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Overview

We report here on how our directors have performed their duty under Section 172 (s.172) of the Companies Act 2006, and this statement reflects the contribution by the Aviva Group to the performance of Aviva plc. S.172 sets out a series of matters to which the directors' must have regard in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly¹.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics, brand and reputation of the Company to ensure that our obligations to our shareholders, employees, customers and others are met. Management drives the embedding of the desired culture throughout the organisation. The Board monitors adherence to our policies and compliance with local corporate governance requirements across the Group and is committed to acting where our businesses fail to act in the manner we expect of them.

Our Board is also focussed on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being. A detailed explanation of how Aviva continues to manage the impact of its business on the environment is outlined in the 'Corporate responsibility' section of the Strategic report.

Our culture

As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a deep sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and continuing dialogue.

Our culture is shaped by our clearly defined purpose – with you today, for a better tomorrow – to help ensure we do the right thing in Aviva. Throughout our business, we are proud that our people live by our core value of Care More for our customers, for each other and for the communities we serve. We value diversity and inclusivity in our

workforce and beyond, and the 'Our people' section of this report sets out the strength of Aviva's culture in this regard and how that underpins everything we do every day.

Key strategic decisions in 2019

For each matter which comes before the Board, the Board considers the likely consequences of any decision in the long-term and identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process.

In June 2019, we announced that our life and general insurance businesses in the UK will be managed separately, with our digital direct business integrated into UK General Insurance. This will enable stronger accountability and greater management focus on the UK's leading life and general insurance business. We also disclosed that we are targeting a £300 million per annum reduction in controllable costs² by 2022 (net of inflation), which will involve 1,800 role reductions across the Group.

In November 2019, we announced the outcome of a comprehensive strategic review of our business. Our strategy is to simplify Aviva into a leading international savings, retirement and insurance business delivering for our customers, shareholders and communities. We will achieve this by delivering great customer outcomes, excelling at the fundamentals and investing in sustainable growth. These actions will drive higher returns for our shareholders.

The Board determined that in order to progress its agreed strategic priorities, Aviva should be simplified into five operating divisions from 2020. This included the creation of a new business division; Investments, Savings & Retirement (IS&R). IS&R brings together Aviva Investors and our UK Life Savings & Retirement businesses to look after all stages of customers' savings and retirement needs.

As a result of our strategic review, we announced in November 2019 that we will retain our businesses in Singapore and China. We agreed the sale of our stake in our Hong Kong joint venture, Blue, to our partner Hillhouse Capital Group, and we are in discussions with our partners in relation to our business in Vietnam and joint venture in Indonesia. For further information on all these decisions, see 'Our strategy' in this Strategic report.

Our key financial decisions made during the year, including the adoption of a progressive dividend policy, our targeted £1.5 billion debt reduction and our planned investment of c.£1.3 billion in our operating businesses in the period to 2022, were all made in line with our long-term strategic goal of sustainable value creation. A full account of our financial performance is contained in the Chief Financial Officer's review within this Strategic Report.

¹ The s.172 statements of our qualifying subsidiaries will be made available on the Aviva plc website.

² This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including reconciliation to the financial statements (where possible), can be found in the 'Other information' section of the Annual report and accounts

Stakeholder engagement

The table below sets out our approach to stakeholder engagement during 2019:

