

Our stakeholder engagement

s.172(1) statement

We report here on how our directors have performed their duty under Section 172(1) (s.172) of the Companies Act 2006.

Overview

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 accordingly.¹

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 'Sustainability Ambition' 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 2021

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.

During 2021 COVID-19 continued to impact on our customers, our people and the communities in which we operate. We maintained our remote working capability to maintain strong levels of service for individual and commercial customers. As the year progressed, we adapted our customer service model to reflect the government advice in place at that particular time. We have also 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 and in the subsequent return to office based activities.

Consistent with our strategic priorities, on 23 February 2021 we announced the sale of Aviva France for €3.2 billion in cash. On 4 March 2021 we announced a tender exercise to purchase up to £800 million of senior and subordinated debt securities to support our deleveraging strategy and redeploy the proceeds of Group disposals at pace. Following a positive response to the tender offer, we announced on 12 March 2021 we had increased the size of the tender offer to £1 billion. We also announced on 4 March 2021 the sale of our remaining Italian Life and

General Insurance businesses. On 26 March 2021 we announced the sale of Aviva Poland for a cash consideration of €2.5 billion, valuing the entire business at €2.7 billion. The sale of these businesses to high quality buyers was considered to be a positive outcome for our customers, employees, distributors and shareholders.

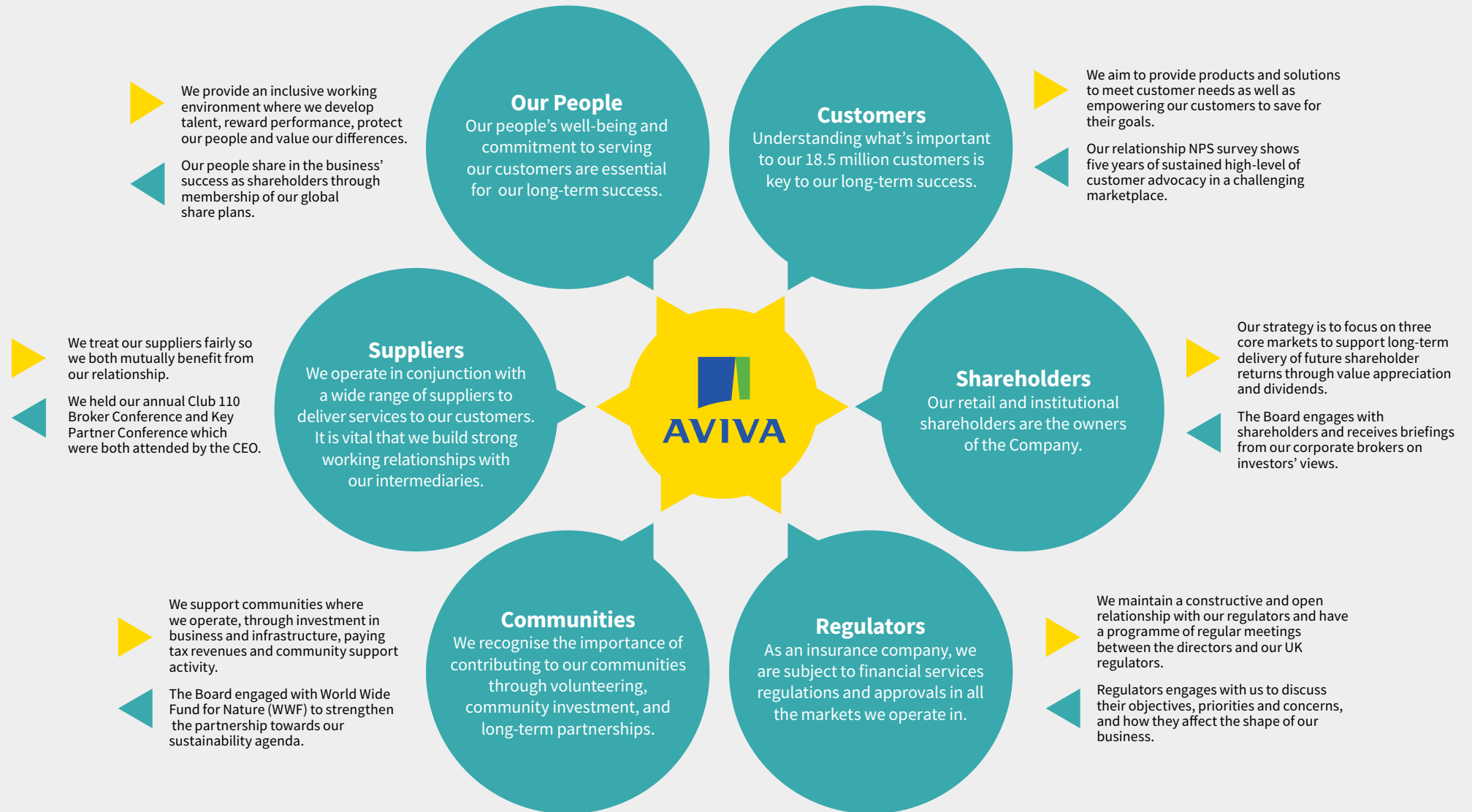
On 9 April 2021 we announced the redemption of £450 million fixed/floating rate notes due in 2041. On 12 August 2021, and in line with the strategic objective to return capital to shareholders, we announced the intention to return at least £4 billion of capital to shareholders including a share buyback programme of £750 million. On 15 December 2021 we announced the increase and extension of the share buyback programme to £1 billion. The intention to further reduce debt by a further £1 billion was also announced.

