

## **Reporting criteria for Corporate Responsibility key performance indicators for the year 2013**

### **Introduction**

Corporate Responsibility (CR) Reporting Criteria document sets out the principles, criteria and scope used to report all CR KPI data by Aviva Plc, its subsidiaries and joint ventures (together known as the Group) in the annual CR section of the Annual Report and Accounts and Corporate Responsibility Report.

It is the responsibility of the Group's management to ensure that appropriate procedures are in place to prepare its CR reporting in line with, in all material respects, these reporting criteria. CR data is reported aligned with the Group's financial reporting period for the year ending 31 December 2013. The annual report and accounts contains a summarised description of how we manage and measure our CR performance. A more detailed report on our material issues can be found on our online CR Report.

### **General reporting principles**

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

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

### **Organisational boundary for CR reporting**

CR Reporting covers Aviva plc, its subsidiaries and joint ventures. All figures in our report, unless otherwise stated, cover the period from 1 January to 31 December 2013.

### **Scope**

What follows is the basis of preparation for the CR key performance indicators.

### **Employee Promise Survey (EPS)**

Data for some of the KPIs that appear in the list below is obtained through our annual EPS. Please see below the common criteria applicable to all of them (unless local legislation excludes some of these groups).

Data for key performance indicators (KPIs) relating to our employees' views on Aviva are based on questions in our annual global EPS. We outsource the running of the survey to an external provider. We report and set targets in line with their global financial service (GFS) benchmark norms. This covers 100% of employees in scope including those in some of our joint venture partners.

The EPS has a 5-point Likert scale ranging from strongly disagree through to strongly agree for each question and a 'don't know/NA' button. For reporting, the number of people choosing a particular point on the 5-point scale is divided by the total number of responses to the item (across all options on the 5-point scale). This is then

expressed as a percentage, e.g. If 100 total people answered a particular item and 27 of those people selected “Strongly agree”, the score for “% Strongly Agree” would be reported as 27%. The responses for “Strongly Agree” and “Agree” are aggregated to produce a result for “% Favourable”. E.g. if 100 total people respond to a particular question with 27 choosing “Strongly Agree” and 32 choosing “Agree”, the % Favourable score would be reported as 59%. The same calculations are completed for each point on the 5-point, while “Disagree” and “Strongly Disagree” are aggregated to produce a “% Unfavourable” result score. The % Favourable results for particular questions are reported each year in Aviva’s Annual Report and the annual Corporate Responsibility report.

### **Definition of employee**

For the purposes of the EPS, 'employees' were considered to be those who:

- are permanent or temporary employees
- have at least 3 months service before the date when the survey opens.

Other exceptions may apply in different countries according to local legislation.

## **KEY PERFORMANCE INDICATORS**

### **Trust and transparency**

#### **Business ethics**

**KPI: % of employees who read, understand and accept the Business ethics codes annually; and all employees in Aviva France who agree to comply with the Business Ethics Code as a term of their employment when they join the company.**

The wording of this KPI has been changed from ‘% of employees signing of receipt, understanding and acceptance of the business ethics code on an annual basis’ to include employees in Aviva France who accept the Business Ethics Code requirements as a condition of their employment contract.

Aviva’s Business Ethics Code can be found at:  
([http://www.aviva.com/media/upload/Business\\_Ethics\\_Code\\_Q12014v1.pdf](http://www.aviva.com/media/upload/Business_Ethics_Code_Q12014v1.pdf) )

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

All employees are asked to sign the code including:

- Directly employed full and part time staff
- Temporary staff and contractors (who are due to be working for Aviva for a minimum of three months)
- Employees within a joint venture company
- Staff on maternity leave and long term sick leave.

Aviva has a 100% target for this KPI. However, it is understood that due to factors outside the control of businesses (e.g. long-term sick leave, maternity, etc.) some employees may not be able to sign the Code in a given year. To provide for this, group has established a 5% risk tolerance level for each business unit and the aggregated figure. The figure we report is based on actual % sign-off on the Code.

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

**KPI: % of employees completing the Bribery and Corruption training**

This KPI refers to employee from our UK, Ireland, and Aviva Investors markets.

Employees asked to complete this training include:

- Directly employed full and part time staff
- Temporary staff and contractors (who are due to be working for Aviva for a minimum of three months)
- Employees within a joint venture company.

Those on maternity leave and long term sick leave would be expected to complete the training on their return to the company.

All UK, Ireland, and Aviva Investors employees were asked to complete the training upon the implementation of the UK Bribery Act 2010. Training is included in the Essential Learning module run through Aviva's internal learning management system and staff are asked to complete this on an annual basis.

