Spanish businesses.

Customer-facing ethical behaviour

Sales agent training is a focus for many of our European emerging market businesses, including those in the Czech Republic, Hungary, Romania, Poland and Lithuania. In Poland, the remuneration of sales agents is not only based on the amount of premiums bought but also on the quality of service offered to our customers.

Norwich Union Insurance's Leadership and Care programme re-inforces the guidance of the Financial Services Authority's Treating Customers Fairly publications.

Monitoring our standards of business conduct

Performance evaluations

Behaviour in accordance with the Aviva Values is a core component of employee performance evaluations in Aviva's head office, Delta Lloyd Group in the Netherlands, Norwich Union Life and Hibernian in Ireland.

Electronic monitoring

All Aviva Canada employees are required to acknowledge online receipt, understanding and acceptance of the code of conduct, privacy policy and employee personal information policy annually. A similar annual electronic tracking system is in place in Aviva USA.

Maintaining registers

In the UK, Norwich Union Professional Services maintains a hospitality register and a register of interest. The registers have also been shared with other Aviva businesses, as an example of good practice.

Whistleblowing

While the majority of requests for investigations come through the line management, a 24-hour independently run telephone fraud reporting service also operates in all UK business units and a number of overseas businesses, including our offshored operations. Work continues to expand this service to more businesses outside the UK.

Action against financial crime

In 2005, Norwich Union Insurance published a Fraud Report which revealed that fraud now costs the UK £16 billion a year and that it has grown by 15% in the past five years alone. To meet this challenge, we have implemented policies that meet the requirements of applicable legislation, regulatory guidance and industry good practice regarding fraud management, anti-money laundering and malpractice reporting. We have also introduced a single financial crime network across the group, bringing together expertise on fraud and anti-money laundering.

Customers

Our overriding goal is to provide prosperity and peace of mind for our customers.

Customers are the life-blood of our business. We consider who they are or who they might be. We ask for their opinions. We listen to their views. We investigate their current and future needs. In the light of this continuing research, we modify our products and services.

We provide some examples of the progress our businesses have made in embedding CSR in products and services in our three core business activities.

General insurance

Products such as Norwich Union Insurance's Pay As You Drive™ and Aviva Canada's Autograph™ motor insurance, which promote responsible driving, continue their success. In Canada, over 1,000 drivers are participating in the innovative Autograph™ programme, resulting in customers achieving discounts averaging over 20%.

In the UK, Norwich Union Insurance continues to undertake extensive service satisfaction research across all products and elements of the service experience. In 2005, sales and service satisfaction averaged 92% with claims service averaging 83%.

Aviva Canada launched a new product to protect customers from the threat of losing their identity through third party fraud. Available as an endorsement on homeowner and tenant policies, it will help customers regain their identity, pay for legal representation and reimburse lost wages.

Our Polish business won an award for its claims processing and communication, customer focus, professionalism of staff and transparency of conditions. A new product for small and medium-sized businesses launched in 2005 will be modified further in 2006 to include a special price discount for small businesses employing disabled people.

Alarming, thousands of children under the age of four are killed or injured in car travel each year. Norwich Union Insurance has teamed up with Halfords to introduce insurance cover to replace child car seats as part of its Private Car and Just Car insurance.

Long-term savings

Norwich Union Life not only continues to play a key role in the ongoing pensions debate in the UK, but it also takes action where it can. The business is restructuring its pension strategy by writing all new pension policies under a single scheme enabling customers to move seamlessly between products and tailor their retirement planning to their own needs.

Aseval, one of Aviva's bancassurance operations in Spain, launched an end of year pension campaign with a difference in 2005. For every customer who takes out a Solidarity Pension Plan, regardless of size of the premium or transfer amount, Aseval will pay for one vaccine for a child in Africa as part of Unicef's child vaccination health project.

In India, Aviva continues to build on its partnerships with leading development finance institutions across the country. These institutions excel in the provision of micro financial services (i.e. credit, savings and insurance) to the underprivileged sections of the Indian society. This has caused a multiplier effect in terms of income and asset creation and has increased the risk-taking capacity of the poor. All these initiatives help to reduce social and economic poverty.



www.aviva.com/csr06

- 1 Understanding our customers' needs
- 2 Helping at every stage of life
- 3 Autograph™ – the technology that promotes responsible driving

Aviva Australia introduced two initiatives to broaden the accessibility of its products. It introduced an investment platform, Navigator Access, which allows people to invest in over 30 funds with as little as A\$3,000 or A\$100 a month, enabling a wider market to have access to the Navigator savings system. It also extended its life cover to include premiums up to 90 years of age.