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Customers	Our purpose, 'with you today, for a better tomorrow,' captures the reason we exist as a business. Understanding what's important to our 33 million customers is key to our long-term success.	<ul style="list-style-type: none"> • The Board receives regular reporting on customer outcomes and customer-related strategic initiatives throughout the year. We conducted reviews of the 'customer journey' within Aviva and of trust in the Aviva brand. • The Board closely monitors customer metrics and engages with the leadership team to understand the issues if our performance does not meet our customers' expectations. This is also reflected at each of our subsidiary boards. • During 2019, we reviewed our Board committee structures and repurposed the Governance Committee to the Customer, Conduct and Reputation Committee to ensure comprehensive scrutiny of all customer-related areas. • The Board continues to monitor and review developments concerning changes to our IT platforms which will allow us to simplify and support service delivery to our customers. • For further information on how we engage with our customers, please see the reports from each of our business divisions in the 'Market review' section of this Strategic report.
Our people	Our people's commitment to serving our customers is essential for us to deliver on our vision to earn customers' trust as the best place to save for the future, navigate retirement, and insure what matters most to them.	<ul style="list-style-type: none"> • Through employee forums, global internal communications and informal meetings, the directors engage with our people on a wide range of matters and act on the outputs of our annual global engagement survey. • The Chairman also chairs the Evolution Council (a diverse group of high calibre leaders from across the business), involving them in discussions related to the Group strategy and incorporating their insight into their final decisions. Council meetings are attended by a number of Non-Executive Directors. • Our directors have also attended meetings of Your Forum, our fully elected employee forum representing UK employees. • We believe these methods of engagement with Aviva employees are effective in building and maintaining trust and communication; allowing for openness, honesty and transparency and increasing innovation and productivity within the business. These methods of engagement also act as a platform for Aviva employees to influence change in relation to matters that affect them. • In line with our talent management programme, talent breakfasts were held with the Board and high potential employees. • Our people share in the business' success as shareholders through membership of our global share plans. • We are committed to recruiting, training and retaining the best talent we can find. We are proud to have been a pioneer in some areas of employee benefits, including providing six months paid parental leave for all UK employees. The Chairman remains a member of the 30% Club, a business-led organisation committed to accelerating progress towards better gender balance at all levels of organisations. Further information on our approach can be found in the 'Our people' section of this Strategic report.
Suppliers	We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries, including around risk management and customer service.	<ul style="list-style-type: none"> • Our directors maintain oversight of the management of our most important suppliers and our operating subsidiary boards regularly review and report on their performance. During the year, we successfully progressed our migration to a new data centre infrastructure provider, including partial migration to the Cloud. • Our Board reviews the actions we have taken to prevent modern slavery and associated practices in any part of our supply chain and approves our Modern Slavery Statement each year. • All supplier-related activity is managed in line with the Group Procurement and Outsourcing business standard. This ensures that supply risk is managed appropriately in relation to customer outcomes, data security, corporate responsibility, and financial, operational, contractual and brand damage caused by inadequate oversight or supplier failure. • An important part of our culture is the promotion of high legal, ethical, environment and employee related standards within our business and also among our suppliers. Before working with any new suppliers, we provide them with our Supplier Code of Behaviour, and our interaction with them is guided by our Business Ethics Code. • In the UK, Aviva is a signatory of the Prompt Payment Code which sets high standards for payment practices. We are a Living Wage employer in the UK, and our supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva in the UK.

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Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Communities	We recognise the importance of contributing to our communities through volunteering, community investment, and long-term partnerships with non-governmental organisations, and as a major insurance company we are fully engaged in building resilience against the global impact of climate change.	<ul style="list-style-type: none"> • The Board receives regular updates on our community activities, including our strategic partnership with the British Red Cross, and our community investment directed through the Aviva Community Fund and the Aviva Foundation. • During the year, the Governance Committee supported the Board in this area by reviewing our Group Corporate Responsibility strategy and overseeing its implementation. This oversight will continue in 2020 through the Customer, Conduct and Reputation Committee. • Aviva and the British Red Cross have been working in partnership since 2016 to build safer and stronger communities in the UK and beyond, and many of our people have volunteered in support of this work including as Community Reserve Volunteers and through a Global Mapathon, to help map some of the world's most vulnerable communities, who otherwise could not easily be reached by aid organisations in crises. • Through the Aviva Foundation, we support the World Benchmarking Alliance which develops benchmarks to encourage sustainable business practices in relation to the UN Sustainable Development Goals. For further information, see the 'Corporate responsibility' section of this Strategic report. • Aviva was the first global insurer to become carbon neutral in 2006 and we continue to offset 100% of any remaining carbon emissions. • More on how the Board incorporates climate-related risks and opportunities into our governance, strategy and risk management operations is included in 'Our climate-related financial disclosures' in this Strategic report.
Regulators	As an insurance company, we are subject to financial services regulations and approvals in all the markets we operate in.	<ul style="list-style-type: none"> • As the subject of close and continuous supervision by our regulators, we maintain constructive and open relationships with them. We have a programme of regular meetings between the directors and our UK regulators. • This includes engagement on the management of our climate risk responsibilities to meet the requirements of the Prudential Regulation Authority's 2019 supervisory statement, 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change'. • The Customer, Conduct and Reputation Committee enables continued focus in this area through its oversight of the regulatory landscape.
Shareholders	Our retail and institutional shareholders are the owners of the Company.	<ul style="list-style-type: none"> • The Board meets with shareholders at the Annual General Meeting which provides an opportunity, predominantly for our retail shareholders, to engage directly with the Board. • The Chairman, Senior Independent Director and Executive Directors have a programme of meetings with institutional investors during the year. The Board also receives regular briefings from our corporate brokers on investors' views. • A shareholder newsletter is published on aviva.com every quarter and provides shareholders with publicly available information including recent Board changes, financial or strategic updates, and information about our Aviva Foundation projects.