

Governance Committee report

Committee focus during 2018

I am pleased to present the Governance Committee's report for the year ended 31 December 2018.

During 2018, the Committee considered and monitored a range of matters which included our treatment of our customers, our corporate responsibility agenda, our governance operations, and stakeholder engagement. The customer conduct oversight for Aviva UK Digital (UKD) transitioned during the year from the Committee to the UKD Board following the establishment of a Conduct Committee, with Non-Executive Director membership, to monitor and review conduct and governance matters relating to the UKD business.

Committee membership

The members of the Committee 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. There were no changes to the composition of the Committee during 2018.

Name	Member Since	Years on the Committee
Claudia Arney ¹	01/06/2016	2
Glyn Barker	10/05/2017	1
Michael Mire	12/09/2013	5
Belén Romana García	26/06/2015	3
Keith Williams	01/08/2016	2

¹ Chair

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.

Customers

During 2018, the Committee received regular updates from management on how we measure customer satisfaction and brand metrics. The regular review of a dashboard of customer data metrics helps us better understand our customers' needs, the challenges they face and how we can address these.

In addition to these enhancements, the Committee has conducted 'deep dives' into customer complaints when our products and services have not met our customers' expectations for any reason, and monitored the resulting upskilling of our people and improvements in our IT systems as we support our customer contact colleagues.

The Committee has also been updated on the culture action programme which aims to drive delivery of our customer first and operational simplicity goals.

Data

Ahead of the implementation date of the General Data Protection Regulation (GDPR) the Committee reviewed our data governance arrangements and monitored our implementation preparations.

The Committee has also reviewed our broader approach to data privacy to assess how Aviva demonstrates that it uses customer information appropriately.

Conduct agenda

In the past year the Committee has continued to pay close attention to Aviva's conduct risk agenda.

In addition to UK conduct risks, the Committee has also reviewed conduct and compliance risks across our markets. During the year, the Committee received a deep dive on conduct risk in our Singapore business from the Chief Risk Officer of Aviva Singapore and in our Polish business from the Chief Executive Officer of Aviva Poland.

Governance

The Committee focused on changes in the internal governance of the Group, particularly governance within our subsidiary businesses. A set of subsidiary governance principles were put in place in 2016 within the Group to provide a consistent governance framework. As part of a review and refresh of the principles, in 2018 a succession management framework was established for subsidiary entities to consider board succession planning, non-executive director tenure profiling and the skills and composition of the boards. The Committee has provided oversight of the succession framework and this has led to enhanced visibility of the subsidiary boards.

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

Compliance

The Committee has monitored material compliance developments and changes in the regulatory landscape from a conduct risk perspective. The Committee also approves the annual Group Compliance Plan and reviews performance against this plan. The Committee continued to monitor the financial crime risks for the Group, and associated action plans and during the year particularly focused on further strengthening first line anti-fraud controls. The Committee also monitored the Financial Crime Transformation Programme that built on the existing financial crime structures.

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 reviewed Aviva's reporting on modern slavery and also received updates on the Aviva Foundation, which has been established to distribute the proceeds of our share forfeiture programme which became operational in 2018. At the end of 2018, £3 million had been raised for the Aviva Foundation.

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. We supported the launch of the World Benchmarking Alliance with the aim of helping businesses to do more to achieve the UN Sustainable Development Goals. Further information on our integrated responsibility and sustainable business approach can be found on the Company's website at: www.aviva.com/social-purpose.

Committee effectiveness review

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

2019 priorities

In 2019, the Committee will continue to review the customer agenda, concentrating on further improving the experience we provide to customers and reviewing customer conduct risk matters.

We will also review the scope and potential outcomes from a governance review of our UK businesses and how this might be reflected in changes to our governance framework across the Aviva Group.

The Committee will also monitor the wellbeing and engagement of our people through responses to the Voice of Aviva surveys and the embedding of our culture action programme.

Claudia Arney

Chair of the Governance Committee
6 March 2019

Committee activities during 2018

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 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 2018 effectiveness review
- Considered succession planning for material subsidiaries around the Group

People

- Reviewed the results of the Voice of Aviva surveys
- Reviewed and considered the talent development programmes for leadership across the Group, with particular focus on diversity
- Approved 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 data governance
- 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

UK Digital (UKD)

- Reviewed the Chief Risk Officer's report and Internal Audit Report on UKD
- During 2018 the UKD Board established a conduct committee and the Committee's role and oversight of the conduct agenda for UKD was transitioned to the UKD Board