Employee training is also critical in effectively managing our interaction with our customers. Norwich Union Life has established two customer-focused training courses, *Customer Shoes* – aimed at getting to the heart of customer's needs and *Insight Fundamentals* – training employees in creative thinking tools and methods for developing innovative new ideas and products.

Knowing what customers want is essential in enabling Delta Lloyd Group to tailor its products and services to the needs of current and future customers. One good method for gaining insight into people's perceptions and changing needs is to hold periodic group discussions with consumers. Such 'generation panels', as they are called, were organised in the past year for the 14-17 age group. In 2006 the 45-55 age group will be put under the microscope.

Fund management

Morley Fund Management continues to build on its experience in the area of responsible investment. The in-house socially responsible investment (SRI) team engages on behalf of all our mainstream funds, to raise issues of concern with companies, including environmental liability, corporate governance and human rights. The team also has over £800 million of SRI funds under management. This allows customers the option of investing in funds that are positively screened and, thereby investing in companies contributing to sustainable development. Morley's objective for 2006 is to reach £1 billion of SRI funds under management.

In 2005, Morley's SRI and corporate governance teams met with over 400 companies to raise social, environmental or governance concerns. In December 2005, it published its Sustainability Ratings, rating the FTSE 100 and Eurotop 50 for the third time.

Our SRI team was recognised by a number of awards, including being ranked first in the Thomson Extel survey for the third year running and being chosen as the best SRI provider in the Global Pensions Awards in January 2006.

The fund management of our Dutch subsidiary, Delta Lloyd Group, also has an engagement strategy and reinforced this by attending 36 annual shareholder meetings of companies in which Delta Lloyd has a share of more than 5%. In 2006, Delta Lloyd Group will begin managing the PandaFonds in co-operation with WWF and Ethibel. This investment opportunity will also generate income for WWF. The business already manages mutual funds for sustainable investors (under the Triodos brand) with very strict human rights compliance requirements.

In 2006, Bia Galicia, one of our group companies in Spain, will investigate the establishment of ethical criteria in the management of pension plans.

£800 million



over £800 million of SRI funds
under management

Workforce

Our overarching aspiration is to be an employer of choice wherever we operate.

We recognise that our success is heavily dependent on the calibre and motivation of our people.

Our global people strategy is to:

- Attract and retain top talent while embodying good corporate governance practice;
- Foster morale in times of radical change;
- Deliver excellent customer service while exploring and implementing new customer service models;
- Invest in the development of our employees while controlling costs.

This strategy is implemented in the businesses by developing local practices and initiatives reflective of local culture and business need. They are also responsible for complying with local legislation, our values – *performance, progressiveness, teamwork and integrity* – and the principles of social responsibility. Progress is measured regularly against a broad set of people performance indicators.

Our reporting follows the guidelines of the Managing Change report produced for the European Commission led by Aviva's former Chairman, Pehr Gyllenhammar. It covers:

- Dealing with structural change
- Communication and involvement/social dialogue
- Education and training
- Diversity (see page 18)
- Health and safety (see page 17)

Dealing with structural change

Recruitment

Our aim is to place the best people in the right roles. The group recruitment policy requires each business to have a well structured and fair recruitment policy, which takes account of the local market and legislative framework. Developing a flexible and adaptable workforce is key to meeting the changing needs of our business.

Retention

To retain talented people, we need to offer a total 'package' which is attractive and competitive. The group reward policy requires our businesses to offer all employees competitive rates of pay. Incentive packages rewarding individuals for contributing to business success are established in the majority of our business units. These may take the form of cash-based incentive plans or company shares. In the UK and Ireland, they include all employee share ownership plans which encourage employees to have a stake in the company.

Our global employee opinion survey gives us information on what employees value and what they would like us to improve.

We track voluntary turnover rates across the group to monitor our ability to retain employees.

