**Shareholder presentation**
**26 May 2020**
**Transcript**

**Speakers**:
Adrian Montague - Chairman (retiring from the Board on 31st May 2020)
Maurice Tulloch - Chief Executive Officer
George Culmer – Senior Independent Non-Executive Director (Non-Executive Chairman with effect from the 27th May 2020)
Andrew Reid - Group External Communications Lead
Kirsty Cooper - Group General Counsel and Company Secretary
Jason Windsor – Chief Financial Officer

**On screen text reads 'This is what we're here for'. Read by Samantha Pendon, Global Graduate.**

**Samantha Pendon VO:** Life's complicated. Things don't always go to plan. It can be hard to know what to do for the best. We understand that everyone needs someone to rely on. A helping hand in an uncertain world. We're with people when it really matters to help them make the most of life. We understand what's important to our customers and take pride in doing things well, **u**sing our expertise and empathy. We care about people**, a**bout bringing them peace of mind **a**nd helping them build a prosperous future. We're part of a family; employees, distributors, partners and customers. We keep our promises. We put things right when they go wrong **s**o our customers don't have to worry about the bumps in the road. We've been taking care of people for over 300 years. We live in the same streets. Work in the same towns. We're invested in our people. Our communities. Our customers. Our planet. Our home. By looking out for each other, by being part of something bigger**, w**e're creating a future we all want to live in and leaving a legacy we can all be proud of. Because at Aviva, we understand that what you do today, creates what's possible tomorrow. With you today, for a better tomorrow.

**Camera changes to Sir Adrian Montague, who greets the virtual audience via a studio, he is socially distanced from two other people.**

**Sir Adrian Montague:** Welcome everyone to our presentation today. Thank you all so much for joining us in such unusual circumstances. I'm Adrian Montague, your Chairman, at least for the next few hours. Joining me here in St. Helen's - socially distancing, of course - is Kirsty Cooper, our Company Secretary. And I'm also joined by George Culmer who will be taking over from me as your new Chairman tomorrow and with us via video-link are Maurice Tulloch, our CEO, and Jason Windsor, our CFO. I'm very sorry we can't all be meeting in person. As you

know we have moved the venue of this meeting from the QEII centre to our head office. We are seated in the auditorium underneath the office. And, actually, it's a bit spooky because normally this space would be teeming with people. And today there are only a handful of us here. As we have always said, our AGM is an important moment in the calendar. It allows us to update you on the company's progress and performance. More to the point, it gives you, our shareholders, the chance to hold us to account and tell us what is on your mind. Obviously, current circumstances make our usual gathering impossible. Our priority must be everyone's health. And so, in line with government's guidance, we are having to do things differently. I might say in passing that this is not the first time our AGM has had to adapt to the unexpected. Some of you may remember that, on a Friday night nearly 30 years ago, a bomb exploded not 100 yards from where I am standing right now. The offices of Commercial Union, as Aviva was then, were badly damaged. But by Monday morning the business was fully operational again. Our AGM was due to happen only a few days later. The Chairman had to open the meeting in front of a totally ruined venue. Only to adjourn and move everyone to a different location, in specially laid on buses. Everybody then worked together in the face of a shocking and unforeseen event. They worked for each other, they worked for our customers and they worked for our shareholders. In the face of this terrible pandemic, we are simply trying to follow their example today. Now, we concluded the formal business of the AGM earlier. All the resolutions passed and you will find the full results on our website later today. The aim of this presentation now - as far as possible - is to recreate the vital dialogue that normally happens between our shareholders and your Board. Sadly, it will lack the usual energy. But we will shortly answer your questions - or at least try to. Thank-you all for taking the time to send in your questions. Before that, Maurice will say a few words about the year including how we've lived up to our purpose in responding to the Coronavirus pandemic. And before that, three short points from me: First: the Coronavirus has shown just how connected this world is and how vulnerable we all can be. It's underlined just how important Aviva's purpose truly is. Beyond any narrow interests, global problems need responsible actors. Working together for the common good. Aviva will continue to do its part. Be that in caring for our customers, investing in the economy or supporting small businesses. Be that playing an active, responsible part in our communities. Or be that continuing to do our part in the fight against climate change. Helping to build a sustainable future for us all. My second point is on the dividend. I, and the whole board, understand how important the dividend is. The decision to withdraw the recommendation to pay the 2019 final dividend to ordinary shareholders was reached by the board after long and serious deliberation. Given the uncertainty caused by the virus, and the clear view of our regulators both here and in other markets, we took the prudent course. And as we said at the time, we expect to reconsider distributions to ordinary shareholders in the last quarter of this year. We have had a lot of questions on the subject of the dividend and I will return to this during our question session in a few moments' time. Finally, on a personal note - this is my last AGM as your Chairman. These were not the circumstances I'd have anticipated for saying my farewells to you. And I'm sorry not to be able to say this to you in person. In welcoming George's appointment last week, I said that Aviva had many opportunities for the future. Seizing those opportunities will require three things: clear strategic thinking; purposeful decision making and strong execution. And those actions must be guided by Aviva's purpose to be there for our customers, for our colleagues and for

