

Nomination Committee report

Committee focus during 2019

I am pleased to present the Nomination Committee's (the Committee) report for the year ended 31 December 2019.

During the year, the Committee led the selection process for the appointment of Maurice Tulloch as the Group Chief Executive Officer (Group CEO) on 4 March 2019, and the appointment of Jason Windsor as the Group Chief Financial Officer (Group CFO) on 26 September 2019.

The Committee also led the Independent Non-Executive Director succession process in view of the retirement of Michael Hawker, Keith Williams, Claudia Arney and Glyn Barker during the year, and with the appointment of Patrick Flynn, George Culmer and Amanda Blanc to the Board.

Committee membership

Michael Hawker and Keith Williams retired from the Board and the Committee on 31 March 2019 and 23 May 2019 respectively, and Glyn Barker and Claudia Arney retired from the Board and the Committee on 31 December 2019. I would like to thank them all for their contribution. The members of the Committee as at 31 December 2019 are shown in the table below. Amanda Blanc joined the Committee on 2 January 2020. Details of members' experience and qualifications are shown in the 'Our Board of Directors' section, and their attendance at Committee meetings during the year is shown within the Directors' and Corporate Governance report.

Name	Member since	Years on the Committee
Sir Adrian Montague ¹	06/03/2013	7
Claudia Arney ²	08/02/2016	4
Glyn Barker ³	01/07/2012	7
Patricia Cross	01/12/2013	6
Belén Romana García	26/06/2015	4
Michael Mire	12/09/2013	6
Patrick Flynn	16/07/2019	<1
George Culmer	25/09/2019	<1

1 Chair

2 Claudia Arney retired from the Committee on 31 December 2019

3 Glyn Barker retired from the Committee on 31 December 2019

Committee Purpose

The main purpose of the Committee is oversight of the balance of skills, knowledge, experience and diversity on the Board to enable it to identify and respond appropriately to current and future opportunities and challenges. To assist in identifying and nominating candidates for the Board, the Committee monitors the succession plans for senior management and Executive and Non-Executive Directors. The Committee also oversees diversity and inclusion initiatives and talent development for the wider Group. During the year, the Board and Committees' remit and responsibilities were reviewed. With effect from 1 January 2020 the Committee changed its name to the Nomination and Governance Committee and expanded its responsibilities to include oversight of governance, regulatory compliance and organisational change. More information on the Board and Committees' structure can be found in the Directors' and Corporate Governance report.

Board and executive succession planning

The 2018 UK Corporate Governance Code (the Code) places greater emphasis on succession planning and the Committee has built on its existing processes to enhance its focus in this area.

The Committee, on behalf of the Board, regularly assesses the balance of Executive and Non-Executive Directors, and the composition of the Board in terms of skills, experience, diversity and capacity.

Executive Directors

The Committee led the process for the recruitment of a new Group CEO following the departure of Mark Wilson in October 2018. The Committee approved the search brief and engaged Spencer Stuart to identify suitable candidates. The brief included finding candidates with strong insurance experience, a track record of running large global organisations, outstanding leadership qualities, a customer focused approach, and alignment to the Company's culture and values. A diverse shortlist of internal and external candidates was interviewed by the Chairman, the Senior Independent Director and the chairs of the Board Audit, Risk, Governance and Remuneration Committees. The preferred candidates met with all Non-Executive Directors and the successful candidate met with the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA). The Remuneration Committee led on the development of an appropriate remuneration package for the role and approved the final package to be offered to the successful candidate. Both the Remuneration and Nomination Committees were mindful of shareholder views when considering the remuneration package for the role. Having considered all the skills, experience and personal attributes of the preferred candidates, the Committee unanimously agreed to recommend Maurice Tulloch as Group CEO. The Board appointed Maurice as Group CEO on 4 March 2019. Maurice was formerly Chief Executive Officer International Insurance. The appointment of Maurice as Group CEO reflected a strong internal succession planning process and demonstrated our focus on people development and readiness for future roles.

On 30 June 2019, Tom Stoddard stepped down as Group CFO and as an Executive Director of Aviva plc. The Committee was involved in the appointment of the new Group CFO and engaged Spencer Stuart to carry out an extensive external search and to benchmark internal candidates for the role. A shortlist of highly capable and diverse internal and external candidates was produced and considered against the role profile previously agreed by the Committee. Interviews were held with the shortlisted candidates and the Non-Executive Directors, following which the Committee unanimously agreed to recommend Jason Windsor's appointment to the role. The Board appointed Jason Windsor as Group CFO and Executive Director of Aviva plc from 26 September 2019. Jason Windsor was Aviva's interim Chief Financial Officer from 1 July 2019 and was previously Chief Financial Officer of Aviva UK Insurance. He has a deep understanding of Aviva and the markets we operate in and was considered the right candidate for the role in line with our executive succession plans.

During the year, Spencer Stuart had no other connection with the Company or any individual director.

Non-Executive Directors

Following nine years on the Board, Michael Hawker retired from the Board and as Chair of the Risk Committee on 31 March 2019. Keith Williams retired from the Board and as chair of the Audit Committee, following the conclusion of the Company's AGM on 23 May 2019. Claudia Arney and Glyn Barker retired from the Board and as chair of the Governance Committee and Senior Independent Director respectively, with effect from 31 December 2019.

During the year, the Committee reviewed the Board skills matrix and capability gaps identified and agreed the areas of experience which would be beneficial to the composition of the Board. Spencer Stuart was engaged to undertake an extensive external search based on the specification agreed by the Committee. The Committee considered the role profiles of the shortlisted candidates, met the candidates with the most alignment to the specification and recommended the appointment of Patrick Flynn, George Culmer and Amanda Blanc to the Board. Patrick Flynn was appointed to the Board on 16 July 2019 and became Chair of the Audit Committee on 4 November 2019. Patrick brings significant experience of both retail financial and insurance services. George Culmer joined the Board on 25 September 2019, bringing extensive insurance and banking experience. He was appointed as the Senior Independent Director with effect from 1 January 2020. Amanda Blanc joined the Board as a Non-Executive Director and Chair of the Governance Committee on 2 January 2020. Amanda brings strong knowledge of the UK and European insurance industry and a detailed understanding of business and customers.