## Customers

**KPI: % of business that are in or above the upper quartile relative to the local market average (NPS score)**

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

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

**KPI: % of employees who rate us favourably on customer index**

Information gathered through our EPS. It is based on the following five customer and product questions that aggregate into a customer index score:

1. I would recommend Aviva's products and services to my family and friends
2. I always consider how my actions impact Aviva's external image and reputation
3. Aviva produces high quality products and / or services
4. Aviva offers high quality customer support (e.g. a high level of responsiveness, flexibility, turnaround times)
5. Aviva is customer focused (seeking to understand and meet its customers' needs and requirements).

**KPI: % of employees who feel that Aviva's commitment to CR is genuine**

Information gathered through our EPS. Employees are asked whether they feel that Aviva's commitment to CR is genuine.

## **Climate change and environment**

### **Scope of reporting**

Our environment and climate change data covers 100% of the Aviva subsidiaries and joint ventures where we have operational control (Under the operational control approach, a company accounts for 100% of emissions from operations over which it, or one of its subsidiaries has operational control). Our data is presented on an absolute basis, unless otherwise stated. We also include other metrics such as square metres of floor space, gross written premiums and employee numbers so that the reader is able to calculate our carbon, water, or waste intensity based on their chosen metrics.

It should be noted however that employee number used are total employees rather than the FTE number quoted in the Annual Report & Accounts, which are calculated using an equity share basis in line with the preparation of the remainder of the Annual Report and Accounts. This means that the employee figures quoted in this area are often much higher than the full time equivalent figures (FTE) used in the Annual report and accounts. The total employees figure should be used for any per employee environmental impact intensity calculations made.

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

- electricity - invoices, supplier reports, in market extrapolation and extrapolation over time periods due to invoicing arrangement
- gas - invoices, supplier reports, in market and extrapolation over time periods due to invoicing arrangement
- oil- invoices
- fugitive emissions from air-conditioning - based on invoices from the provision of top up gases
- municipal heating & cooling – invoices
- air travel – supplier reports, invoices, extrapolation from expenses systems
- rail - supplier reports

- grey fleet - expenses system
- company car - expenses system and invoices
- hire car - supplier reports
- water consumption - invoices, supplier reports, extrapolation over time periods and on an FTE and m2 basis
- landfill waste - supplier reports, invoices and extrapolation over time periods and over time periods
- electricity consumption from outsourced data centres - outsourced data centre business partner carbon reporting process.

We use third party invoices where possible, to promote data accuracy and consistency, and only use proxy data or extrapolate in the absence of invoices. Any currency figures mentioned in our reporting are in £ sterling unless otherwise indicated.

We take the average annual currency exchange figures provided by the Aviva Group Finance for the year in question.

#### **Organisational reporting boundaries**

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

We use a baseline year for our long term reduction targets. If company divestments or acquisitions create a difference of +/-10% of the Group total emissions then the baseline year will be reset.

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

#### **CO2e emissions**

All our emissions data from energy, travel, air conditioning, water consumption and treatment, and waste to landfill is measured in carbon dioxide equivalent (CO2e) unless otherwise stated.

We use the Department for Environment, Food and Rural Affairs (Defra) latest factors that are annually revised for our emissions factors:

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

The CO2e factor which changes most frequently are the electricity related CO2e emission factors, however we will not restate our prior year carbon data due to variations in the electricity carbon conversion factors, unless overall on a group wide basis this causes a movement of more than 5% year on year or relative basis. In order to calculate our relative emissions, we account for emissions for acquisitions or divestment which have occurred in the previous year, so that we are comparing the structure of the business and emissions on relative or like for like basis. Details of

specific changes in a particular year are provided in the notes on the KPI page of the Annual Report & Accounts and Corporate Responsibility Report.

We report our carbon emissions due to global recognised Scopes.

- Scope 1 - operational emissions from owned sources - these are gas, oil, company car mileage, fugitive emissions from air conditioning
- Scope 2 - operational emissions from non-owned sources - these are purchased electricity, municipal heating and cooling
- Scope 3 - Operational emissions from non-owned sources - these are business travel (air, rail, grey fleet, rental cars), water, electricity transmission and distribution landfill waste and electricity consumption from outsourced data centres where consumption figures are available. Energy is measured or converted into kWh, fugitive emissions are measured in kilograms (kgs), travel is measured or converted into kilometres (kms), water is measured in m<sup>3</sup>, and waste is measured in metric tonnes.

#### **Car travel**

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

#### **Exclusions**

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

#### **Environmental breaches**

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

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

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

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

#### **Carbon offsetting of remaining emissions**

In the last quarter of the reporting year we select the carbon credit supplier we will work with to account for our operational carbon emissions created over the year. We calculate our operational CO<sub>2</sub>e annually at the end of a calendar year, then we purchase Gold Standard and Voluntary Carbon Scheme carbon credits from energy efficiency and renewable energy generation projects from the Voluntary carbon market to the equivalent amount. On purchase, the credits are immediately retired to the respective carbon registry, so they cannot be used or sold again. We choose projects, which not only reduce the amount of carbon being produced, but also have

a high social impact. Please refer to our Corporate Responsibility Report for further detail on the criteria we apply to this process.

