

Governance Committee report

Committee focus during 2019

I am pleased to present the Governance Committee's (the Committee) report for the year ended 31 December 2019.

During the year, the Committee considered and monitored a range of matters which included the treatment of our customers including vulnerable customers, our corporate responsibility agenda, data governance and regulatory compliance.

The Committee reviewed the scope and outcomes from a governance review of the UK businesses and monitored implementation of the recommendation from the review of the governance framework across the Group.

Committee membership

I joined the Board on 2 January 2020 and also assumed the Chair of the Committee. Claudia Arney was the Committee Chair throughout 2019 and I would like to thank Claudia for her leadership of the governance agenda and for enhancing the Committee's focus on the customer. Glyn Barker retired from the Board and the Committee, on 31 December 2019, and I would also like to thank Glyn for his contribution as a Committee member. The members of the Committee who served during 2019 and as at the date of this report are shown in the table below. Details of their experience, qualifications and attendance at Committee meetings during the year are shown within the Directors' and Corporate Governance report.

Name	Member Since	Years on the Committee
Amanda Blanc ¹	02/01/2020	<1
Claudia Arney ²	01/06/2016	3
Glyn Barker ³	10/05/2017	2
Michael Mire	12/09/2013	6
Belén Romana García	26/06/2015	4

¹ Chair

² Claudia Arney retired from the Committee on 31 December 2019

³ Glyn Barker retired from the Committee on 31 December 2019

Committee purpose

The main purpose of the Committee is to assist the Board in overseeing our customer and conduct obligations, our data governance, compliance with our corporate governance principles, our broader compliance activities and shaping the culture and ethical values of the Group and our approach to corporate responsibility.

With effect from 1 January 2020 the Committee's remit was refocused to provide greater clarity on the role of the Committee in overseeing customer and conduct topics. As a result, the Committee changed its name to the Customer, Conduct and Reputation Committee (CCRC). This report sets out the Committee purpose and activities during 2019 prior to becoming the CCRC.

Customers

During 2019, the Committee had oversight of the changes to Aviva's organisational design, particularly the restructuring of the UK Insurance (UKI) business, into two separate businesses to enhance the end to end customer experience and drive clearer accountabilities. This included providing input to the development of the customer measures that form part of the Company's Annual

Bonus Plan. Further details on these enhancements are provided in the Directors' Remuneration report.

The creation of UKI customer operations, working across both our Life and Insurance businesses, was monitored by the Committee to ensure positive outcomes for the customer. The Committee regularly reviewed the balanced scorecard of customer metrics to better understand our customers' needs.

The Committee emphasised the importance of the customer agenda in the Group strategy and provided constructive challenge on how customer service and perception could be incorporated into the strategy.

The identification and fair treatment of vulnerable customers was also an area of focus for the Committee. The Committee conducted 'deep dives' into customer complaints and carried out an assessment of the UKI Complaint Risk controls to understand the key root causes of complaints. The Committee also increased the focus on standardised monitoring of customer complaints across all international markets.

Data

During 2019 the Committee reviewed the development and delivery of the data governance and data privacy framework and records management within the Group. A data protection officer has been appointed in each European market and in Aviva Investors and training and awareness of data privacy has been rolled out to all employees to support a strong, robust data privacy culture.

The Committee recognised that data incidents remained a significant threat to the Company's business and reputation and therefore emphasised the importance of an effective Data Strategy, and focus remains on further developing this Strategy and improving the quality and robustness of the Company's data privacy processes and framework.

Conduct and compliance

The Committee continued to pay close attention to Aviva's conduct risk agenda, conduct risk profile, compliance obligations and the wider regulatory landscape. The Committee reviewed the Group's regulatory risk profile and conduct risk data analytics capability. The Committee considered and approved updates to the Conduct Risk Policy and its application across the Group.

In addition to UK conduct risks, the Committee also reviewed conduct and compliance risks across our markets and received a deep dive on conduct risk in our Turkish and French businesses.

The Committee monitored material compliance developments and changes in the regulatory landscape particularly from a conduct risk perspective. The Committee also reviewed and approved the annual Group Compliance Plan and reviewed performance against this Plan and the delivery of good customer outcomes. The Committee continued to monitor the financial crime risks for the Group, and associated action plans and during the year focused on strengthening first line anti-fraud controls.