Following Michael Hawker's retirement from the Board, Belén Romana García became the Chair of the Risk Committee with effect from 5 July 2019. Belén has been a member of the Risk Committee since joining the Board in June 2015 and has extensive experience of financial services including insurance, banking, regulation and risk management.

Talent management

The Committee also monitors the development of the Aviva Leadership Team (ALT) to ensure that there is a diverse supply of senior executives and potential future Board members with the appropriate skills and experience. Following the appointment of the Group CEO, the ALT was refreshed in line with the Group's strategic direction. The investment made in growing our leadership capability over the past three years meant that there was a strong pipeline of internal candidates available with the majority of ALT appointments originating internally in line with our succession plans. During 2019, the Committee received regular updates from the Group CEO on the composition and changes to the ALT and considered the development plans and talent profiles of these individuals in line with the Group's succession plans.

The Committee also considers the development plans designed to prepare successors for ALT roles. Internal talent development and developing a pipeline of potential future leaders has continued to receive Committee focus during the year.

The Committee also considers the initiatives to enhance, strengthen and diversify the talent pipeline across the wider Group and members of the Committee remain involved in various initiatives, including an ongoing programme of talent breakfasts where high potential employees meet with the Board.

Diversity

Diversity and inclusion continue to be an area of focus for the Committee and the Board. The Board is committed to having a diverse and inclusive leadership team which provides a range of perspectives and insights and the challenge needed to support good decision making. Diversity at Aviva includes, but is not limited to gender, and is inclusive of all strands of diversity including skills and experience, geographic background, ethnicity, disability and sexual orientation. The Board is supportive of the recommendations set out in the Parker Review and we aim to increase the ethnic diversity of the Board by 2021, as well as monitoring ethnic diversity in our succession and leadership pipeline.

As a global business Aviva recognises the importance of reflecting the diversity of the customers we serve in the composition of our Board and the senior management of the markets we operate in.

As at the date of the report the representation of women on the Board has increased from 27% in March 2019 to 33%. We actively support women advancing into senior roles, with the Chairman being an active member of the 30% Club. We are a charter signatory of HM Treasury's Women in Finance Charter, which commits financial services companies to a range of measures to improve gender diversity amongst senior management. As at the date of this report females represent 35% of the ALT and further details on gender diversity in the workforce can be found in the Strategic report.

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

Conflicts of interest and independence

During 2019, the Committee reviewed the balance of skills, experience and independence of the Board. The Committee conducted a review of individual director conflict authorisations as recorded in the Conflicts of Interest register. The register is maintained by the Group Company Secretary and sets out any actual or potential conflict of interest situations which a director has disclosed to the Board in line with their statutory duties. In order to form a view surrounding director independence when reviewing the conflicts of interest authorisations, consideration was also given to other external appointments held by each director.

For Non-Executive Directors, independence in thought and judgement is vital to facilitating constructive and challenging debate in the boardroom and is essential to the operational effectiveness of the Board and Committees of Aviva.

The Committee determines a Non-Executive Director's independence in line with Provision 10 of the Code. During 2019 the Committee conducted a particularly rigorous review of Glyn Barker, who had served on the Board for more than seven years. Glyn's deep understanding of accounting and regulatory issues and his extensive experience as a business leader meant that he also continued to provide independent insight and challenge to the boardroom. After careful consideration the Committee agreed that Glyn remained independent and continued to make a valuable contribution to the Board. The Committee examined Glyn's former position as a partner at the Group's current external auditors and was satisfied this did not affect his judgement or independence as a director.

Directors' and Corporate Governance report > [Continued](#)

The Committee also considered the cross-directorships of Keith Williams and Claudia Arney who were both directors on the Board of Halfords plc. The Committee was satisfied that the cross directorships did not impact the independence of either Claudia Arney or Keith Williams or their ability to carry out their role as directors of the Company. Claudia Arney stepped down from the board of Halfords plc on 1 March 2019.

Committee effectiveness review

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

2020 priorities

In 2020, the Committee will continue to focus on succession planning at the Board and senior management level (particularly following the internal appointments to the ALT during the year) and developing a strong and diverse talent pipeline. The Committee will also focus on appointing the new Chair and building an induction and training programme to support their appointment process. The Committee will also begin to operate under its extended Terms of Reference as the Nomination and Governance Committee.

Sir Adrian Montague

Chair of the Nomination Committee
4 March 2020

Committee activities during 2019

Evaluation and annual assessment

- Assessed the 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 2019 AGM
- Reviewed and made recommendations to the Board in respect of each directors actual, potential or perceived conflicts of interests
- Reviewed the external appointments and time commitments of the Non-Executive Directors

Board composition and diversity

- Reviewed the composition of the Board and its committees and whether the Board required additional skills and experience which would complement those of the existing members and the Company's risk profile and strategy
- Led the search process for the new Group CEO, Group CFO and the three Non-Executive Directors appointed during 2019
- Considered specific steps to be taken in relation to diversity in Board and executive succession planning

Succession planning

- 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 Aviva Leadership Team member, including talent development below the ALT level

Talent pipeline

- Reviewed the career and development plans for the ALT to ensure that there is an adequate talent pool of potential Executive Directors
- Reviewed talent development throughout the Group to ensure there is a sufficient and diverse pipeline of talent available to execute the Company's current and future strategy