**KPI: *Water consumption (m3) - absolute***

Water is measured or converted into m3. We report data where it is reported to Aviva Group by the Aviva markets. Where actual data from meter readings and invoices is not available but we are able to estimate or extrapolate data with a high level of confidence, we will do so. This extrapolation will be done on a per m2 floor space basis. This extrapolation may occur within a market where partial data is available, or where there is no data available from a market with similar characteristics to the one in question.

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

**KPI: *Proportion of recycled waste***

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

**KPI: *% of employees who feel that Aviva is an environmentally responsible organisation***

Data gathered through annual EPS. The wording of this KPI has changed from ‘% of employees who feel that Aviva makes business choices that support the environment’.

## **Attracting and retaining talent**

**KPI: *% of women in senior management***

"Senior Management" is defined as the top three management levels at Aviva, SMG1 to 3, SMG1 being the CEO and his direct reports. The percentage is calculated using employee numbers as of 31 December.

**KPI: *% of employees who feel that Aviva does a good job at retaining its most talented people***

**KPI: *% of employees who feel we have created an environment where people with diverse backgrounds can succeed***

Data gathered through annual EPS. Each KPI is a made up of a single question e.g. employees are asked whether they feel that Aviva does a good job at retaining its most talented people.

The following two indices are legacy indices from 2012; leadership and engagement. In 2013, Aviva transitioned to a new employee promise survey provider, and have adopted their Engagement and Enablement model. In 2013 we dual ran on some similar questions associated with the previous two indices and the new adopted model indices, as the results form part of internal performance measures for some employees.

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

The engagement index questions are an average of the following group of questions from the EPS:

- I feel motivated to go beyond my job responsibilities
- Aviva motivates me to contribute more than is required
- I feel proud to work for Aviva
- I would recommend Aviva to family or friends as a place to work
- How long do you plan to continue working for Aviva?

**KPI: % of employees who rate us favourably on enablement index**

The enablement questions are an average of a group of questions from the EPS.

- Conditions in my job allow me to be as productive as I can be
- There are no significant barriers at work to doing my job well
- My job makes good use of my skills and abilities
- My job provides me with the opportunity to do challenging and interesting work

Please see EPS section for details on how % are calculated.

What is the Engagement and Enablement Model? Engagement looks to capture levels of commitment (the level of passion and pride people have for the company and their intention to remain with Aviva) and discretionary effort (the willingness to go above and beyond). Enablement looks at whether we create a supportive environment (by addressing the barriers that stop us from performing effectively) and optimised roles (how well employees feel their roles suit their skills and abilities).

**Suppliers**

It is an aspiration to report this data on a group-wide basis. The managed supply KPI's were introduced at the beginning of 2012 and are being rolled out to procurement teams in all business units. The scope of the current year's reporting is mentioned in a note on the CR KPI table.

Managed Supply is defined as the population of supply that by its nature is sufficiently important to the business that it requires active management of supply risk. All markets are required to identify its managed supply populations, for example, in the UK this is determined by a detailed assessment of supply risk combined with supply spend, and represents at least 80% of the UK's total supply spend.

**KPI: % of 'managed supply' spend where suppliers accepted the code of behaviour**

We ask our managed suppliers to accept our 'Code of Behaviour' (previously 'the code of conduct'). This Code sets the expectations of the procurement relationship and details our corporate responsibility commitments. The Code of Behaviour can be found here:

[http://www.aviva.com/library/pdfs/cr/business\\_code\\_of\\_behaviour.pdf](http://www.aviva.com/library/pdfs/cr/business_code_of_behaviour.pdf)

**KPI: % of 'managed supply' spend where supplier has successfully completed the CR element of the supplier process**

Incorporated within the UK's sourcing and supply management frameworks is a requirement to complete and assess supplier responses to specific CR questions (such as CO2e emissions or waste), managed suppliers (see description above) are regularly engaged (during contract term) on their responses to these questions to determine their level of commitment to corporate responsibility.

**KPI: Number of business units that use the 'supplier hospitality register' and 'register of interests'**

Aviva takes ethical behaviour very seriously. Our business ethics code sets out the expected behaviours of our employees, and their responsibilities for respecting and upholding Business ethics. Part of the Code is for employees to state the hospitality that is offered to them, whether accepted or not, and if they have any conflicts of interest which may impact their decision making while employed at Aviva. Employees have access to the hospitality register and register of interests via the Aviva Intranet. It is our ambition to make this a consistent system available to all business units.

