

Aviva plc
Corporate Social Responsibility 2007
This is a summary report, the full report is available at www.aviva.com/csr07



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Structure and performance

Aviva is the world's fifth largest insurance group and the largest insurance services provider in the UK. We are one of the leading providers of life and pension products in Europe and are actively growing our long-term savings businesses in Asian markets, Australia and the USA. Our main activities are long-term savings, fund management and general insurance.

We have premium income and investment sales of £41.5 billion and £364 billion of assets under management. We have 59,000 employees serving over 40 million customers.

UK	Europe	International and Morley
Main operations	Main operations	Main operations
 	   	 
	Geographic presence	Geographic presence
	France Ireland Italy Netherlands Poland Spain Lithuania Turkey Hungary Czech Republic Romania	Singapore Hong Kong India China Russia Australia USA Canada Sri Lanka

Corporate social responsibility

Welcome to our corporate social responsibility (CSR) summary report. This year's streamlined report has been designed to make it easier to navigate and to see the progress we have made with the CSR challenges we face. We hope our achievements in 2006 speak for themselves. Some highlights are noted in brief below.

Our major **community** initiative last year was being one of the first partners to sign up to the Oxfam 365 Alliance, which aims to support the infrastructure necessary for Oxfam to respond rapidly to emergencies.

To play our part in addressing **climate change**, we made a commitment to become carbon neutral worldwide. We have also increased the number of our business units using zero emissions electricity.

New **customer** initiatives, such as reduced insurance premiums for hybrid cars, encourage customers to reduce their carbon emissions, while our socially responsible investment funds surpassed £1 billion funds under management.

Aviva's global employee survey showed an improved engagement with our own **people**. We earned several external recognition awards for global **diversity** initiatives, including creating new networks for women.



Our CSR achievements in 2006 were recognised by our continued inclusion in the Dow Jones Sustainability World and STOXX indices and the FTSE4Good index series.

You can find the full CSR report online at
 www.aviva.com/csr07

Our vision for CSR

Acting responsibly for the long term in how we do business, to help meet our ambition of being the world's most trusted savings, investment and insurance provider.

Chairman's statement

I am delighted with the progress Aviva continues to make in its role as a responsible corporate citizen. The board remains keenly aware of the need to develop our business to be sustainable and responsive to the needs of customers, staff and the wider communities in which we operate.

CSR is fundamental to our business. Good governance and social responsibility cannot be an afterthought. Indeed, one of the major challenges for companies today lies in providing responsible leadership in times of significant change. During 2006, we held the first meetings of the Aviva board's newly formed CSR committee, which aims to give direction and challenge to Aviva's CSR efforts. As a member of that committee, I have been interested to see the initiatives in progress around the group, and impressed by the level of commitment, dedication and enthusiasm among our employees in making CSR part of "business as usual".

From all the challenges we face, as a company and a world community, that of climate change is one of the most urgent. The Stern Report, published in October 2006, sets out clearly the devastating consequences for the environment and economies worldwide of increased carbon emissions and extreme temperatures.

We take these concerns seriously. Aviva has had schemes in place to reduce our CO₂ output for some time. Those efforts will continue, but we also recognise that we alone cannot remove our carbon footprint altogether. We have therefore decided to become "carbon neutral". This means we shall commission third parties to absorb or reduce carbon output to offset our emissions – for example, through projects that themselves reduce carbon outputs, displace current fuels or by generating zero emissions electricity. In identifying worthwhile carbon offset projects, we will also look primarily at those that promote local community benefits and sustainable development.

Another issue in which I have taken a great personal interest and involvement in is the development of the UK's Companies Act 2006. This Bill places greater emphasis on the internal governance and social and economic impacts of public companies. I strongly support these reforms and am certain that Aviva is in excellent shape to handle the forthcoming changes.

In summary, we are committed to improving our performance across this agenda in 2007, and I look forward to the future with great confidence.

Lord Sharman of Redlynch OBE Chairman



Left to right:

Richard Harvey

Group chief executive

Lord Sharman of Redlynch OBE

Chairman

Group chief executive's statement

Aviva's stated ambition is to be the world's most trusted provider of savings, investments and insurance. There is no question in my mind that acting responsibly in how we do business will play a key part in winning the trust of our stakeholders. The theme of responsible action over the long term is also very much part of our "Forward thinking" philosophy.

Of course, trust is not simply given to you – it needs to be earned.

We look to meet our customers' needs by offering them relevant, simple to understand products that they can trust. We try to understand their needs in depth, for example, by conducting research among 50,000 people in more than 20 countries to assess attitudes to saving. We also have a comprehensive feedback system to help us measure levels of customer satisfaction with our service across our businesses.

As the need for personal pension provision grows, Aviva has launched a website at www.six-steps.org, which provides tools to help people understand their finances and to plan for retirement. We do not sell our products through six-steps; our aim rather is that over time it will help customers and potential customers to improve their understanding of their financial priorities and help them make informed choices about solutions.

Our own employees are also vital stakeholders. We are involving them in making Aviva a great place to work and want them to be proud to work for us. Through our annual global employee engagement survey, we listen to their feedback. In response to that feedback, we have launched a number of initiatives aimed at creating an improved working environment characterised by fairness, respect and inclusiveness. It was pleasing to see Aviva recognised in *The Times* as one of the top 50 best places for women to work in the UK. In 2006 Aviva's efforts were also recognised in winning the Business in the Community Opportunity Now City Award as well as several other awards for our diversity agenda.

Environmental issues remain at the forefront of our thinking. As a member of the CBI's task force on climate change, I have joined UK business leaders in examining the role business can play in tackling climate change.

We want the communities in which we operate to see us as a responsible company, taking account of the social impacts of our activities.

Our financial commitment to community initiatives and charitable causes worldwide during the year was over £6.3 million. In April 2006, I visited the village of Seenigama, in Sri Lanka, one of the tsunami reconstruction projects funded by Aviva in Sri Lanka and Southern India. I am very proud that Aviva is helping so many people rebuild their lives after such a terrible disaster.

In September I joined 1,600 walkers on the 60km Aviva Weekend to Breakthrough Breast Cancer, held in London. This walk, together with another in Birmingham also sponsored by Aviva, raised more than £5.3 million.

Aviva is a founder partner of the Oxfam 365 Alliance. This initiative supports advance preparation for disaster relief so that immediate help is always possible.

For Aviva, CSR is more than a worthy cause – it has to be embedded as part of the way we do business. So, for example, our product development takes account of our aim to act responsibly over the long term. In the UK we have moved from pilot to full launch of our market-leading "Pay As You Drive"™ motor insurance product, which encourages more thoughtful use of cars by charging on a per mile driven basis and raises awareness of road safety issues. Norwich Union is also the first UK insurer to provide discounted insurance specifically for bioethanol vehicles. Likewise, Aviva Canada, Delta Lloyd and Aviva France offer premium discounts to drivers of hybrid cars.

We can also use our leverage as an investor to champion responsible behaviour aimed at sustainable development. In June 2006, Morley, our fund management business, played a major role in raising £30 million from investors to lend to microfinance institutions. This initiative will provide about 300,000 small, collateral-free loans at reasonable rates to people in need in Latin America, Eastern Europe and Southeast Asia over the next five years.