Restructuring

2005 has seen several businesses undergoing significant restructuring, including the acquisition and integration of the RAC in the UK and the continued offshoring of call centres and finance operations to India and Sri Lanka.

It is our practice to explore all options before any compulsory redundancies are made. Retraining, redeployment, early retirement and voluntary redundancies are typical of the approaches taken. Where any redundancies are made, assistance in finding a new job is provided in most of our businesses, whether through an external outplacement provider or via internal assistance.

Communication and involvement/social dialogue

Communication with our employees is a critical two-way process. It takes a variety of forms – from formal channels via elected representatives to direct discussions between managers and their teams.

Employee opinion survey

2005 has seen the implementation of the group employee opinion survey, which seeks our employees' views on a variety of topics/issues worldwide. 12 businesses, covering over 41,000 employees, carried out the survey in 2005. All businesses will run the survey in 2006 when we will be able to benchmark internally and externally and share good practice across the group. Following up the 2005 survey will form a key aspect of our business planning for 2006. We will address issues arising from the survey as part of our drive for increased personal and organisational effectiveness, and increased employee morale and engagement. We will also be taking the survey results into account in determining senior management bonus payments.

Health and safety

At Aviva, we are committed to providing a working environment that is safe for all employees, contractors, customers and members of the public.

Education and training

During 2005, we have continued to offer our employees opportunities and assistance to develop their knowledge, skills and capabilities. Developing skills in dealing with customers, increasing skills in technical insurance, regulation and compliance and developing leaders and managers have been areas of focus for us.

The Aviva Leadership Academy provides development for senior managers across the group. In 2005, there were 258 participants from 18 countries on the programmes. Businesses are also responsible for local development and training needs. For example, Norwich Union Insurance has continued to work with Raleigh International, a youth development charity which facilitates projects in remote parts of the world in a unique development opportunity for people and teams.

Responsibility for the group health and safety policy and its implementation rests with the group human resources director, supporting the group chief executive who has overall responsibility for health and safety.

Implementation is the responsibility of each business unit's CEO. Steering groups are often set up to oversee and support this. As a minimum, we will comply with local health and safety legislation, but will exceed these requirements should it be necessary to do so, in order to deliver our corporate objectives.

To ensure a safe working environment, a group reporting mechanism is in place to identify risks and confirm that appropriate actions are taken to minimise these. During 2005, there were no reported major breaches of the group's health and safety policy.

As fears of a potential bird flu pandemic grow, Aviva has set up a global group of business continuity managers to monitor and plan for such an event. Our priorities are the safety and well-being of our employees and the continuity of our business.

Promoting healthy lifestyles

Occupational health is the main focus of our policy and we recognise that stress is a potential risk to the health of our employees. Encouraging them to focus on a good work/life balance is seen as an important way of managing stress in the workplace and of promoting healthier lifestyles generally. This is supported by flexible working arrangements being implemented in over 65% of our businesses, covering over 90% of our workforce.

We also have a role in promoting healthy living to our employees. For example, in 2005 Morley Fund Management ran two healthy living days to encourage employees to adopt a healthy lifestyle. In Delta Lloyd, a complete set of lifestyle modules is under development following the success of those on stopping smoking and improving fitness. The majority of our businesses continue to provide access to, and promote participation in, various sporting and recreational activities.

We also continue to offer confidential employee assistance programmes in our major businesses.

- 1 Providing a safe working environment
- 2 Encouraging a good work/life balance



41,000

employees covered in group survey

www.aviva.com/csr06

Human rights

We observe our human rights policy primarily in our relations with our employees and by influencing the behaviour of others through fund management and purchasing activities. We see products and services too as having influence and implications in respect of human rights.

Our policy objectives are guided by the principles of the UN Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. We are also guided by the human rights principles of the UN Global Compact.

In this section we cover diversity and our fund management activities. Our supplier section overleaf includes details of our purchasing practices in respect of human rights. Our customer section includes examples of products reaching and affecting often excluded communities.

Responsible investment

In 2005, Morley Fund Management's socially responsible investment (SRI) team organised a series of seminars for some of the largest companies operating in China, to discuss the risks and issues relating to China's human rights record and how companies can operate responsibly and successfully within the market.

Morley also helped set up the Pharmaceutical Shareowners Group to raise awareness of the problem of access to essential medicines, particularly in developing countries,

and to help focus the minds of pharmaceutical companies on this issue.