For the purposes of reporting on this KPI, we have considered as a business unit the functions within each market, e.g. Aviva Group Centre is considered a market. Aviva Group Centre Marketing is a function, which for the purposes of this KPI has been considered a business unit. Where it has not been possible to identify the function within the market, we have considered the Market as a business unit e.g. UK & Ireland General Insurance.

## **Developing communities**

**KPI: Amount of Community Investment**

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

Charitable spend, £

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

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

- **Commercial activity:** This is an investment in an activity that promotes the Aviva brand, a product, or service. For example, paying to place the Aviva logo on a product promotion.
- **Community sponsorship:** This involves sponsorship of a local event, team or activity in your community, such as grassroots sports, arts, or educational activities where Aviva receives marketing and PR benefits such as promoting Aviva's name in connection with the sponsorship, entry tickets to event etc.

#### Management time, £

This is the cost of having Aviva employees working on the community investment programme. If management of the community investment programme is just one aspect of the employee's role, we count only the proportion of the cost that relates to the time spent managing the programme: e.g. If employee A's role requires that they spend 10% of their standard contracted working hours managing the Community Investment Programme, then we will only consider the cost of this 10% for the calculation of management time for this employee.

For the calculation of this value we consider only the employee's annual base salary (plus location allowance if applicable e.g. London weighting).

#### Project costs, £

These are the investment made in a community initiative in addition to the specified inputs such as 'Cash donations'. It mostly includes communications costs. It may also include purchases relating to supporting activity at the project such as consultancy/agency costs, printing costs, purchase of materials (e.g. paint, gardening equipment), catering and transport costs (e.g. for volunteers), site hire (e.g. for hosting a fundraising event).

#### Cost of volunteering, £

Following LBG guidance, we measure two types of volunteering. Please see definitions below.

- **Volunteering in company time:** Any volunteering brokered or facilitated by Aviva and which is done during working hours or where the employee receives time off in lieu. An example of the latter would be where an employee does a half day volunteering during the weekend (employee does not work at the weekends) and the company gives him/her a half day leave in lieu.
- **Volunteering outside company time:** Any volunteering that the employee has committed to do during their own time as a result of encouragement or support from Aviva (participation in an activity supporting any of our local charity partners, for example).

#### Calculating the cost of volunteering

- For the purposes of calculating the cost of volunteering, we only consider the number of hours volunteered in company time and a market 'average hourly rate'. The total number of volunteering hours is multiplied by the average

hourly rate. This calculation is done for each country –as average hourly rates vary from country to country- and then the totals are added up

- Average hourly rate: This rate is calculated by adding up the hourly rates of employees at different grades and dividing the result by the number of grades included in the sum. E.g. If there are 5 grades and they have the following hourly rates: GA £7; GB £9; GC £11; GD £13; GE £15; then the average hourly rate is £11. This is the result of GA+GB+GC+GD+GE divided by 5.

Gifts in kind, £

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

Value of Marketing, £

It includes investment made to support a charitable project through a marketing activity. When calculating the marketing value we include 50% of marketing spend if the prominence of the issue or charity is equal to that of Aviva for example by driving awareness or including advocacy messages. If prominence of the issue or charity is less than equal then we include only 25% of the marketing spend.

**KPI: % of employees participating in volunteering**

This percentage is based on number of employees in the business unit divided by number of employees volunteering. The number of employees in the business unit is the number at the end of the year. The number of employees volunteering is based on actual volunteering, not on employees registered for volunteering activities.

For the purposes of reporting volunteering time, we consider as 'employees':

- All individuals on the Aviva payroll in all markets - including those within joint venture partners
- Contractors employed directly by Aviva and on the Aviva payroll. Contract staff working for Aviva but who are not paid directly by Aviva (e.g. part of an external consultancy or employment agency) are not included in this calculation
- Individuals meeting the requirements above and working for Aviva any time between 01 January and 31 December 2012
- Individuals hired on a temporary basis – including fixed terms of less than 12 months. This includes temporary staff hired as cover for Aviva employees on short-term or long-term leave, except in the US business where these employees are not included in this calculation.

**KPI: Employee hours spent volunteering**

These hours include both volunteering time in company time as well as outside company time.

Hours are tracked differently throughout the markets. Some markets use email records, others use excel spreadsheets. The UK market use Workday -an online HR system.

**KPI: % of investment in Aviva Street to School**

This percentage is calculated taking cash investment only out of the CR budget. It does not include cash invested to support grassroots sports i.e. Sponsorship of amateur sports (e.g. Aviva Premiership Rugby Schools Programme in the UK).

**KPI: % of employees who feel that Aviva does a good job of contributing to the communities in which we live and work**

Data gathered through annual EPS. Employees are asked whether they feel that Aviva does a good job of contributing to the communities in which they live and work.