Aviva continues to be the only UK insurer included in both the Dow Jones Sustainability World and STOXX indices, and we remain in the FTSE4Good index series. In an increasingly complex business environment, many investors use benchmarks such as these to look beyond short-term financial performance. They understand that a company that addresses the challenge of being socially responsible has better long-term prospects.

As I prepare to step down as group chief executive, I remain convinced of the value that CSR brings to our business, and firmly believe that Aviva is in excellent shape to continue its progress.

Richard Harvey Group chief executive

Future focus for CSR

Acting responsibly in how we do business will play a key part in winning the trust of our stakeholders and building a successful and sustainable business in the long term.

Our vision and strategy for CSR is aligned to the company strategy and informed by stakeholder analysis, to make sure that we meet their needs, from our employees and customers to our shareholders and investors.

Over the coming year we will be focusing our efforts in five key areas to put our CSR strategy into action.

1. Building a higher level of awareness of CSR

Our vision is one where every employee is a CSR champion. With 59,000 employees, that makes a powerful force for raising CSR awareness internally and in the wider world. We will look for innovative ways to inform and involve our people in the CSR agenda, and make use of our employee surveys to understand how they would like us to engage with them.

2. Managing the environment responsibly

We have a long term responsibility to manage and reduce our impact on the environment. In 2006, we responded to climate change by making a commitment to be the first carbon neutral insurer covering worldwide operations. Now we must focus on making that happen.

In 2007, we will be getting our business units to reduce emissions by, for example, better managing energy use and sourcing zero emissions electricity. We will also encourage them to take more innovative approaches, such as our Irish business Hibernian's new environmentally efficient building.

3. Developing the external agenda for CSR

We have developed a vision and strategy for CSR, but we want to look beyond our business to the wider challenges and how we can respond to them. We will continue to engage with external bodies, playing our part in finding solutions to CSR challenges. We participate in FORGE, a group of UK-based financial service providers that focuses on CSR issues, and we will continue to take part in climate change forums this year, such as those at the Association of British Insurers, CBI and the Prince's Trust.

4 Promoting diversity and human rights

We know that having people feel included and respected at work increases their productivity, teamwork and engagement. To help our businesses further to embed diversity, we will be launching our innovative and interactive Respect@work toolkit. We will also build on the success of our women's networks to show our support and respect for other groups and, in particular this year, to promote both Aviva Pride, our recently established UK gay, lesbian and bisexual network, and multicultural understanding.

5. Embedding CSR in our business

This year, we want to focus on the continuous embedding of CSR in our business units, so the group CSR team and the business units will be working in partnership to achieve the company's CSR vision. We will be sharing best practice, tools and programmes to help get CSR on everyone's agenda.

Customer centricity is at the heart of what we do. In 2007 we will continue to identify ways to embed CSR in the design and delivery of our products, while making it easier for customers to do business with us in an open, honest and fair environment. We will also continue to seek their feedback on how we are doing.



Left to right:

John Ainley

Group HR director

Annette Pendrey

CSR research manager

Janneke Dijkstra

CSR communications manager

Reena Dayal

Senior diversity manager

Louella Eastman

Group CSR director

Cathy Ching

Personal assistant

Zelda Bentham

Environment manager

David Hope

Group HR strategy director

Michelle Wolfe

CSR reporting manager

Simi Shasanya

CSR assistant



CSR governance

From January 2007, the CSR and diversity functions have been combined into one CSR team with a wider remit, which gives them clearer accountability for delivering our CSR programme in one place. This new team will take the lead on the much broader set of activities that form our CSR agenda. The team now reports to executive committee member and group HR director, John Ainley.

Aviva's board CSR committee had its first full year in operation. You will find a separate report from its chairman, Professor Wim Dik, opposite.

CSR forums

We have a central CSR steering group, which meets three times a year to review progress, exchange good practice and consider our response to specific CSR challenges. We also have a European steering group which meets each January. It brings together European businesses to review performance, exchange good practice and consider local CSR issues. Finally, we have an annual CSR conference that brings together CSR representatives from across the group to review progress, set priorities for the coming year and share best practice.

Board CSR committee

It is pleasant and challenging to have the opportunity to chair Aviva's newly formed board CSR committee, which has completed its first year in operation.

The CSR committee is responsible for CSR strategy and policy, and for reviewing the progress of our CSR programme. In addition, it will also monitor the group's risk exposure through progress reports from the businesses. The committee met three times during the year.

A key focus for the committee in 2006 was participating in discussions on climate change and Aviva's response. Aviva has prepared a climate change strategy and in December announced a commitment to carbon neutralise operations worldwide. We provided input on the decision to become a founding partner of Oxfam's 365 Alliance and to changing our assurance providers. We agreed the competencies for business unit CSR champions, together with approving a common standard for business unit reporting to the committee.

I was also pleased to have the chance, together with Aviva's Chairman, to attend part of the company's annual CSR conference in June 2006. It provided a useful understanding of CSR activities being undertaken across the group and to learn of the issues which were relevant to the various businesses.

I look forward to an effective agenda in 2007.

Professor Wim Dik

Senior independent non-executive director – Chair, board CSR committee



 www.aviva.com/csr07/customers

Promoting and rewarding responsible driving

We are keen to foster social responsibility and are always on the lookout for innovative products that meet real customer needs. These motoring initiatives do just that and are a great success.

Norwich Union's UK "Pay As You Drive"™ insurance uses telematics technology to assess where, when and how far customers drive, giving them more control, choice and flexibility over their premiums. When we trialled it with 1,500 young drivers, limiting night-time driving, car accidents in this group fell by 20% and premiums by approximately 30%. Last September, we launched "Pay As You Drive"™ products for young drivers, plus lower mileage drivers (under 8,000 miles pa) who use safer roads, and fleets who are encouraged to drive more safely using risk management and duty of care principles.

Aviva Canada's Autograph programme also uses telematics technology to assess risk. Customers can directly influence their premium by receiving credit for their individual driving behaviour. People who drive off-peak, when it is less risky, are enjoying discounts in the range of 15-25%.

Finally, to encourage cars with a lower carbon footprint, some of our insurance schemes in Canada, the UK, France and the Netherlands give discounts to drivers of hybrid and biofuel cars.

Customers

We aim to provide our customers with prosperity and peace of mind by offering them relevant, simple to understand products that they can trust.

Our business is people. What do they want from life? What keeps them awake at night? Customers drive everything that we do and we want them to feel secure because they trust us to be fair, honest and open with them. They want to be sure that we will give them helpful service and clear information. In 2006, the board approved a group customer policy to make sure that all our businesses worldwide work this way.

We take responsible selling seriously

We think responsible selling starts with clear, open and honest advice. In France, Aviva's 'Le Bon Conseil' is a new customer advice process that combines IT platforms, back-office and customer-facing processes to ensure that customers are offered seamless, consistent and regular advice in all businesses. In addition, the life business, Aviva Vie, launched a new website to help customers keep track of their investments and contracts online. In the Netherlands, Delta Lloyd now explains its more complex financial products in a short, clear leaflet, while in the Czech Republic, Aviva puts its product and service fees on the website and trains agents in how to explain them.

Our strong commitment to responsible selling is demonstrated in the steps that we have taken to improve our agent sales. In Poland, our agents must now fill in a needs folder and complete a financial analysis, which managers must check before policies are approved. 'Mystery shopping' programmes keep an eye on this and agents' pay is based primarily on customer service. In the Czech Republic, Aviva's new sales system now stresses responsible selling rather than quick sales. Agents have to meet customers twice, first to explain products and analyse needs, then to answer questions and check that products really do meet customer needs. In Spain, a new Act is helping Aviva to avoid agent mis-selling by making sure that agents are not only better trained, but more open with customers, assessing and justifying their needs in writing. In Hungary, meanwhile, additional training courses for Aviva's sales agents helped to reinforce our focus on sales quality.