communities today. Particularly in these extraordinarily testing times - and long into the future. In my tenure as Chairman, I have cherished the time I have spent with our people across the business. It's humbling to see first-hand their commitment to looking after our customers, their commitment to Aviva, and their commitment to do the right thing. And these are the qualities that have been so evident in this pandemic. The business has responded magnificently to the challenges of the Covid-19 world. So be in no doubt – I will be cheering you all on from the side-lines! As this is a great company and deserves everyone's support. So, I will be moving on, but I will retain the fondest memories. Actually, I won't be moving very far as my new office at TheCityUK is a stone throw away, just across the piazza from St Helen's. But I have no doubt whatsoever that I will always remain, and always feel like, a member of this Aviva family. And there is a family atmosphere in this business: one of our values is to Care More. And it's a value which I see everybody in the business striving to live up to everyday in putting our customers first. And continuing to do so notwithstanding all the operational challenges that working from home during this pandemic has created. I'm very proud of you all, and it has been a privilege to be the Chairman of Aviva. And on that note, it's over to Maurice.

**Camera changes to Maurice Tulloch who is connected via an internet feed.**

**Maurice Tulloch:** Thank-you, Sir Adrian. And hello everybody. I've had the very great pleasure of working with the Chairman closely over the last 5 years. I know first-hand how much you care about this great business of ours. I want to pay tribute to all that you've done for Aviva. I'm sure my fellow shareholders will - like me - wish you all the best in your next endeavours. And I look forward to working closely with George. Now, ladies and gentlemen, like Sir Adrian, I also wish we could be together in person today. You know, normal life has turned upside down. We are all having to reconsider what we once took for granted. As you saw in the video at the start, our purpose: to be with you today for a better tomorrow has been the guiding star for how Aviva has responded to Covid-19. Being there for each other has never felt more important, even while we're apart. And I could not be more proud of what Team Yellow has done in the last few months. Our first priority was to look after the safety and well-being of our people. From China, to Italy, the UK, Canada we got our teams out of their offices as quickly as we could. Almost all our people are now working from home We're paying them as normal. Even where they take time out to care for children or elderly relatives. And we're not using the UK Government scheme to furlough Aviva employees. Looking after our people means they've been able to focus all their attention on looking after our customers. In the UK, we've given free car breakdown cover and enhanced home insurance to our customers who work in the NHS. Across our markets, we've offered extra little help like payment deferrals, automatic cover extension and reduced motor premiums. Day after day, new situations and new questions come up. Day after day, we've sorted them out. Just one example: we had a customer who wanted to turn their property into a nursery to look after the children of key workers. Within just a few hours we were able to extend their cover. We've been doing what we can to help our communities too. We've committed a total of £43 million to help those most in need. Money going to the British Red Cross, NHS charities, and funds across our markets. In France, we're directing our investments to support the real economy. Allocating