Please see the customer section for details of Morley's and Delta Lloyd's engagement practices and SRI funds.

Promoting diversity in the workforce

We believe that by recognising an individual's abilities and talents and by promoting positive attitudes towards diversity, we will enable all our employees to achieve their potential and deliver the greatest results.

Since 2004, a steering group of executives, led by a member of the executive committee, has worked with Aviva's group diversity director to deepen our understanding of and commitment to diversity. The steering group's aims are to provide a vision and leadership; implement and facilitate initiatives; develop and measure metrics to report progress. This group was responsible for launching the Think Again campaign in 2005 which aimed to enhance awareness and understanding of diversity and included a brochure, online game, DVD and intranet site.

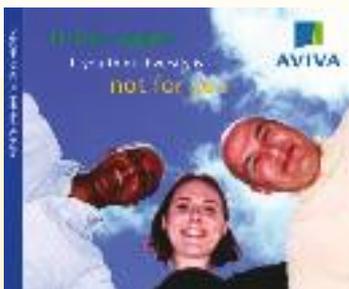
Our approach was awarded the IVCA Clarion Award for best interactive communication and the New York Festivals International Film and Video Awards – gold and grand awards for employee communication and training.

Diversity in Aviva

The group diversity policy requires that equal opportunity is provided to all people regardless of age, physical ability, sexual orientation, gender, religion and beliefs and ethnicity. However, a modified approach is required in different countries to take account of their social/cultural structures and traditions. For example, in India, in addition to the above, we include mother tongue, family background, place of origin and educational qualifications.

The success of the group's diversity work is reflected in the increasing number of senior managers who are female: 18%, following an upward trend since 2000 when this figure was 13%.

In the UK, a working group has been set up to look at the implications of the proposed new legislation on age due to become law in October 2006.



1 Aviva's Diversity brochure

Suppliers

The revision of the group purchasing policy in 2005 has intensified focus on CSR in our purchasing practices.

The policy now states that:

'Aviva takes its responsibilities to its employees, customers, shareholders and the environment very seriously and expects all purchasing activity to actively support the aims of the group corporate social responsibility policy of which a key element is responsible purchasing'

The policy is being rolled out to all Aviva businesses in 2006 together with an implementation guide on day-to-day adherence to the policy.

In the Netherlands, Delta Lloyd Group's procurement team has also developed and implemented its own CSR code of conduct for suppliers. 100% of preferred suppliers signed this by mid-January 2006.

Skills development and transfer

To provide a uniformly high standard of purchasing throughout Aviva businesses worldwide, an International Purchasing Programme has been launched to provide support and share good practice. So far, UK experts have been seconded to the purchasing teams in both France and Canada for one year.

Hibernian in Ireland has also participated in benchmarking good practice across the group.

At the beginning of 2006 over 75% of the UK Norwich Union Professional Services purchasing team attended a day's training on CSR. It covered what CSR means to Aviva, the role individuals can play in securing and promoting the importance of CSR in our supply chain relationships and the tools available to support them in this.

Responsible supplier management

Including CSR aspects during the supplier tendering process and at renewal continues in the majority of our businesses. We do this in questionnaires and by holding meetings and reviews to discuss CSR commitments and obligations. Human rights questions form an integral part of the CSR question set for suppliers. For example, Norwich Union Professional Services in the UK requests supplier's stance on the UN Universal Declaration of Human Rights and ILO core labour standards in respect of their own employees and their suppliers.

Supplier payment terms

The standard payment terms for Aviva remain at 28 days, however, our businesses often support local payment practices, which may differ from the group's standard. Our businesses endeavour to pay invoices on time, where possible, and Hibernian has been praised by its suppliers for fast payment (average 25 days). Aviva Hayat in Turkey pay invoices on average 15 days, which is better than local practice. To support its efforts for prompt payment, Commercial Union Polska is launching a Database of Agreements in 2006 to improve monitoring of payments.

Morley Fund Management did not achieve its target set for supplier payments in 2005, although better performance was achieved than in 2004. During 2005, Morley developed a supplier payment software programme, to be released in 2006, to help improve prompt invoice payment. Together with this new programme and other internal processes that are now in place, it is expected that payment of 85-90% of suppliers' invoices will be achieved within 28 days of receipt.