On 1 March 2021, Aviva also reported its plan to become a Net Zero carbon emissions company by 2040. This undertaking, which will inform every aspect of operations and investment decisions at Aviva, is part of its strategy to be the UK's leading insurer, contributing to a sustainable economic recovery.

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

Our stakeholder engagement continued

Relationships with our stakeholders



Our stakeholder engagement continued

The table below sets out our approach to stakeholder engagement during 2021:

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Customers	Understanding what's important to our 18.5 million customers is key to our long-term success.	<ul style="list-style-type: none"> The Board reviewed the Customer Strategy presented by the Chief Customer and Marketing Officer and the Customer, Conduct and Reputation Committee (CCRC) continues to receive regular reporting on customer outcomes and customer-related strategic initiatives and engages with the leadership team if our performance does not meet our customers' expectations. The Board ensures that they keep up to date with customers' needs through regular training and development and received a dedicated training session on Vulnerable Customers in May 2021 to ensure that appropriate focus is given to vulnerable customers. For further information on how we engage with our customers, please see the 'Our market review' section.
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 continues to chair 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. The CEO and Chair of the Remuneration Committee attended 'Your Forum' meetings in 2021, our fully elected employee forum, representing UK employees. We believe this method of engagement with Aviva employees is effective in building and maintaining trust and communication and allows for openness, honesty and transparency within the business. It also acts as a platform for employees to influence change in relation to matters that affect them. The Board recognises the benefits of a diverse workforce and an inclusive culture and as a result there has been significant investment and activity on diversity and inclusion. This included having a dedicated Black Lives Matter training session in May 2021. To ensure alignment and retain focus on the agenda the Executive Directors' Long-Term Incentive Plan (LTIP) has been linked to two diversity performance metrics and employee engagement is a primary metric in the Annual Bonus Plan (ABP). For further information on how we engage with our people, please see the 'Our people' section.
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.	<ul style="list-style-type: none"> 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. Our Board reviews the actions we have taken to prevent modern slavery and associated practices in our supply chain and approves our Modern Slavery Statement. 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, including how we treat suppliers fairly and equitably. With the lifting of COVID-19 restrictions imposed at the start of the year we were able to hold our annual Club 110 Broker Conference and Key Partner Conference which were both attended by the CEO.

Our stakeholder engagement continued

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. 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 Corporate Responsibility activity, including our strategic partnership with the World Wide Fund for Nature (WWF), the Aviva Foundation¹ and our wider community investment approach. The Aviva Foundation will continue to invest in organisations delivering public benefit aligned to Aviva's purpose and expertise with a focus on financial capability. 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 information on how the Board assesses climate risks and opportunities is included in 'Our climate-related financial disclosure' section.
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 Board proactively engaged with our regulators in respect of the Company's disposals during 2021 and the capital return quantum and mechanism. 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 in place in 2021 it was not possible to hold our usual AGM, however we were able to enable shareholders to attend and participate electronically, including the ability to vote and ask live questions 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 and the Board receives regular briefings from our corporate brokers on investors' views which are taken into account when considering our strategy. 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.

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