

Section 172 (1) statement and our stakeholders

Overview

We report here on how our directors have performed their duty under Section 172 (1) (s.172) of the Companies Act 2006. S.172 sets out a series of matters to which the directors must have regard to 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 and reputation of the Company to ensure that our obligations to our shareholders, employees, customers and others are met and 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 fall short of the standards we expect.

Our Board is also focused 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 communities and the environment is outlined in the 'Corporate responsibility' and 'Our climate-related financial disclosure' section of the Strategic report.

Our culture

Our culture is shaped by our clearly defined purpose – with you today for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency. We value diversity and inclusivity in our workforce and beyond, and the 'Our people' section of this report sets out how that underpins everything we do.

Key strategic decisions in 2020

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

- 2020 has been dominated by COVID-19 and its impact on our customers, our people and the communities in which we operate. For our customers we moved quickly to expand our remote working capability to maintain strong levels of service for individual and commercial customers. We have provided extensive support for our people throughout the period of restrictions, focusing on wellbeing and mental health support, as well as practical assistance for working at home. Aviva has played a significant role in helping our communities, contributing more than £40 million to support community partners. While COVID-19 has been a tragedy for public health and the global economy, Aviva has continued to demonstrate resilience both in terms of financial strength and performance. Nonetheless, in the wake of the unprecedented challenges of COVID-19 we announced on 8 April 2020 the withdrawal of the recommended 2019 final dividend. This reflected the highly uncertain impact on the economy of COVID-19 and the urging of regulatory authorities publicly to exercise restraint in paying dividends. On 6 August 2020 at the Interim Results Announcement we declared a second interim dividend for 2019. On 26 November 2020 we provided an update on our dividend policy and declared an interim dividend for 2020. On 4 March 2021 we declared a final dividend for 2020.

At the Interim Results Announcement we also announced that going forward we would focus on our strongest businesses in the UK, Ireland and Canada where we have the necessary size, capability and customer service capabilities to generate superior returns for shareholders. The Aviva international businesses in continental Europe and Asia would be managed for long-term shareholder value, and where we could not meet our strategic objectives, we would withdraw capital. In addition, we announced that we must translate our strength in customer and distribution into superior financial performance for shareholders, and further strengthen our financial position in order to give the optionality to invest in our businesses and provide returns to shareholders.

Consistent with our strategic priorities, on 11 September 2020 we announced the sale of a majority shareholding in Aviva Singapore. The sale of Aviva Singapore was a first step in focusing our portfolio and demonstrated execution against our strategic priorities. On 30 November 2020 we announced completion of the transaction. During the fourth quarter we announced the sale of a major part of our Italian life business, Aviva Vita, with completion expected in the first half of 2021. We also announced completion of the disposals of our Indonesian joint venture and our Hong Kong joint venture. Finally, on 23 February 2021, we announced the sale of our French business, and on 24 February 2021 we announced the exit from our Turkish joint venture.

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

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Stakeholder engagement

The table below sets out our approach to stakeholder engagement during 2020:

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Customers	Understanding what's important to our 31.6 million customers is key to our long-term success.	<ul style="list-style-type: none"> • The Customer, Conduct and Reputation Committee (CCRC) receives regular reporting on customer outcomes and customer-related strategic initiatives. • The CCRC closely monitors customer metrics and engages with the leadership team if our performance does not meet our customers' expectations. • 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. • As part of our COVID-19 response the Board discussed and supported the activities to support customers, including premium deferrals and the prioritisation of existing customers, particularly vulnerable customers, over new business. • For further information on how we engage with our customers, please see the reports from each of our business divisions in the 'Our market review' section of this Strategic report.
Our people	Our people's well-being and commitment to serving our customers is essential for our long-term success.	<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 Chair also is chair- of the Evolution Council (a diverse group of high calibre leaders from across the business), involving them in discussions related to the Group's strategy and incorporating their insight into the Board's decision-making. Council meetings are attended by several Non-Executive directors and the Non-Executive directors may also attend 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 and they allow for openness, honesty and transparency within the business. They also act as a platform for Aviva employees to influence change in relation to matters that affect them. • 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 and we are proud to be a pioneer in some areas of employee benefits, including providing six months paid parental leave for all UK employees. • During 2020 the Board ensured that our people's safety was at the heart of decision-making. Our people received regular communications through our leaders and colleagues were consistently provided with guidance and support. This included making sure that the capabilities were in place to allow our people to work from home. Internal surveys for employees were issued to ensure that the Board received feedback from employees as to whether they felt supported and well informed. • The Board recognises the benefits of a diverse workforce and an inclusive culture and as a result there has been significant activity and investment on Diversity and Inclusion, with a priority on gender and ethnic minorities particularly following the Black Lives Matter movement. • The Group Chief Executive Officer is a member of the 30% Club, a business-led organisation committed to accelerating progress towards better gender balance at all levels of the organisation. Further information on our approach can be found in the 'Our people' section of this Strategic report.