75%

Our purchasing power provides us with opportunities to influence suppliers' CSR performance, which benefits us and our suppliers.

Phil Reeves, Director of Purchasing, Norwich Union Professional Services

over 75% of our businesses include CSR aspects in supplier tendering processes

Environment

Strong progress has been made in the management and reduction of Aviva's direct environmental impacts.

The potential impacts of climate change are issues we are actively addressing at Aviva. We outline below the work already undertaken to reduce our direct environmental impacts*. Further details of how we are helping to mitigate and adapt to the impact of climate change can be found on page 9.

Property management

Environmental impact reductions are becoming a 'business as usual' consideration in the building, refurbishment and day-to-day management of all office locations under our control.

In the UK, the refurbishment of our general insurance head office in Norwich continues, and has been awarded a 'very good' rating by the British Research Establishment Environmental Assessment Method (BREEAM). Two new buildings will be completed in Norwich in 2006 and they have also received that rating.

Our new head office buildings for Aviva Hayat in Turkey and Aviva France have been constructed with reduction of environmental impact in mind. Similarly, in 2006, new buildings for Aviva USA and Hibernian's head office in Ireland will also incorporate environmental considerations in their construction, fixtures and fittings.

We have conducted a biodiversity survey on the 40 acre site of our office in Perth in the UK, as a result of which we will be planting additional trees and installing roosting boxes for birds and bats and hibernation boxes for insects.

Energy use

The consumption of zero emission electricity in the UK managed property portfolio continued in 2005. Further, our businesses in both Ireland and the Czech Republic acquired 20% of their electricity from renewable sources. While CO₂ output fell for those that reported this data, overall electricity consumption did increase. We will be seeking to reduce this during 2006.

Measures employed to reduce electricity consumption across our businesses included a mix of the new and the old: energy awareness campaigns in Ireland; switching off lights and computers in Hungary and using the stairs in Canada; adoption of a Think Global Act Local environmental awareness campaign in the UK; a switch to energy-efficient screens in Spain, the Netherlands and the UK; the introduction of multi-functional IT equipment in Ireland.

Paper use

Paper consumption has reduced group-wide by 967 tonnes, an 11% reduction on the previous year.

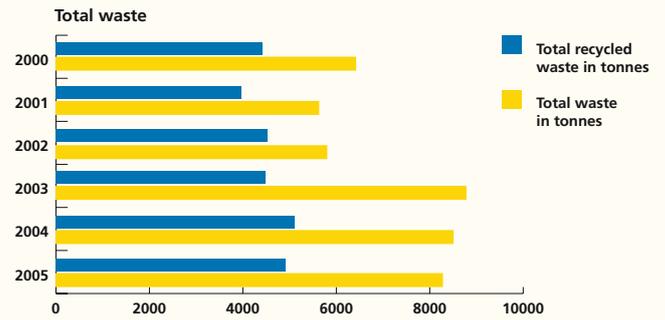
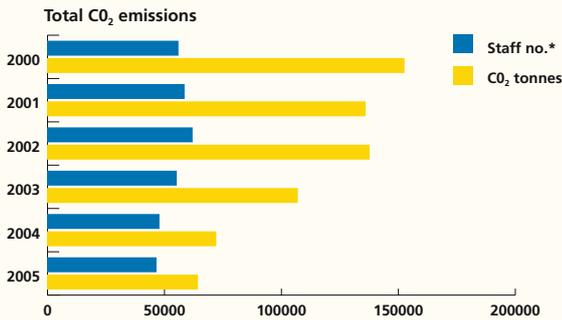
While the percentage of paper purchased with some recycled content is still low, it increased over the past year by 60%. Aviva Australia introduced 100% recycled content paper for use in all copiers and printers. The UK businesses successfully trialled 80% recycled content paper in 2005 and will purchase all copier paper used annually from this source in 2006. Aviva's annual report and accounts and annual review for 2005 have been printed on paper with 55% recycled content paper for the first time. Aviva Italy also uses recycled paper for its policy documentation.

Paper consumption increased in some businesses in 2005. However, for Aviva Romania this increase reflects increased sales over the year, which, sometimes, unavoidably leads to increased paper consumption.