We are improving financial literacy

Retirement planning can be a difficult subject. A lot of people prefer not to think about it or do not always understand their options. Norwich Union worked with a journalist on a new brochure to help educate consumers. It outlines what financial options are available at retirement in plain English and gives honest, unbiased advice on finding the right product. Its clear and open approach works so well that the website is now in the same style and its 'makesenseofit' micro-site guides people through the maze of investment products.

We believe in satisfied customers

Our businesses take pride in surveying customers to help improve service and we continually ask 'are we giving customers what they want?'. In China, a record-breaking survey asked 15,000 people for feedback on 24 insurers. Aviva came second overall, with high marks for before-and-after-sales service, and was in the top three for agency sales, clear policies and product functionality.

If we find customers are not happy, what are we doing about it? At Norwich Union's new listening forums, executive directors and other employees sit with customers who had a negative experience with the company. Customers can see that senior managers take their concerns seriously and sessions are recorded so that other employees can see our genuine commitment to customers.

In Canada, we updated our online claims customer satisfaction page, making it easier to use and adding customer testimonials. We also launched a simple online survey to help us measure how the claims experience affects customers' willingness to recommend Aviva. To help make sure that claims teams do actually give customers a positive experience, we are delivering a programme of customer care presentations and asking front-line employees what we can do to enhance the customer experience. So we were pleased to see that by Q3 last year, Aviva Canada's overall claims customer satisfaction was 94.5% against a target of 92%.

In India last year, Aviva drove its 2005 'Know Your Customer' initiative even further by arranging for 125 people from head office to visit 150 customers. By meeting customers face-to-face, our people could see how their actions affected the overall experience for customers and suggest practical ways of improving it.



Six simple steps to retirement

To help people take control of their finances and prepare for retirement, our new six-steps website (www.six-steps.org) gives free and unbiased advice, with a simple six-step retirement planner to help people understand their financial position. It was launched in the UK, but will be rolled out internationally in 2007.



Satisfied customers at the RAC

To get a more immediate picture of customer service, we gave RAC Breakdown Patrols hand-held devices to get customer feedback on the spot. It was worth it. December's 108,000 returns were a record. The overall satisfaction rating of 91% was our best ever and over 70% rated us as outstanding.

Customers

Making our product and service innovations responsible

If we say customers are at the heart of our business, we need to offer products and services that meet real customer needs.

In India, Aviva continues to build on its partnerships with leading development finance institutions, like BASIX, to provide micro financial services to the underprivileged section of Indian society. In 2006, it developed life assurance, protection, credit and savings plans to meet the needs of India's poorest rural communities and to date we have covered over 650,000 lives.

In the UK, Norwich Union Healthcare improved its dedicated and comprehensive cancer claims service by creating a highly experienced cancer case team so that the service is now available to all Norwich Union customers who have been diagnosed with cancer. By making sure that each customer has a nominated claims handler, we have been able to develop an even more supportive and customer-focused relationship. The team works with Macmillan Cancer Support and tells customers about the wide range of services they can get from the charity.

Simplified Life Insurance has been developed with the consumer at the heart of the proposition development process. Through extensive research consumers told us they wanted a simple, easy to understand proposition which they could access in different ways. The whole application process can now be completed in 10 to 15 minutes.

As for some of our other products, Eagle Insurance in Sri Lanka thought it could do more to help travellers feel secure, so with Eagle TravelSafe, people can now buy travel insurance in seconds online, wherever they are in the world. Meanwhile, in Germany, Delta Lloyd introduced its 'Pflegeschutz' care protection policy to offer peace of mind for the elderly.

In Ireland, Hibernian's use of geo-coding technology, the first Irish insurer to do so, has enabled premium discounts to almost 20% of households. In 2006, together with the Radiological Protection Institute, Hibernian sought to introduce a 'radon detection' layer into the home geo-coding system so that they can warn people who live in high-risk areas to take precautions. Meanwhile, in Poland, our life and pensions business now enables customers to register their interest in a pension product by text, as well as being able to access their premium details online.

We make socially responsible investments

We place great value on responsible investment and have had specialist teams at Morley, the group's fund management business, dedicated to both socially responsible investment (SRI) and corporate governance for six years now. They really understand the impact that social, environmental and governance issues have on investments and show our commitment to effective and responsible investment in two ways.

The most obvious sign of this commitment are the six specialist SRI funds that the SRI team manage. The SRI analysts do extensive research and screening to make sure that these funds are invested in companies that are leading the way in environmental and social practices or in offering products and services that promote and support sustainable development. Morley's SRI team broke their 2006 target by managing over £1.1 billion of retail and institutional SRI funds. The team's deep involvement in SRI is also shown by the papers that they research and write on various sustainable investment themes. In 2006, these included the impact of climate change on the insurance industry, biofuels and healthcare provision for our ageing population.

We also use our influence to promote responsible business practice generally, by encouraging all the companies that we invest in to show responsible business behaviour and by raising and monitoring issues such as environmental liability, corporate governance and human rights. In 2006, Morley became a signatory to the United Nations Principles of Responsible Investment.

Our commitment to socially responsible investment is not just confined to the UK – we offer various SRI funds around the world. In Australia, for example, Aviva's Navigator platform has seven specific ethical funds. And in Italy last year, we introduced the first investment in a socially responsible fund, with the Aviva European Socially Responsible Equity Fund. This fund aims to get good returns by investing in companies that are committed to long-term growth, but without harming society or the environment. Since 1989, Delta Lloyd Group has been managing the Triodos SRI funds. Customers of Delta Lloyd Group can choose to allocate part of the investment component of their insurance policies to these SRI funds.



Moving UK pensions down under

Navigator, our online fund administration system, has improved the process for UK pension transfers. Now, Australian residents with money in UK pension schemes can transfer their funds quicker and more easily. Navigator is one of the first businesses in the world to give customers this flexibility.



Morley build micro-loans foundations

Micro-loans are small loans at reasonable rates that help the poor to help themselves. In June, Morley helped to raise \$1.5m. This underpinned the \$60m lent to the microfinance institutions who will finance 300,000 micro-loans in Latin America, Eastern Europe and Southeast Asia over the next five years.

Standards of business conduct

We ensure that, in everything we do, we meet the highest standards of business conduct.

We are committed to being a responsible business. We aim to ensure that everything we do meets rigorous ethical, professional and legal standards. Underpinning our approach is a policy on standards of business conduct that all businesses across the group are required to apply. We seek to ensure that everyone knows what our standards are – and that they follow them. All our business unit heads are asked to provide annual assurance that their business has followed our policy and applied the relevant standards.

Embedding our standards of business conduct

Our businesses find different ways of embedding our standards in their day-to-day activities.

Many businesses start with the Aviva values of *integrity, performance, progressiveness and teamwork*. For example, in Australia, all employees take part in a values programme to help them relate the Aviva values to their own team's work.

In India, Aviva Global Services' offshore partners go to great lengths to build in high standards of business conduct. Their operating manuals include ethics, integrity and business conduct. Quality checks are built into each process, with a particular emphasis on data security. Compliance issues are a feature of team meetings and they regularly audit operations to help them identify and then reduce any risks.