Governance

The Committee focused on changes in the internal governance of the Group, particularly governance within our subsidiary businesses. The Committee continued to receive updates and approved changes to the subsidiary governance principles and subsidiary succession management framework to provide a consistent governance framework across the Group. The governance around managing multi-disciplined projects was also strengthened to provide a consistent approach to major change projects.

The Committee also reviewed the outcomes of the board evaluations completed by subsidiaries across the Group and monitored the action plans developed by subsidiary boards to reflect those outcomes.

Directors' and Corporate Governance report > [Continued](#)

Corporate responsibility

The Committee continued to monitor our approach to corporate responsibility and the corporate responsibility strategy to build pride and trust in our company. During the year, the Committee approved updates to the Business Ethics Code to include explicit references to human rights and the reporting of climate change related risks. The Committee also continued to monitor and support our community investment.

The Committee reviewed Aviva's reporting on modern slavery and received updates on the Aviva Foundation, which had been established to distribute the proceeds of the Company's share forfeiture programme. The Foundation has committed over £3.7 million to projects that support our communities and vulnerable customers. This included funding a pilot to provide a counselling package to vulnerable home insurance customers' experiencing trauma following a serious event such as flooding; and funding a national programme to help people over 50 increase their employability skills and to promote, among businesses, the benefits of being an age friendly employer. The Foundation also supported the World Benchmarking Alliance which aims to challenge businesses to do more to achieve the UN Sustainable Development Goals.

Aviva is committed to behaving as a responsible corporate citizen and the Committee sets the guidance, direction and policies for the Group's corporate responsibility agenda to identify the most important sustainability issues for customers, the business and our wider stakeholders. Further information on our integrated responsibility and sustainable business approach can be found on the Company's website at www.aviva.com/social-purpose

Culture, diversity and inclusion

The Committee reviewed the outcomes of the employee Voice of Aviva engagement survey, which provided insights into employee concerns and the culture of the Group. The Committee also received updates on Global Inclusion and the evolution of the working culture to actively embrace all individuals and build an agile and diverse workforce. The Committee recognised that shifting demographics were making it ever more important to understand and reflect the diversity of the markets Aviva operated in. During 2019, the Committee prioritised two dimensions of diversity, gender and ethnicity, and progress is being made in both areas, evidenced by the success of both internal interventions and external recognition.

Committee effectiveness review

The Committee undertakes a review of its effectiveness annually. More information can be found in the Directors' and Corporate Governance report.

2020 priorities

In 2020, the Committee will begin to operate under its revised Terms of Reference as the CCRC, with an enhanced focus on the customer agenda, customer conduct issues, the Group's exposure in managing financial risks from climate change and concentrating on further improving the experience we provide to our customers.

The Committee will also focus on overseeing Aviva's reputation, our conduct risk profile and corporate responsibility agenda.

Amanda Blanc

Chair of the Governance Committee
4 March 2020

Committee activities during 2019

Customer and risk

- Focused on the customer agenda and received regular updates and monitored progress on customer metrics relating to customer complaints and the conduct agenda, sales, retention and claims experience

Corporate responsibility

- Continued to drive the corporate responsibility agenda and monitored compliance with the Group's corporate responsibility strategy
- Reviewed the Group's Modern Slavery statement, annual corporate responsibility reporting and the Group's Financial Crime, Regulatory Business and Corporate Responsibility, Environment and Climate Change Business Standards
- Received updates on the Group's health and safety performance

Governance

- Considered regular updates from the Group Company Secretary on governance matters, legal and litigation risks which had the potential to impact the reputation of the Group
- Monitored the Group's compliance with the 2018 UK Corporate Governance Code and other areas of regulation and guidance
- Reviewed and where appropriate approved changes to the composition of the material subsidiary boards
- Discussed the outcomes of the 2019 subsidiary board effectiveness reviews
- Considered succession planning for material subsidiaries around the Group
- Reviewed the outcomes of the governance review and monitored implementation of the recommendations to the governance framework

People

- Reviewed the results of the Voice of Aviva surveys
- Reviewed and considered the talent development programmes for leadership across the Group, with a focus on diversity
- Approved updates to the Business Ethics Code

Regulatory and financial crime

- Regularly reviewed updates from the Group Compliance Oversight Director
- Reviewed potential financial crime risks and any actions required in response
- Monitored the implementation of the data governance and data privacy framework
- Monitored the Group's relationship and interaction with regulatory bodies and actions taken in respect of regulatory developments
- Reviewed and challenged management's explanations and actions in response to issues/events