Businesses continued to try to reduce paper use. For example, Delta Lloyd Group in the Netherlands reduced its paper consumption in its central printing department by 10%. Similarly, Aviva USA achieved a reduction of 17%.

We use 100% renewables-sourced electricity in UK managed properties, and 20% in both Hibernian and Aviva Czech Republic





Double-sided printing remains a popular means of reducing paper use in our businesses such as those in Hungary, Poland, the Czech Republic, the Netherlands and Aviva head office.

In 2005 Aviva USA and Norwich Union Professional Services introduced electronic payslips. During 2006, electronic payslips will be introduced across the UK businesses. Overall, this measure should reduce paper consumption by over 340,000 sheets or 1.67 tonnes per annum.

Travel and transport

Total car business travel has reduced by 22 million kilometres and the combined car fleet has reduced by 679 vehicles.

Aviva Hayat in Turkey changed its fleet of cars from leaded fuel to unleaded and diesel models. These changes were made in November 2004 and resulted in a 9% reduction in CO₂ emissions and 19% reduction in total amount of fuel used over the year

Aviva Czech Republic reduced business travel by car, thereby achieving a 30% decrease in CO₂ emissions.

Several businesses including Aviva Canada, Aviva Italy and Delta Lloyd Group provide staff with public transport subsidies for the commute to work.

Aviva USA and Aviva France also offer subsidies and additionally provide a shuttle bus service to and from the train station for their head office employees.

Aviva Canada supported Pollution Probe's Clean Air Commute Week, an initiative to reduce air pollution by using public transport, carpooling, working from home, switching to cleaner fuels and maintaining proper tyre pressure. 355 Aviva employees took part, putting Aviva in 8th place in terms of level of participation. This support by our employees generated a total saving of 12 tonnes of pollutants.

The Delta Lloyd Group operation in the Hague has joined a city scheme that lets employees try out scooters free of charge for a month to combat congestion problems.

Waste management

Waste management has continued to be a focus for many of the businesses. Recurring challenges are the lack of space in which to store segregated waste in smaller offices and the lack of recycling infrastructure in some of the countries in which we are present. However, overall good progress has been made.

The UK businesses now recycle fifteen different waste streams. The percentage of recycled waste now stands at 62%.

The new head office building in France provides segregated waste bins, which enables staff to recycle close to 100% of all waste. 'No-cup' options on vending machines and encouragement of employees to use mugs also helps to reduce plastic cup waste.

In Turkey, Aviva Sigorta introduced recycling boxes for paper last year, while Aviva Hayat, the Life company, recycled 26 tonnes of paper. Our subsidiary in Lithuania was able to recycle approximately 25% of its paper waste.

Aviva businesses have won many awards in respect of waste management and recycling, including gold awards for three locations in York and a platinum award with special commendation for the Aviva head office in London as well as three gold awards for other buildings in London, including Morley's head office.

* This currently covers 85% of our business by staff numbers. RAC will be included next year.

11%

reduction in global CO₂ emissions during 2005

62%

of waste is now recycled in the UK



Community

In 2005, Aviva invested over £5.7 million in community initiatives worldwide.

Aviva measures its community activity by using Business in the Community's PerCent Standard which captures giving and support not only in financial donations, but also in benefits in kind, such as the use of office space free of charge, and employee time, through volunteering and management time.

Businesses are responsible for managing their local community programmes and are committed to supporting their communities, as the following examples illustrate.

Supporting youth education and development

By providing the Education Volunteers Foundation of Turkey with a mobile classroom, our business in Turkey is helping to tackle the education problem in the country.

Aviva Offshore Services in India helps Akanksha run education centres where under-privileged children can learn English and mathematics and take part in monthly activities like field trips and sport events.

In Hong Kong, Aviva supports Sowers Action, a charity dedicated to helping poor children living in remote regions of China to obtain an education.

Promoting health and social welfare

Several businesses focus on provision of health and social welfare. For example, Commercial Union Polska, in partnership with Vita, a lifestyle magazine, offered free medical checks in 10 Polish cities.

Aviva India fundraised for the children of Balajothi Trust, a school for children suffering from cerebral palsy. In partnership with FORCE, a local NGO, it also launched a rainwater-harvesting project in Delhi to help residents combat water shortages in the summer.