In Aviva Asia, the standards of business conduct are included in the employee handbook and other employee communications. To check that they are being applied, all Aviva Asia businesses must audit their processes and report results to the audit committee or board. To help embed the standards in China, the group financial crime team led a business conduct workshop and reviewed measures on financial crime and anti-money laundering.

In Europe's emerging markets, ethical behaviour and corporate values are integral to all our activities. To reduce the risk of malpractice in the Czech Republic, Aviva has tight controls to monitor any breaches of ethical standards, and agents must follow our ethical code of practice. In Romania, as Aviva knows that its reputation is one of its most precious assets, employee meetings in 2006 were used to explain and promote the values in various ways, including through games.

Making sure that we follow the standards

Our standards will not achieve anything if we do not put them into practice. We enable our businesses to monitor their application of the standards of business conduct policy through the work of compliance officers and internal audits. We also use other approaches, such as including business conduct in our performance management systems and getting regular feedback from employees and customers on how we are doing.

Our Irish business, Hibernian, appreciates that the way people do their job is as important as getting the job done, so people's goals include objectives such as treating others with respect. In Aviva Canada, all employees have to sign-off electronically each year, after refreshing their learning, to say that they still understand and comply with the code of conduct.

Finally, despite our best efforts to work to the highest ethical standards, we know that we need to provide whistleblowing tools that actively encourage employees to report any malpractice. While most of the allegations that require investigation are raised by employees with internal management, a 24-hour independently run malpractice reporting service – Safecall – also operates in many of our businesses worldwide.

Keeping financial crime in check

Our businesses take the detection, prevention and reporting of financial crime very seriously. Our largest business, Norwich Union UK, is involved in a number of initiatives in this area.

First, Norwich Union shows its commitment to combating financial crime by publishing clear policies on anti-money laundering, fraud management and malpractice reporting.

A team of anti-money laundering experts use training and a dedicated intranet site to help employees understand how to look out for potential crimes and help the financial crime team, or potentially the police, to gather the information they need.

Finally, a fraud response plan gives all employees and managers clear guidance on what to do if they suspect fraud or malpractice, including the 24-hour Safecall hotline, which makes it easy for them to report any suspicions in confidence.



Italy's passport to shared values

To ensure a shared understanding of our values and ethics code in Aviva Italy, all employees now get a personal 'passport'. At induction, new employees go through the code and other key laws that safeguard business ethics in Italy and then have to sign to say that they understand them.



Award-winning pension fund

In Poland, Commercial Union Pension Fund won best pension fund in Central Europe from Investment & Pensions Europe magazine. The jury praised its proactive and pioneering work in advancing the corporate governance agenda and in applying and promoting comprehensive corporate governance standards.



 www.aviva.com/csr07/environment

The world's first carbon neutral insurance company

To show just how much we want to limit our impact on the environment, in December 2006 we committed to becoming the first insurer to be carbon neutral worldwide. It is a big step, and we will not pretend it will be easy. We have already made a good start by becoming more energy efficient and using more zero emissions electricity. In fact, 55% of the electricity we use globally already comes from zero emissions sources.

Essential business travel and buildings that have to be powered by non-renewable sources mean that we still generate about 125,000 tonnes worldwide. We cannot bring that down to zero, so we are going to offset it. How? By investing in projects that generate carbon credits, such as energy efficiency, fuel displacement and carbon-free energy sources such as wind power.

This is a big challenge, but we believe that climate change is the most important environmental issue that the world faces. As a forward thinking company, we are doing our bit to address this issue and encourage other businesses to follow suit.

Environment

We are only too aware of the challenges posed by climate change. Managing our impact on the environment is central to our CSR programme.

We are actively committed to managing and reducing our impact on the environment. In 2006, climate change moved up everyone's agenda. In the hottest year on record, the Stern Report, commissioned by the UK Government, spelled out the economic and social costs of inertia, but also outlined the immediate benefits the world would see if we all took steps now to reduce our carbon footprint.

Of course, our business is all about helping customers to prepare for the future, including a future affected by climate change. We think we can help society to respond to climate change in four ways. First, by creating or adapting products that encourage people to be more environmentally responsible. Second, by using our power as investors to encourage other organisations to be more responsible. Third, by making sure we take steps to reduce our own carbon emissions and to minimise the impact we have on the environment. Finally, by being the first insurer to go carbon neutral for our worldwide operations.

The focus for all this is our climate change forum, where we are looking at how to minimise the effects of bad weather on our customers and our business. We are also keen supporters of the United Nations Environment Programme Finance Initiative, the Association of British Insurers' lobbying on flood defences, and the CBI's task force on climate change. We also work with our financial services colleagues on various climate change projects.

Here we outline how Aviva is managing its own environmental footprint. The Customers section on page 6 outlines some of the product and service initiatives we are undertaking to promote environmental responsibility among our customers.

Energy-efficient property management

Around the world, we took advantage of both new and refurbishment projects to make environmental savings in our buildings. In Australia, our sustainable practices included re-using materials, recycling waste, using natural heat and light and installing light sensors in our meeting rooms and offices. In the UK, we made environmental savings through the design and management of our new and refurbished buildings in Norwich, in partnership with our landlords.

We are also taking steps to reduce the environmental impact of our investment properties. The Morley property team, which is part of our UK-based fund management business, has worked with managing agents to find ways of using less energy, improving recycling and using fewer resources. The team has also learnt more about environmentally responsible property management, including how to rate properties using the Building Research Establishment's Environmental Assessment Method.

Finding ways to manage energy use

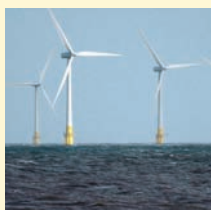
In 2006, our overall energy consumption increased by 28%. One of the main reasons for this is that we have included more businesses in the assessment, including our RAC and Auto Windscreen fleets and buildings, as well as some of our businesses in Asia and Delta Lloyd in Belgium. In our existing businesses, emissions went up slightly due to a requirement for more business travel and the increased use of air-conditioning in our managed properties.

To make people more aware of the impact our offices are having on the environment, most of our businesses run 'switch off' campaigns, using posters and screen savers to encourage people to do just that. Norwich Union's shuttle buses, which made 3,200 trips a week, saved people driving to the office and cut carbon emissions by 27 tonnes a year. It is envisaged that savings will be even higher in 2007 when people switch to the Park and Ride scheme.

At Norwich Union, the managed services and IT teams are testing a way to save energy – and around £1 million. An audit found that 53% of screens and PCs were being left on overnight, so they are testing software that will remotely switch off PCs that are not in use.

Improving waste management

Across the group, we recycle 59% of our waste, a slight decrease on 2005, but this is because we now include new businesses that have been acquired. For existing business, recycling increased from 61% in 2005 to 73% in 2006. Some of our businesses are still not able to recycle, either because they lack the storage space or because they are in countries that do not yet support recycling.



Zero emissions are on the up

In 2006, we passed the halfway mark, in that 55% of our electricity globally now comes from zero emissions sources such as wind, micro-hydro and biomass power. Zero emissions electricity is now used in our businesses in the Czech Republic (17%), the Netherlands (34%), the UK (78%), Ireland (89%) and Germany (100%).



