

Nomination Committee report

Committee focus for the 2017 year

I am pleased to present the Nomination Committee's report for the year ended 31 December 2017.

During 2017, the Committee supported the appointment of Maurice Tulloch as an Executive Director of the Board, and the Independent Non Executive Director (INEDs) succession process following the retirement of Bob Stein and Sir Malcolm Williamson at the conclusion of the 2017 Annual General Meeting (AGM) on 10 May 2017.

Committee membership

The members of the Committee are shown in the table below. Details of their experience, qualifications and their attendance at Committee meetings during the year are shown within the Directors' and corporate governance report.

Name	Member Since	Years on the Committee
Sir Adrian Montague*	06/03/2013	5
Claudia Arney	08/02/2016	2
Glyn Barker	01/07/2012	5
Patricia Cross	01/12/2013	4
Belén Romana García	26/06/2015	2
Michael Hawker	01/07/2012	5
Michael Mire	12/09/2013	4
Bob Stein**	06/03/2013	5
Sir Malcolm Williamson**	14/05/2015	2
Keith Williams	01/08/2016	1

* Chair

** Retired from the conclusion of the 2017 Annual General Meeting (10 May 2017)

Committee purpose

The main purpose of the Committee is to monitor the balance of skills, knowledge, experience and diversity on the Board and the succession plans for the Executive Directors. Last year the Committee expanded its responsibility to include the oversight of talent development for the wider Group. This ensures that a holistic approach to talent development and securing a future talent pipeline is taken throughout the Group.

Board and executive succession planning

There have been a number of changes to the Board during the year. In June 2017 it was agreed that Maurice Tulloch, Chief Executive Officer of International Insurance, would join the Board as an Executive Director. Maurice brings significant general insurance and international experience to the Board.

Glyn Barker, who has been a member of the Board for six years, was appointed as Senior Independent Director (SID) following Sir Malcolm's retirement and as a consequence stepped down as Chair of the Audit Committee. He also became a member of the Governance and Remuneration Committees. In line with our approach to succession planning, Keith Williams became Chair of the Audit Committee and a member of the Risk Committee and in January last year, Claudia Arney was appointed Chair of the Governance Committee and a member of the Risk Committee.

A skills matrix for Board members and the Company's executive management has been developed and it supported the Committee's discussions during the Board and committee appointment process. The skills matrix sets out the expertise and experience of each Board member and the Group Executive and assists the Committee in identifying those who possess the desired skills and experience to join the Board and its committees, both now and in the future.

In the year, the skills matrix was used to identify our need to give greater focus to the Group's European and International businesses at Board level and, coupled with the Board's desire to appoint an additional Executive Director, it was agreed that Maurice Tulloch should join the Board. Maurice's promotion demonstrates how we continue to develop our talent in the Group.

Executive and Board succession planning continues to be a priority for the Committee and throughout the year the Committee monitored the future leader pipeline and the available pool of talent in the Company.

With respect to the wider people agenda, the Board is heavily involved in managing and strengthening the talent pipeline across the Group. Members of the Board have been involved in various initiatives including an ongoing programme of talent breakfasts where high potential employees meet the Board at least four times a year. Further information on our people strategy can be found in the Strategic report.

Diversity

The Board is committed to having a diverse and inclusive leadership team which provides a range of perspectives, insights and the challenge needed to support good decision making. Diversity at Aviva includes but is not limited to gender; it comprises an inclusive environment which respects all strands of diversity including skills and experience, geographical expertise, ethnicity, disability and sexual orientation.

In May 2017, the Board adopted a Diversity and Inclusion statement which supports the Committee in its approach to succession planning. The Board's Diversity and Inclusion statement, which is in line with the overall Group Diversity and Inclusion strategy, is available on the Company's website at www.aviva.com/corporate-governance

We are supportive of the recommendations set out in the Hampton-Alexander Review and are committed to raising the representation of women on the Board to 33%. As at the date of this report, 25% of the Board are female, which is an increase from 23% in 2016. In terms of our senior management, 30% of our Group Executive members are female.

We actively support women advancing into senior roles, as evidenced by our participation in initiatives such as the Future Boards Scheme. In addition, the Group Chief Executive Officer (Group CEO) and I are active members of the 30% Club. The Board will continue to monitor Aviva's talent management programmes and practices with a special regard to those designed for women with high potential.

The Board is also supportive of the recommendations set out in the Parker Review and we aim to increase the ethnic diversity of the Board by 2021.

Board effectiveness review

The Board and its committees conduct an evaluation of their performance each year and in accordance with the UK Corporate Governance Code, we conduct external evaluations at least every three years. Our 2017 evaluation was conducted by 'Independent

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Board Evaluation', a firm that has no other connection with the Company.

Further information about the 2017 effectiveness review can be found in the Directors' and Corporate Governance Report.

The Committee will review the outcomes of the 2017 effectiveness review, agree any actions and monitor these going forward.

2018 priorities

In 2018 the Committee will continue to focus on succession planning at Board and senior management level, developing our people to ensure we maintain a strong talent pipeline and supporting the leadership programmes that underpin this.

Sir Adrian Montague

Chair of the Nomination Committee

7 March 2018

Committee activities and agenda time during 2017

Evaluation and annual assessment – 15% of agenda time

- Assessment of non-executive directors independence
- Considered and recommended to the Board the election/re-election of each continuing director ahead of their election/re-election by shareholders at the Company's 2017 AGM
- Reviewed and made recommendations to the Board in respect of each directors actual, potential or perceived conflicts of interests

Board composition and diversity – 34% of agenda time

- Reviewed the composition of the Board and its committees and in particular, whether the Board required additional skills and experience which would complement those of the existing members and the Company's risk profile and strategy
- Recommended the appointment of Glyn Barker as Senior Independent Director and various committee changes
- Considered specific steps to be taken in relation to diversity in Board and executive succession planning

Succession planning – 24% of agenda time

- Continued to focus on succession planning arrangements at both Board and executive level, against a specification for the role and capabilities required for the position and the composition of the Board
- Considered plans for succession for each Group Executive member, including talent development below Group Executive level
- Identified and endorsed the appointment of Maurice Tulloch to the Board in June 2017

Talent pipeline – 27% of agenda time

- Reviewed the career and development plans for the Group Executive to ensure that there is an adequate talent pool of potential executive directors
- Oversaw talent development throughout the Group and ensured there is a sufficient pipeline of talent available to achieve the Company's current and future strategy