Community investment in line with core business

In line with Norwich Union's crime prevention aims, it sponsored a security scheme with the local police in Norwich for homeowners who have been burgled. It also supported an initiative in Hampshire to help children off the street on Friday nights.

Bad driving is still the number one killer of teenagers in Canada. There, Aviva is sponsoring the Ontario Students Against Impaired Driving (OSAID) organisation, which promotes safer, more responsible driving among young people.

Disaster relief

Across the group, strong support was shown for the victims of the Asian tsunami. By matching funds raised by staff and through salary sacrifices and volunteering, over £700,000 (of which £200,000 came from employees) was donated to the relief effort. Aviva USA fund-matched staff donations for the victims of Hurricane Katrina. Aviva Australia also raised money for the Pakistan earthquake.

Staff involvement and volunteering

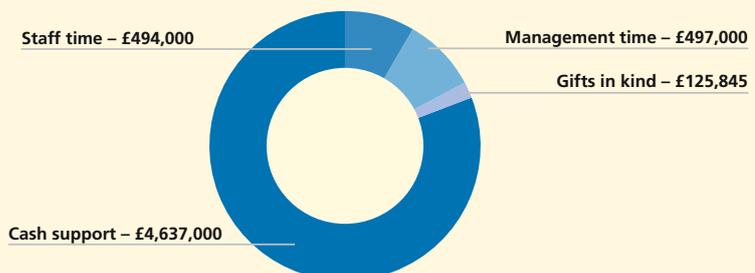
Staff support ranges from reading and mentoring schemes in Norwich Union Insurance and Morley, to staff in Commercial Union Lithuania giving time for after school activities with orphaned children.

In 2005, Hibernian set up a volunteer programme called 'reaching out to the community' which enables staff to deploy their skills in practical ways.

Payroll giving and matched funding by some of our businesses continue to encourage staff participation in supporting the community.

24,000

hours volunteered across the group during 2005



Global community investment

External engagements

A key to progress in CSR is working with different partners to mutual benefit. Over the past year, we have continued to have fruitful relationships with the United Nations Environment Programme Finance Initiative, BTCV, Earthwatch, WWF, Business in the Community and the Institute of Business Ethics. We have also recently joined the International Business Leaders Forum (IBLF) and the Corporate Responsibility Group. Our internet report provides more information on all these relationships. In this summary, we provide comment on three external engagements:

FORGE

Aviva has chaired the FORGE group of UK-based banks and insurers since 1998. The group has completed four projects providing guidance on: firstly environmental and secondly CSR management and reporting; key CSR performance indicators; social, environmental and ethical information to be included in a company's annual report and accounts, in line with the EU Modernisation Directive. As there is no universally practised CSR management and reporting system for financial services, we see the continuing work of the FORGE group as a vital torch to light the way forward.



Global Compact

Aviva is proud to chair the UK network of the United Nations Global Compact. Its members work together to advance their own understanding and practice in respect of the ten principles of the Global Compact and its reporting obligations.

The Global Compact regards the setting up of local networks around the world as a key step in promoting CSR capacity building to help businesses everywhere respond to the ten principles. The UK network is assisting the development of networks overseas. Aviva is giving help with the networks in both Lithuania and Turkey.

The primary goal of the Global Compact is to enlist the power and engagement of the business world in helping to address some of the most pressing challenges for the planet and all its inhabitants – challenges, which far exceed the capacity of any one government or business and which demand new approaches.

The United Nations is the only international organisation capable of bringing together governments, business and NGOs to explore and try out new approaches to old problems. Evidence of our actions to comply with our undertakings under the Global Compact can be found in this report in the sections on standards of business conduct, environment, workforce, health and safety and customers. Aviva remains firmly committed in its support of the Global Compact.

Aviva Chair in Leadership and Responsibility, INSEAD

The creation of the Aviva Chair in November 2004 was a contribution to the production and sharing of knowledge on issues of relevance to society and of interest to Aviva, particularly in its effort to internalise further its responsibility commitment.