All together now at Hibernian

Our Irish business's new group HQ brings everyone together in a new environmentally efficient building. Features include low energy lighting, recyclable furniture and carpets and plenty of natural light. New print stations have replaced 400 printers and copiers with just 46 devices, saving paper and power and helping people to interact.

Environment

Our businesses are still making good progress. The binless office concept has been such a success at Norwich Union and Aviva's head office that other businesses are now trying it out. As a result, Morley increased its recycling figures in 2006 and Aviva Australia piloted the binless office concept at its head office and will be rolling it out in 2007.

Auto Windscreen, the only UK windscreen replacement company to manufacture windscreens, produce 250,000 windscreens per year and recycled 7,018 tonnes of glass in 2006. To avoid unnecessary replacements when a simple repair would stop the damage spreading, they encourage drivers to repair any stone chips as soon as the damage is done. The waste from 40 replaced windscreens will fill a skip, yet the waste from 40 windscreen repairs will fit in the palm of your hand.

In India, Aviva has found several ways to improve waste management. Apart from collecting newspapers for recycling, they sent around 880 used printer cartridges back to the supplier, so they can eventually be turned into items like pens and clips. They also ask contractors doing interior work to turn waste wood into furniture items which can be donated to places like schools for underprivileged children.

Paper usage

Paper is a big part of our business and, although paper consumption increased to 8,132 tonnes in 2006 from 7,809 tonnes in 2005, we are constantly looking for ways to use less – and to use paper with recycled content.

In France, our life insurance business is changing the way it does business to cut paper out all together. The 'starification' scheme, or paperless office, now allows business to be done online instead. The sales force get most of their information via an intranet portal. They communicate with customers via email and transfers and payments are done online as well. It seems to be a success all round – it has not only cut out paper and faxes, but it is more accurate and efficient and will be extended to other parts of the business over the year.

In Australia, Aviva achieved its target of reducing paper use per person to below 10,000 pages, cutting it to 9,568 in 2006. Many of our businesses, including those in Spain, the Czech Republic and Poland, find that the easiest way to cut down on paper is to encourage double-sided printing. Some offices, such as Delta Lloyd in the Netherlands and Germany and Aviva's head office, have set their printers to double-sided printing as standard.

Where we still use paper, we try to make sure it includes recycled content. In 2006, our use of recycled paper went up by 46%. Recycled photocopier paper is used in our businesses in both Australia and the UK, while Aviva Italy uses recycled paper for all its product literature.

Cutting down on travel

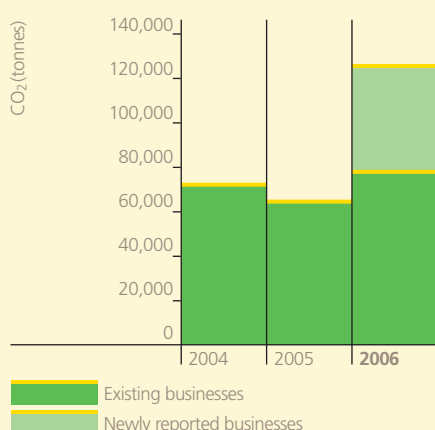
We try to cut down on business travel wherever we can and also take steps to encourage our people to find responsible ways of commuting to work.

In 2006, we did do more international air travel – it was up by 4% overall on 2005 and short-haul journeys raised emissions by 10%. This was mainly because we were integrating our new acquisitions, such as AmerUs in the USA, and building up our operations in Russia and India. To help us cut down in the future, we are trialling a telepresence project, which is being sponsored by our CEO.

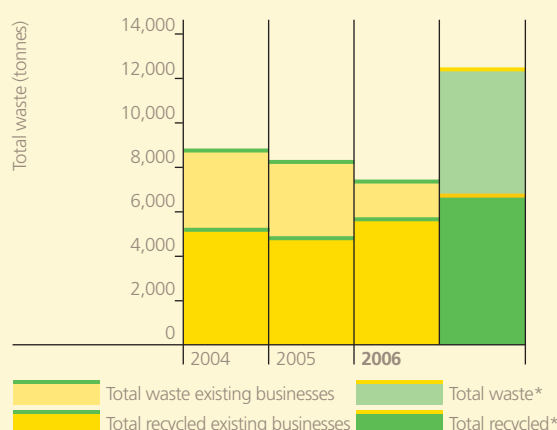
We have also found more immediate ways to cut down on travel and emissions. Due to the improved rail service in the Czech Republic, our people now prefer to go on business trips by train rather than driving. Train journeys are up four-fold and we have saved 1.2 tonnes of carbon emissions.

Australia has focused on cutting the number of car commuters, with real success. Since 2004, the number of employees walking or cycling to work is up 41% and public transport use is up 13%. They also have an in-house car pooling scheme, added 40 new bike spaces and introduced a walk-to-work group. So, it is no surprise that in 2006, the number of employees driving to work fell by 28%, with car park demand down by 16%.

CO₂ emissions



Waste management



* Includes new businesses.

Our suppliers

We are clear and consistent with our suppliers about what we expect of them and what they can expect of us.

We have strengthened the CSR focus in our purchasing policy, including specific guidance on CSR, ethical behaviours and standards of business conduct. The UK purchasing and supply management team act as the custodians of good practice and guidance in this area.

Embedding CSR in supply management

To embed CSR, we realised that we needed to make CSR more formalised and measurable in our sourcing and supply management activities. Here are some of our key achievements in 2006.

A revised group purchasing and supply management policy paved the way for the purchasing and supply management team to establish this initiative globally in the end-to-end supply chain. This was approved by the group executive in 2006.

The policy was issued to all business units, together with guidance on how to implement it. We are now developing a standard process framework to put this into action and monitor its success. A key element is a supplier CSR code of conduct and we have given this to our top 20 suppliers by value. To date, 65% of suppliers have signed up to the code of conduct. In 2007, we will roll it out to our top 100 suppliers and have set a sign-up target of at least 75%.

We want to be seen to be leading from the front in CSR, not only within our company, but in the wider financial services community. It is important to raise the profile of CSR and to develop industry standards and common approaches, so we proposed and now chair a CSR sub-group within the Chartered Institute of Purchasing and Supply (CIPS) Financial Services Purchasing Forum. This includes representatives from other leading UK and international financial services companies.

We are building CSR into every stage of our contracting process, setting this against the need to meet organisational objectives and targets. This will be achieved by understanding the CSR opportunity at the outset of a project and then following it through each stage to contract award and benefit delivery. Our CSR questions ask the supplier's stance on the United Nations Universal Declaration of Human Rights and the International Labour Organisation (ILO) core labour standards and how these affect their own employees and suppliers.

Putting responsible purchasing into practice

We are keen to help our businesses and their suppliers to follow responsible CSR practices in purchasing. In 2007, we will launch a revised purchasing intranet site where employees worldwide can access good practice purchasing processes, where CSR is embedded at each stage. Here are some other examples of how we followed responsible purchasing practice in 2006.

With the RAC, we had to make sure we could carry our social and ethical standards over to a business with a different focus. The RAC is the only purchaser in the group to use workwear, but they buy it on a scale that makes purchasing the ideal area to show how we integrate CSR into our supplier relationships. In 2006, RAC purchased over 55,000 garments and shoes through a single supplier who is a member of the Ethical Trading Institute. This supplier sources garments from suppliers that meet ILO standards of labour and workplace health and safety and which are independently audited once every two years. In 2007, we will continue to work with them to look at improvements we can make to the CSR standards of the products.

