

Reporting criteria for Corporate Responsibility key performance indicators for the year 2015

Introduction

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

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 2015. Detailed information on our KPIs and material issues can be found on our Aviva website.

I. General reporting principles

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

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

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

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

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

II. Organisational boundary for CR reporting

CR reporting covers Aviva plc, its subsidiaries and joint ventures. Unless otherwise stated: all figures in our report cover the period from 1 January to 31 December 2015 and include Friends Life.

III. Currency

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

IV. Employee

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

- Permanent full and part time staff
- Temporary staff and contractors
- Staff of a joint venture company.

V. Employee Survey (Voice of Aviva)

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

Our global employee survey covered staff in the majority of our joint venture partners and all our permanent and temporary staff who have been employed by us for at least six weeks before the date when the survey opens. The survey did not cover contractors.

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

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

KEY PERFORMANCE INDICATORS

A. Trust and transparency KPIs

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

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

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

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

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

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

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

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

The percentage figures from previous years have been restated to provide a like for like comparison. Therefore, the restated figures are based on those markets within which Aviva has continued to operate from 2011, which are: UK, Ireland, Canada, France, Italy, Spain, Poland, Lithuania, Singapore, China, and India.

This KPI excludes Friends Life customers.

B. Environment and Climate Change

1. Scope of reporting

Our environment and climate change data covers 100% of the Aviva subsidiaries and joint ventures and therefore employees where we have operational control. Under the operational control approach, a company accounts for 100% of emissions from operations over which it, or one of its subsidiaries, has operational control. Our data is presented on this basis, unless otherwise stated. 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 that employee numbers used are total employees rather than the full time equivalent (FTE) number quoted in the Annual Report and Accounts, which are calculated using an equity share basis in line with the preparation of the remainder of the Annual Report and Accounts. This means that the employee figures quoted in this area are often much higher than the FTE figures used in the Annual Report and Accounts. The total employees figure should be used for any per employee environmental impact intensity calculations made.

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

- Electricity: invoices, supplier reports, in-market extrapolation and extrapolation over time periods due to invoicing arrangement
- Gas: invoices, supplier reports, in market extrapolation over time periods due to invoicing arrangement
- Oil: invoices
- Fugitive emissions from air-conditioning: based on invoices from the provision of top up gases
- Municipal heating & cooling: invoices
- Air travel: supplier reports, invoices, extrapolation from expenses systems
- Rail: supplier reports
- Grey fleet: expenses system
- Company car: expenses system, fuel cards and invoices
- Hire car: supplier reports
- Water consumption: invoices, supplier reports, extrapolation over time periods and on an FTE and m² basis
- Landfill waste: supplier reports, invoices and extrapolation over time periods

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

2. Organisational reporting boundaries

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

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

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

3. 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 factors that change 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 and Accounts and CR pages.

We report our carbon emissions as per Green House Gas Protocol:

- Scope 1-operational emissions from owned sources. These are: gas, oil, company car mileage, fugitive emissions from air conditioning
- Scope 2-operational emissions from non-owned sources. These are: purchased electricity, municipal heating and cooling, with the exception of UK business units we report renewable electricity as zero emissions.
- Scope 3-operational emissions from non-owned sources. These are: business travel (air, rail, grey fleet, and rental cars), water, electricity transmission and distribution landfill waste. Energy is measured or converted into kWh, fugitive emissions are measured in kilograms (kgs), travel is measured or converted into kilometres (kms), air travel related CO₂e emissions are reported on a long haul and short haul basis, the threshold between short haul and long haul is 500kms, water is measured in m³, and waste is measured in metric tonnes.

4. Car travel

The measurement of kms is the most common method of collecting data in terms of car travel. This is normally collected through the expenses system which reimburses employees on a cost per km travelled basis. This applies to both company cars and private cars used for business (the grey fleet). Where businesses are not able to report on kms travelled, but can report on litres of fuel used, we take this unit to calculate the associated CO₂e emissions. Where businesses provide both we use the kms data in preference.