The first output was a research paper to answer the question: "Should Multinational Corporations be concerned with the Global Common Good?" Following solid arguments for a positive answer, Henri-Claude de Bettignies, the Aviva Chair Professor, went further to explore how the insurance industry could enhance its contribution to the Global Common Good. With his colleagues, he produced a research paper "The Insurance Business and its Image in Society: Traditional Issues and New Challenges" which is an assessment of the public perception of the insurance business today and of its contribution to society, suggesting ways to improve them, along with the challenges on the road. Both projects have been conducive not only to publications in academic journals, but also in executive programmes at INSEAD, a leading global business school, and with Aviva's Leadership Academy.

Currently, a study of the effective offshoring process in India and of its consequences (medium and long term) is near completion, while an exploration of the relationship between risk, leadership and responsibility has begun.

Recognition of our performance

During the year, our performance in developing and managing our CSR programme was recognised by a range of external parties including indices, ratings agencies and investors.

We are pleased to continue to be the only UK insurer included in both the Dow Jones Sustainability World and STOXX indexes. We also continue to be a member of the FTSE4Good Index Series.

Following its launch in 2005, in 2006 we were listed for the second year in the Global 100 Most Sustainable Corporations in the World. The ranking was based on analytical data provided by Innovest Strategic Value Advisors, an internationally recognised ratings agency.

Other rankings include:

- 1st in the global insurance sector by Société Générale;
- 2nd among financial services companies and 23rd over all in the new Fortune Global 100™ global ranking of companies for CSR management, as measured by the Accountability Rating™;
- Joint 2nd highest performing company in our sector by Reputex, an Australian ratings agency, in its appraisal of 400 entities globally, including 34 companies within the insurance sector.

Triodos Bank in the Netherlands acknowledged us as the top CSR performer in our sector out of 18 global insurance companies.

The feedback and assessments we received during the year have consistently placed us either at the top of or among the top CSR performers in the financial services sector. We value these assessments because of the research that underpins them. We are also convinced that they are gaining importance with investors, staff, customers and other stakeholders.



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AA-
SOCIAL RESPONSIBILITY RATINGS
Reputex®

Triodos Bank

ACCOUNTABILITY RATING 2005

SOCIETE GENERALE
Cross Asset Research
Equity Research



There is increasing evidence that investors are using CSR criteria as a factor in making their investment decision.

Charles Barrows, Investor Relations Director, Aviva

Independent assurance statement

Aviva is committed to annual external assurance. This year's external review of our CSR report is provided by Ernst & Young. The assurance process covers the entire CSR summary report.

To the management of Aviva plc

We have been asked to review Aviva's "2006 Corporate Social Responsibility (CSR) Report – a summary" (the Report) in accordance with the scope of work described below. Aviva management has prepared the Report and are responsible for the collection and presentation of information within it. Our responsibility in performing our work is to Aviva management only in accordance with the scope of work agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation.

Our scope of work

Our assurance engagement has been planned and performed to obtain a limited level of assurance in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or reviews of Historical Financial Information (ISAE3000). We have undertaken a series of activities to review the progress made in CSR during 2005 in order to provide a basis on which to challenge the Report's content.

We have completed the following activities:

- Interviewed key management and functional staff identified as having group responsibilities for the CSR programme.
- Interviewed CSR nominated managers from five Aviva businesses to understand the processes for managing and reporting progress on CSR within those businesses.
- Interviewed four members of management within Delta Lloyd Group (Netherlands) to understand the processes for managing CSR within the business, progress made in two policy areas and the processes for compiling the qualitative information contained in their CSR progress report to Aviva for 2005.
- Reviewed a selection of group CSR documentation such as: board reports on CSR, minutes of the CSR review group and CSR steering group meetings, and guidance documents on CSR reporting.
- Reviewed the CSR progress reports received from each of the Aviva businesses covering CSR activities in 2005.
- Tested that data in the Report has been correctly transposed from internal reporting processes.

Our conclusions

Based on the scope of work described above, we conclude that:

- We are not aware of any examples in the Report of CSR activities in the Aviva businesses that are not also found within the CSR progress reports submitted by each business or related correspondence.
- We are not aware of any errors in the transposition of data from the internal reporting processes to the Report.
- We are not aware of any statements or claims within the Report relating to CSR activities which are inconsistent with the evidence obtained through our work.

ERNST & YOUNG
Quality In Everything We Do

Ernst & Young LLP
London, 17th March 2006





If you have any comments or queries about this corporate social responsibility report, please contact:

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