In Canada, we created a new corporate procurement team that works with business managers to make the most of our vendor relations and our purchasing power. The team promotes responsible supplier management by using the sourcing process to evaluate all vendors for CSR, taking the vendor's environmental and ethical best practices into account. They have also reduced paper use by introducing electronic ordering.

In the Czech Republic, we have increased focus on responsible purchasing through competitive tendering. All capital expenditures over CZK100,000 are subject to competitive tender procedures, unless waived by management, and everyone involved in the tender has to declare that they have no conflicts of interest in the deal. All tenders are documented and archived.

Finally, as a group, we like to build on our supplier relationships by engaging them in our CSR activities. In Turkey, Aviva showed this when they included four suppliers in their CSR activities. These suppliers provided free labour, transport and educational materials. In Lithuania we also invited suppliers to take part in various community initiatives and education projects.



Supporting cleaners' pay rises

When Commercial Union's cleaning company in Lithuania raised its prices, we hesitated. But when they explained that the money would give cleaners a pay rise, we accepted the extra costs as it would support the local cleaning industry – and help us to hold on to the same team.



Suppliers help run for charity

Aviva India likes to involve its suppliers in charity work all year round. When suppliers participated in the Huth half marathon in New Delhi, they helped to raise Rs102,300 which we donated to Goonj – a charity that provides clothing and other basic amenities to remote parts of the country.



 www.aviva.com/csr07/ourpeople

Our employee survey helps us to respond as well as listen

There is a proven link between how people feel about their organisation and the service they deliver. We are known for excellent customer service, so we need to understand how people feel about their jobs here and then create the right conditions for them. Our employee survey, a significant investment, has helped us to do just that. By making it voluntary and anonymous, it has given us valuable insights.

To help us evaluate the factors that help us to engage best with people, the survey focused on leadership, communication, values, customer focus, talent management and diversity. It allows us to compare ourselves against internal and external benchmarks and identify best practice.

By identifying 'what is going well' and 'what could go better' across the group and locally, we can create and monitor action plans that will help us to continue developing as a successful company that cares about its people and customers.

Our people

We involve our people in creating a great place to work and a company of which they can be proud.

Where would we be without our people? We want to be the world's most trusted savings, investment and insurance provider. We can only achieve that if we invest in our relationship with our employees as well as customers. We want to be a brand that people are proud to work for – a place where people give their very best. To achieve those aims we have focused our efforts in five areas of activity.

First, we are creating a 'leaderful' organisation, because we recognise that great customer service comes from people who are excited and inspired by great leaders. Second, we want to develop and reward the talent that we need as a business through fair and open processes. Third, we need to 'internationalise' Aviva, sharing talent better across all our businesses. To bring these initiatives together in a compelling way, we also want to be a strong employer brand – a business that attracts the best people because it is a good place to work. Finally, what gets measured gets done, so we have created a series of measures that tell us whether our work is having a real impact. In summary, we need to communicate clearly what we stand for and then give people a working experience that delivers on our promises.

How are we putting this strategy into practice? Our human resources teams are championing the people strategy around the group. These teams are ensuring that the strategy is implemented effectively and in compliance with local legislation, local norms and the group's CSR policies. We have made progress on this agenda in 2006.

Making the most of our talent

We want everyone to see us as an organisation that develops exceptional leaders. We believe that everyone here has talent, so we want to create an environment where all our people feel valued and can develop their skills. In 2007, we will be putting a common framework in place to describe our talent in terms of current performance and future potential. This will help us to identify how we can best match individuals to roles and development opportunities.

Our global development programme and our investment in training demonstrate our commitment to developing our talent. We have many examples – here are just a few of them.

Our Dutch business, Delta Lloyd, has a four-year management traineeship for graduates and a range of management and executive development programmes.

In 2006, Aviva Canada invested C\$5.9m in learning and development initiatives, putting us in the top quartile nationally for training and development funding. Aviva Canada is also launching two new leadership programmes for supervisors and middle managers.

Our Sri Lankan business won the national HR award for Best Training and Development Strategy and Practice and they have the only Chartered Institute of Marketing (UK) certified sales training centre in the country.

Aviva India also has a range of development programmes, including an accelerated leadership programme for people showing particular potential.

We also recognise the value of professional skills development, with initiatives around core insurance sector requirements, such as underwriting and actuarial skills, in many countries. Our Irish business, Hibernian, is working with the Insurance Institute and the Life Insurance Association to offer foundation courses and diplomas, while Morley, our fund management business in the UK, helped another 70 people to gain relevant professional qualifications in 2006.

Making employees feel involved

Being open with our people and making them feel involved in the business is an important part of our culture. We believe that people should take part in decisions that affect them so we have taken specific steps to create a culture of openness and inclusivity. Key to this listening environment is our employee survey, which gives us valuable insights into how people think we lead, manage and engage with them. The findings from the survey will help us to drive continuous improvement in years to come.

INSEAD

Aviva Leadership Academy

Our Leadership Academy plays a key role in building and retaining leaders. Its programmes, which collaborate with renowned international business schools, emphasise experiential learning, networking and the development of genuine everyday leadership skills.



European Consultative Forum

Our European Consultative Forum of representatives elected from twelve European businesses gathers annually to discuss pan-European issues and engage with senior management. Topics include business strategy, diversity, employee volunteering programmes and business growth in Central and Eastern Europe.

Our people

Our aim is to meet or exceed global financial services benchmarks. In 2006, for the first time, the survey was completed by people in our business units around the world. Response levels were excellent, with six businesses having more than 90% of employees completing the questionnaire. Overall, our employee engagement score, which gives us a measure of people's sense of achievement, commitment and pride, went up by 8% (from 59% to 67%) in 2006.

In Asia, quarterly staff meetings help employees and management to share ideas informally, but we also keep in touch through newsletters and a weekly radio show.

Good communication is two-way, so we encourage people to talk to us through email and at open sessions with senior managers. We also support dialogue through employee representative bodies, for example works' councils.

In India, the Aviva Values in Action Awards help us to recognise and reward people who exemplify our values day-to-day. Team-building events are another powerful way of helping people to work together and feel involved. In Lithuania, we organise team events at least twice yearly, including a two-day outdoor event for employees.

Managing change

We are committed to delivering excellent service to our customers at a reasonable cost. Inevitably, this commitment affects how we resource our business, and sometimes involves redundancies. But when this happens, we appreciate the human side and take care to minimise the impact. We plan carefully and get people involved as soon as we can – and when job loss is unavoidable, we do our best to help people find new roles.

For example, Norwich Union will be reducing headcount by 4,000 by 2008, but intends to hold on to as many skills as possible through redeployment, either at Norwich Union UK or within the wider Aviva UK group. Those who do leave the business are offered specialist outplacement advice to help them find jobs elsewhere.

We work in a demanding marketplace and to help us stay competitive, offshoring is a key element in our strategy. Our target, in line with plans announced in 2005, is to have 7,800 employees offshore by the end of 2007, and as part of that, we are moving around 1,000 customer services, finance and IT roles over to India and Sri Lanka.

Major restructuring also affected recruitment and retention following the acquisition of AmerUs Group in the US, so we helped people to find new roles, but also took steps to encourage people who were still needed to stay on.

Our open and honest approach to helping people to adapt to change also helped us to minimise the impact of restructuring in Australia and in a joint venture with Allied Irish Bank in Ireland.