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Suppliers	<p>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.</p>	<ul style="list-style-type: none"> • Our directors maintain oversight of the management of our most important suppliers and our operating subsidiary boards review and report on their performance. • 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 issues. • An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and among our suppliers. Before working with any new suppliers, we provide them with our Third-Party Code of Behaviour, and our interaction with them is guided by our Business Ethics Code 2020. • 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. • 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. • The Board received an update on supplier risks and performance in December 2020, including how we treat suppliers fairly and equitably.
Communities	<p>We recognise the importance of contributing to our communities through volunteering, community investment, and long-term partnerships. As a major insurance company we are fully engaged in building resilience against the global impact of climate change.</p>	<ul style="list-style-type: none"> • The Board receives regular updates on our Corporate Responsibility activity, including our strategic partnership with the British Red Cross, the Aviva Foundation¹ and our wider community investment approach. • Aviva and the British Red Cross have been working in strategic partnership since 2016 to build safer and stronger communities in the UK and beyond. 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 times of crisis. • During 2020 Aviva significantly increased community investment in light of COVID-19 to support vulnerable customers and the communities in which the Company operates. This included Aviva and the Aviva Foundation donating £10 million to the British Red Cross and other National Societies to support communities across our markets, including the creation of a hardship fund in the UK to provide financial support to those most in need. • Since the end of 2018, through the Aviva Foundation, over £7 million has been granted to organisations delivering public benefit projects aligned to Aviva's purpose, values, and expertise. The Aviva Foundation will continue these investments through 2021. For further information, see the 'Corporate responsibility' section of this Strategic report. • Aviva was the first international insurer to become operationally carbon neutral in 2006 and we continue to offset 100% of any remaining operational carbon emissions. Being carbon neutral means taking part in a carbon offset programme which allows us to invest in environmental projects around the world that reduce the same amount of carbon that we produce through our buildings and other operations. We are now taking our ambition a step further and have set out our goal to becoming a Net Zero company across our operations, supply chain and investments, as part of our commitment to the UN Net Zero Asset Owners Alliance. • 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 disclosure in this Strategic report.'

¹ The Aviva Foundation is administered by Charities Trust under charity registration number 327489

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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"> • We maintain a constructive and open relationship with our regulators and have a programme of regular meetings between the directors and our UK regulators. • The CCRC provides focus over this area through its oversight of the regulatory relationship and landscape. • On 26 October 2020 the FCA published the outcome of its investigation into Aviva's announcement on preference shares in March 2018. Aviva released its response the same day accepting the FCA finding. Aviva had earlier recognised the uncertainty created for preference shareholders by the March 2018 announcement, and on 31 July 2018, set up a discretionary goodwill scheme for impacted preference shareholders. • The Board worked closely with the regulators and other supervisory bodies in the wake of the unprecedented challenges presented by COVID-19.
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 (AGM) which provides an opportunity, predominantly for our retail shareholders, to engage directly with the Board. Due to the restrictions associated with the COVID-19 pandemic, it was not possible to hold our usual AGM arrangements, but we filmed an event with the Chair and Group Chief Executive Officer answering questions submitted by shareholders to ensure our engagement with shareholders continued as far as possible in the circumstances. • The Chair 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.