€100 million to invest in small and medium sized businesses. It's not been easy, but the last few months have shown Aviva - I believe - at our best. Truly, Caring More. Now, we came into the crisis with strong foundations, and a robust financial position. This might feel like a distant memory to some, but it's certainly worth recapping. Last November - we set out our strategic priorities to run Aviva better Focusing on the fundamentals. Giving our customers great outcomes. Investing in sustainable growth. We've improved accountability: organising the business into five divisions, and splitting out the Life and General Insurance businesses in the UK. And we've reported some encouraging results: A strong, resilient capital position. With £12.6 billion of Solvency II capital surplus at year end. Record operating profit of £3.2 billion. A return on Equity of 14.3%. We've made good progress last year. But there is much still to do to improve the performance and enhance the returns. And since our results, the world has of course changed. Last week, we released our Q1 trading update. Aviva had a solid first quarter of trading. General insurance sales increased 3%. And we had a particularly strong performance in the life business where new business increased 28%. We are still in the early stages in claims development on Covid-19 so its ultimate impact on Aviva still has a high level of uncertainty. But based on analysis as of the 30th April, our estimate of the COVID-19 claims impact on our general insurance business, when we incorporate both notified and projected claims, is £160 million, net of reinsurance. Our financial strength means we are well positioned to manage this crisis and to continue to support our customers. Inevitably, our thoughts are turning towards the future. I know all of you will be particularly interested in the dividend. As Adrian remarked, the Board fully recognises the importance of cash dividends to all of our ordinary shareholders. It expects to reconsider any distributions to ordinary shareholders in the fourth quarter of 2020. The world will be a different place for a long time to come. What our customers need will change. There may well be a shift in demand for wellness, for critical illness cover. A renewed focus on the need to save for those unexpected life events. We've had to pivot and change our products and services many times before in our 324-year history. We stand ready to do it again, to keep supporting our customers and keep meeting their needs. Living up to our purpose for them, and in doing so, delivering for you, our shareholders, too. Thank you for all your continued support. I'd now like to hand back to the Chairman for the Q&A.

**Sir Adrian Montague:** Thank you, Maurice. Now, before we go to Q&A, I'd like to congratulate George on his appointment as Chairman, and take this opportunity to ask him to say a few words to you all. George.

**George Culmer:** Thank you, Chairman, and hello, everyone. I'd just like to say how honoured I am to be appointed. I would like to thank Sir Adrian for his service to Aviva over the last seven years, and for his leadership during what has been a period of considerable change. As we know, Aviva's purpose for more than 320 years has been to support its customers and communities when it really matters. And this has never been more important than it is today and in the weeks and months to come. I'm looking forward to working closely with Maurice and the whole management team to make sure Aviva continues to be there for all our customers, our colleagues and for you, our shareholders. And with that, I'll hand you back to Sir Adrian.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you, George. And now for the Q&A. We will do our best to answer each and every question submitted by our shareholders before Friday's deadline. Shareholders have had the opportunity to submit a question to the meeting and the deadline for receipt of shareholder questions was last Friday. I realise that things have moved on since the Notice of Meeting was first published and some questions have been superseded by time. However, in the interest of transparency, we will read out every question which was submitted. In the interests of time, we've collated questions of a similar nature into batches and will answer them all together. To inject a little life into the proceedings, I've asked Andrew Reid here in the room with us to read out the questions as they have been submitted. So Andrew, over to you.

**Camera changes to show Andrew Reid sat apart on his own table. The Aviva logo is animated as his background.**

**Andrew Reid:** The first question is from Mr Beedell. I understand why we cannot hold the AGM, regarding the compulsory government measures, but I would like to know why the meeting is not being held by electronic means such as a Zoom meeting, or any others like the Zoom system. A company the size of Aviva should be able to do so. Could you please answer why this is not the case? There should have been much more thought about the ways an AGM could have been conducted due to this pandemic, giving all shareholders a say. It shouldn't be held behind closed doors, presenting the Board an easy ride.

**Camera changes back to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you, Mr Beedell. We gave a lot of thought and consideration to the best way of arranging the AGM in these current circumstances because we wanted to ensure that we both protected the health and wellbeing of our employees and our shareholders, whilst not limiting the opportunity for shareholder engagement. Personally, as I said earlier, I'm disappointed that at my final AGM as the Chairman I've not had the opportunity to meet and talk to our shareholders. We have over half a million shareholders, and any electronic systems we use need to have been thoroughly tested. Electronic cloud platforms are not yet equipped to take such large numbers, and, at the moment, they present both security and confidentiality issues. It's important that any means of holding the meeting electronically is secure and that we can provide access to shareholders, identify the attendees, and ensure the good order of the meeting. Now, for the future, we will continue to review the way our AGM is managed, and we'll consider other options which we think are suitable and safe. I hope this shareholder presentation has provided and will provide an opportunity for shareholders to hear from the CEO and myself, and to receive an update on our community activities as part of supporting our response to COVID-19. In order to facilitate the engagement with the Board, the shareholders, as I said, have been able to pre-submit