A safe and healthy place to work

We are committed to making Aviva a safe and healthy place to work and visit. That means that we not only comply with health and safety legislation, but make sure that all our business units take health and safety seriously. And we have a reporting mechanism in place across the group to help us identify risks and confirm that we dealt with them correctly.

In terms of safety and security measures in 2006, Aviva Asia formed a crisis management team, which created action plans to help minimise the impact of terrorism or pandemics on employees and operations. In the UK, Norwich Union conducted a health and safety audit at over 200 locations and agreed action plans. They also signed up to a health and safety partnership co-ordinated by York Council, where organisations can share knowledge and experience with smaller companies.

We are equally supportive of people's individual health and well-being. Some key achievements in 2006 include Aviva's nomination for the Work-Life Balance award in the Commonwealth Government's Diversity at Work Awards in Australia. Our businesses in France and Turkey offered flu vaccinations to all employees while in Poland, the Czech Republic and Italy we offered health care or help with health costs to all employees. Aviva has committed to banning smoking in all its buildings by Q1 2007.



Aviva France is more mobile

Promoting internal employee mobility paid great dividends in France last year. Putting vacancies on the intranet, discussing change at annual review and using career committees to spot candidates, all helped to increase retention, improve awareness about the group and avoid compulsory redundancy.



Spain's free support service

To show its support for employees, Aviva Spain hired an external Employee Support Programme provider called ICAS. Employees can get confidential and effective advice by phone on everyday issues such as tax, as well as personal support or specialist advice on caring for sick children or relatives.

Diversity and human rights

We value, respect and celebrate differences, because we believe diversity gives us the strength to compete effectively as a global business.

Diversity is about everyone – and for everyone. Employees, customers, shareholders, business partners and the wider community – they all benefit when a business makes its people feel valued for the contribution they make and respects their diverse backgrounds and talents.

Our diversity and human rights policies embody the key principles of the United Nations Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. Our practices also include the principles of the United Nations Global Compact.

We show our commitment to promoting diversity, equal opportunities and human rights through our relationship with our people, the design of our products and services and through our influence as an investor and purchaser. We show this in more detail in the Customer and Supplier sections and in our online CSR report.

We have also highlighted diversity in some of our very visible promotional campaigns. For example, Aviva's sponsorship of Dee Caffari's record breaking counter-clockwise sailing journey around the world is a celebration of the female spirit. Our sponsorship of the 2006 and 2007 Breakthrough Breast Cancer Research Walk helped to highlight key issues being faced by women in the community. Further, from 2006, Norwich Union UK ensures its diverse customer base is reflected in its advertising campaigns.

Diversity in the workplace

As a business, we firmly believe we get the best results from people who are encouraged to achieve their full potential and who feel their abilities and talents are recognised. In 2006, we employed 59,000 people in 22 countries and in our global employee survey, 65% of them told us that 'my business unit is a great place to work'.

We believe employing a diverse workforce who reflect our diverse customer base will help us truly understand and respond to evolving customer needs. In 2006, our global diversity steering group oversaw the implementation of a 'respect' campaign, which promotes best practice in diversity. The campaign includes a number of initiatives aimed at attracting, motivating and retaining a diverse workforce.

One of our key successes in supporting diversity in 2006 was the creation of network groups. Networks help to value and respect differences and are a positive channel for influencing company direction on key diversity issues in the workplace. Aviva is proud to have sponsored gender-based networks – the Senior Women's Global Network and the London Women's Network – and Pride Aviva, which is a UK employee network for gays, lesbians and bisexuals.

Following the success of these networks, we have plans in place to develop more networks in 2007, when we particularly want to use them to promote multicultural understanding.

We have also successfully embedded diversity principles in recruitment. Initiatives in 2006 included training recruiters in diversity and outreach advertising, to make sure that we advertise in the right places to reach the broadest range of potential candidates. We now, for example, advertise on websites popular with women and are enhancing our visibility through diversity specific recruitment fairs and publications.

Work on age-related issues was another area of achievement in 2006. The human resources functions worked closely together to ensure we are following best practice in our response to age legislation. We also created learning tools for managers and senior executives to help them understand better the impact of age legislation and how they should adjust their behaviours and attitudes to age-related issues at work.

We were delighted that our efforts in embracing diversity were recognised by external surveys and monitoring organisations, as these give us an objective measure of our success. As well as the awards mentioned below, we received the Opportunity Now gold award, where we improved on our bronze and silver ratings in 2004 and 2005, and a silver award from Race for Opportunity, an improvement on our bronze in 2005. We also received the grand award for best internal production for our 'Embracing Diversity' DVD at the 2006 New York Festivals Film and Video Awards.



Where women want to work

Aviva is one of the top 50 best places for women to work. That's according to *The Times* 'Top 50 Places Where Women Want to Work' supplement, in association with Aurora, which compares how the UK's largest and most progressive employers meet women's needs and interests.



Diversity in the City

Aviva's 'Think Again' diversity campaign was awarded the City Award in 2006 by Opportunity Now. The City Award recognises businesses in the City of London for their innovation and progress in creating gender-inclusive workplaces.



Photo credit: Oxfam

 www.aviva.com/csr07/community

Helping Oxfam to be prepared for the next emergency

It is natural to want to help people who have been hit by disaster.

After the Asian tsunami, we realised that we could do a lot more to help if we acted in a forward thinking way. So we became one of the first organisations to sign up to the Oxfam 365 Alliance. Oxfam is one of the UK's most respected aid agencies, and the Oxfam 365 Alliance enables organisations such as ours to give long-term strategic support to Oxfam's emergencies work.

We are helping to keep Oxfam in a state of constant preparedness, so that it can always respond immediately to emergencies – wherever they next occur. The money that we donate goes into Oxfam's Catastrophe Fund, from which the charity draws continually to save lives. We are also supporting an ever-expanding team of emergencies experts, and helping to run the warehouse in Oxfordshire, which can hold £1.7million worth of essential equipment. This includes water-tank kits that, when assembled, hold 4.4 million litres; tap-stands and miles of piping; and 14,000 air-tight buckets that are essential for keeping drinking water uncontaminated.

Community

We are a responsible corporate citizen and take account of the impact that our activities have on the communities where we operate.

In 2006, we invested £6.3 million in community works and charities across the world (as measured by Business in the Community's PerCent Standard), which is an increase of over 10% (£600,000) on 2005.

We try to invest that support for communities wisely and feel that informed decisions about how and where to help are best made locally. Our businesses decide themselves which projects to support and manage their own local community programmes.

This year, most of our businesses focused on three major areas: financial literacy, youth education and development, and health and social welfare. Our support usually involves funding in some form, but we also help by providing 'support in kind', such as offering equipment, facilities or office supplies for free or by giving employees time off to help. Our people want to get involved outside work too, giving their own time and money to help charities and community groups.

Improving financial literacy

In the UK, we have supported two major projects to help younger people get to grips with financial basics. With the Stock Market Challenge, Norwich Union worked with Cause Direct to give teenagers in four cities a simulated trading floor experience to help build their financial skills. NCH, the UK's leading children's charity, is continuing to use the Independence Toolkit that we helped to develop, to give a basic grounding in money management to children who are leaving care.

In Romania, relatively few families understand the value of life assurance or take it out. To help address this issue Aviva Romania set up Romania's first Million Dollar Round Table conference, where more than 500 people from the industry brainstormed creative ways to communicate the importance of life insurance.