5. Exclusions

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

6. Environmental breaches

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

7. Environment KPIs

7.1 KPI: % of CO₂e emissions offset annually

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

Due to the limited time period between the end of the year and the limited assurance signoff, it is necessary to estimate the volume of credits required. However by annual publication of our performance against our KPI: CO₂e emissions (tonnes) – absolute, we conduct a ‘true up’ exercise to total at least 100% of the operational CO₂e emissions created through our operations at end of the latest full reporting year. This may include excess credits purchased and carried over from the previous year, which have been retired into a registry on our behalf, or have a current contract in place and purchase order/s raised for issued credits and/or forward credits which will be retired within the following two years.

7.2 KPI: CO₂e emissions (tonnes) - absolute

Absolute CO₂e data includes emissions from our buildings, business travel, water and waste to landfill as generated during the year.

7.3 KPI: CO₂e emissions (tonnes) - relative

Relative CO₂e data is the comparison using the year reported and the adjusted data for the previous year encompassing structural changes, and material changes to emission factors that have occurred. For 2015 reporting, the relative KPI shows the CO₂e emissions of the Aviva business excluding the impact of the Friends Life acquisition.

7.4 KPI: % reduction of CO₂e emissions relative to our 2010 baseline

Our total annual CO₂e emissions are calculated at the end of the year. The emissions figure is then compared against our restated 2010 baseline, which is 146,248 tonnes CO₂e. The difference between the baseline and the annual figure is expressed as a percentage difference. Our long term target is 40% reduction by 2020 and 50% by 2030 from the 2010 baseline.

7.5 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.

7.6 KPI: Waste generated (tonnes) - absolute

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

C. People KPIs

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

"Senior Management" is defined as the top three management levels at Aviva, SMG1 to 3, SMG1 being the CEO and his or her direct reports. The percentage is calculated

using employee numbers as of 31 December. This KPI also includes Aviva nominated directors of joint ventures and associates (20-50% shareholding).

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

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

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

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

- 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? (Less than 1 year, 1-2 years, 3-5 years or more than 5 years or until retirement).

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

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

D. Suppliers KPIs

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

The scope of the current year’s reporting includes all UK businesses which operate the shared service model and Aviva Investors internationally. This currently excludes Friends Life Suppliers which will be incorporated from 2016.

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

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

http://www.aviva.com/media/upload/business_code_of_behaviour.pdf

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

Incorporated within the UK’s sourcing and supply management frameworks is an activity to obtain supplier responses to specific CR questions (such as CO₂e emissions or waste). We also engage our managed suppliers (see description above) during the term of their contract to discuss their corporate responsibility performance and improvements. Where our framework requires that suppliers are engaged on CR every other year, we only include them in this KPI where they are required to be engaged in the particular year of reporting.

E. Community Development KPIs

1. KPI: *Amount of Community Investment*

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

1.1. Charitable spend, £

In line with guidance for reporting on community investment issued by 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 in partnership with a charitable organisation. For example, cause related marketing.

1.2. Management costs, £:

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

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

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

- **Project costs, £:** It includes communications costs, purchases relating to supporting activity at the project such as consultancy/agency costs, printing costs, purchase of materials (e.g. paint, gardening equipment), catering and transport costs (e.g. for volunteers), site hire (e.g. for hosting a fundraising event), etc.

1.3. Cost of volunteering, £:

Following LBG guidance, we measure two types of volunteering.

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

Calculating the cost of volunteering

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

1.4. Gifts in kind, £

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

1.5. Endowment to Friends Provident Foundation

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

2. KPI: % of employees participating in volunteering

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

3. KPI: Employee hours spent volunteering

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

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

This includes the number of children benefitted by our Street to School programme and Aviva Community Funds as well as beneficiaries from various community projects supported by Aviva.

For further details of programmes and processes please contact crteam@aviva.com

Date of last update: March 2016.