Investing in children's education and development

In Turkey, Aviva's 'Health, Education and Caring' programme, launched in 2006, aims to improve educational support in underdeveloped areas and is having a real impact. The project supports parents and pre-school children with special educational needs. In 2006, 200 children graduated from a two-month course, which helped them to develop the basic social, physical and learning skills they need to start school. To show our support for the education of older children, Aviva Turkey also renovated the library at Istanbul University and co-sponsored the production of two books on insurance and re-insurance.

In France, Aviva works with 'Mouvement pour les villages d'enfants', a programme that helps children aged 2-17 who have been taken into care. It helps to give them more of a family life, trying to help brothers and sisters to stay together rather than being parted and to take part in activities such as dance, music and sport in a safe environment.

Supporting health and social welfare

Last year we continued our support for breast cancer charity events around the world. In the UK, we sponsored the 'Aviva Weekend to Breakthrough Breast Cancer', where exhausted walkers in London and Birmingham raised a staggering £5.3 million for Breakthrough Breast Cancer. As well as taking part in the walk, our people volunteered practical help, helping to put up tents, serve meals and distribute water and goodie bags to walkers.

In Canada's 'Weekend to End Breast Cancer', we sponsored pit stops in seven cities, where walkers could rest during their 60km treks, and Aviva volunteers, plus families and friends, helped to raise C\$205,000.

Our people certainly do their bit too

In 2006, over 34,000 hours of employees' time was donated to help good causes worldwide, which is an increase of 42% over 2005. Their time can be used for anything from helping coastline clean-up campaigns in Lithuania, to Norwich Union and Morley employees participating in reading and mentoring schemes in the UK.

To show our high-level commitment to volunteering, we have built formal policies into our businesses in Australia, Ireland, Poland and the UK, which allow people to take extra leave to help out with local volunteer work.

We also make it easier for our people to show their financial generosity, with some of our businesses having company-matched giving schemes, where we match money raised by them for good causes. In Singapore, for example, this money goes to the Food from the Heart programme. Payroll giving schemes offer another route for people to donate to charity directly from their salary. Currently 50% of our businesses offer these schemes, with employee take-up varying from 5% to 50% in the businesses around the group. In the UK, a community award scheme enables employees to apply for funds to support a charity to which they are already giving time or money.



Building a truly constructive future

In Romania, nearly 100 volunteers from all over the Aviva group spent a long, hard week working with Habitat for Humanity, a charity working to eliminate poverty housing worldwide. By pooling their talents in this blitz build, our volunteers helped to construct four houses to shelter underprivileged families.



Growing grassroots athletics in the UK

In the UK, Norwich Union's continued sponsorship of UK Athletics sees its investment in grassroots athletics almost trebling, with the aim that by 2012 over 10 million children will be involved in the various schemes. As well as developing children's life skills, it hopes to cultivate some home-grown medal winners.

External engagements

We are not alone in our commitment to CSR and are keen to work with others to help us all understand how to respond to the challenges ahead.

We are well aware of the value of working with other like-minded organisations to help promote CSR worldwide and to develop our own understanding and agenda within Aviva.

We have numerous partnerships with non-governmental organisations and we participate in both financial services and cross-sector forums to help meet the environmental and societal challenges facing businesses both now and in the years ahead.

Our website includes full details of our involvements, but here are some of our primary activities, both in the UK and globally.

We help to drive UK initiatives in our sector

Aviva has been a member of the FORGE group of UK-based banks and insurers since its inception in 1998. The group has completed a number of CSR projects including: environmental and CSR management and reporting guidelines; key CSR performance indicators; and the social, environmental and ethical information that companies must include in their annual report and accounts, in line with the EU Modernisation Directive. The FORGE group is currently working on a project focused on developing a guidance framework on climate change that can be used by corporate functions in the financial sector.

We are also a member of the Association of British Insurers and sit on several of their working groups. One of the working groups is currently developing Climate Change Insurance Principles. The scope of the principles will include general insurance, life and pensions and asset management.

We are active in cross-sector partnerships worldwide

Aviva's Chair in Leadership and Responsibility at INSEAD, established in 2004, aims to help develop knowledge on issues of relevance to both society and Aviva. In partnership with our chaired professor, Aviva and INSEAD are also participating in the Globally Responsible Leadership Initiative, which brings together businesses, business schools and learning institutions from around the world to promote understanding of what constitutes globally responsible leadership and to develop its practice.

Aviva's chief executive, Richard Harvey, is a member of the CBI's climate change task force, which brings together the chairmen and chief executives of some of the UK's biggest companies. The task force has been established to set the agenda on how business tackles climate change. It will produce a report later this year with wide-ranging recommendations for action to the UK Government, individual businesses and the CBI itself.

We continue to support the United Nations Environment Programme Finance Initiative and are represented on numerous working groups, including those on climate change, asset management and general insurance.

Aviva continues to support the principles of the United Nations Global Compact, which seek to promote responsible business practice under four key themes: human rights, labour, environment and anti-corruption. Our policies on standards of business conduct, environment, human rights and diversity, as well as our spread of human resources policies, help us to meet the requirements of the Global Compact principles.

As a business-led initiative, Global Compact provides a useful international platform for small and large businesses to help effect change in some of the most pressing issues facing society today. We are a member of the Global Compact UK Network. This network allows member companies to share best practice, access peer reviews on how members are progressing against the principles of the Global Compact and to help raise awareness of the principles among the broader business community. Aviva's subsidiaries have also found local Global Compact networks to be a useful forum. For example, we are represented in the Lithuanian and Turkish networks.

There is more detail on how our CSR programme is working to meet the principles of the Global Compact in our communication on progress at www.aviva.com/csr07/cop.



Independent assurance statement

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

To the management of Aviva plc

The SMART Company was commissioned by Aviva plc to review their "Corporate Social Responsibility" (CSR) Report 2007 - a summary (the Report).

Scope of work

We have undertaken a series of activities to review the progress made in CSR at Aviva during the year in order to provide a basis on which to challenge the Report's content. We have completed the following activities:-

- Interviewed Aviva's group Chairman, CEO and chairman of the board CSR committee, as well as key senior management and functional staff identified as having group responsibilities for the CSR programme.
- Interviewed CSR nominated managers from seven of Aviva's largest businesses to understand the process for managing and reporting progress on CSR within those businesses.
- Reviewed a selection of group CSR documentation such as: board reports on CSR, minutes of the board CSR committee, 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 during the year.
- Reviewed that information in the Report has been correctly transposed from internal reporting processes.
- Reviewed media and carried out desk-based research to ensure that material CSR issues/ events were not overlooked in the Report or given inappropriate focus (too much or too little).
- In addition, for the carbon emissions accounting and quantification, further work was done to understand the systems in place with reference to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

The above work allowed us to identify areas of strength and improvement opportunities in Aviva's CSR programme, reporting, and assurance. These will be communicated in detail to Aviva's senior management in a separate management report.

Summary conclusion

Based on the scope of work described above, we conclude that the Report's content is consistent with evidence obtained during the course of our work and that it provides a fair representation of the company's CSR performance.

The SMART Company
London, 2 April 2007

(information on our competencies, independence and impartiality, is available on our website: www.thesmartcompany.net)



THE SMART COMPANY

If you have any comments or queries about this Corporate Social Responsibility Report, please contact:

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