questions to the Q&A and I can tell you that the number of questions we've received actually is broadly in line with those we received in previous years. We believe this AGM format was the best way to balance the need to protect our employees and shareholders whilst allowing the opportunity for shareholder engagement. The majority of FTSE 100 companies are holding their AGMs in a similar way, and so we think we are in line with best practice amongst our peer group. Thank you very much. Andrew, can we have the next question?

**Camera changes back to Andrew Reid.**

**Andrew Reid:** The next question is from Mr. Meadowcroft. During the past year the Senior Independent Director, Glyn Barker, and the Chairman have resigned from the Board. You yourself, Chairman, have stated you will remain in post until a successor has been appointed. Assuming your successor is not appointed between submitting this shareholder question and when it is hopefully answered on May 26th, you will be seeking re-election to the Board. I will leave aside the obvious question about the Board's lack of succession planning - a primary task for every board of directors - in respect of the CEO and the Chairman. This board management deficiency in our company was evident when Mark Wilson was removed as CEO in October 2018. Bearing in mind that: our company has dropped from 23rd to 39th as of May 15th in the FTSE 100 by market cap since the AGM 2018, and that; the Aviva share price has fallen 57% from 540 pence, when you became Chairman at the 2015 AGM, to the 229 pence it opened at this morning May 18th, (or it's fallen by 35% by the end of February before the COVID-19 impact), can you please unequivocally confirm to shareholders and stakeholders that neither your resignation in January this year and Mr. Barker's resignation as Senior Independent Director a month earlier had any connection whatsoever with the widespread speculation, of which the Board must surely have been aware, on whether Aviva should be broken up?

**Camera changes back to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you, Mr. Meadowcroft. I think there are really two aspects to this question. Firstly, there are some governance questions you raised. And then you go on to ask about my position. So I'll ask Kirsty perhaps to deal with the governance issues and I'll take over when it comes to the second part of the question/ So, Kirsty?

**Camera zooms in to Kirsty Cooper who is sat socially distanced from Sir Adrian Montague.**

**Kirsty Coper:** Thank you, Adrian. On the 21st January this year we announced that the Chairman had informed the Board of his intention to retire as Chairman of the Company during 2020 once a successor had been appointed. Our articles of association require that all members of the Board retire at each annual general meeting and stand for re-election. It was therefore necessary for Adrian to seek re-election in order to enable and ensure a smooth transition, even if, subject to receiving shareholder approval, the re-election would be for a short period of time. Last week we announced the appointment of George Culmer as Chairman to take effect from tomorrow. Adrian will therefore retire from the Board at the end

of the month. An important part of maintaining the effectiveness of the Board is ensuring that its non-executive directors remain independent, and the maximum period a director should remain in position is 9 years.

**Camera changes back to Sie Adrian Montague.**

**Sir Adrian Montague:** To go on to the second part of your question, Mr. Meadowcroft, as I said when I announced my retirement in January, with a refreshed Board in place, a new strategy and Maurice now in his stride, it is the right time for me to step down. When I was appointed, the Board asked me for a commitment that I would serve a 5-year term. And therefore this AGM really marks a natural transition point for me as well. Of course, I will have been on the Board for 7 and a half years And Glyn was on the Board for more than 8 years. So both of us are anyway approaching the end of our natural 9-year terms. And I'd like to take this opportunity to thank Glyn for his very valuable contribution to Aviva during his time on the Board.

So, shall we go to the next question, please, Andrew? The next question comes from Mr. Mason-Mahon.

**Camera changes to Andrew Reid.**

**Andrew Reid:** Will you, can you provide information to the shareholders about any investigation by the FCA into the behaviour of named Board Directors of Aviva plc? You the chairman, the incoming chairman, the CEO and other named individuals, concerning their failure to comply with Principle 1 and Principle 2 of the FCA's Principles for Business?

**Sir Adrian Montague:** Thank you, Mr Mason-Mahon. Well, we've noted the recent letter the Chairman of the Treasury Select Committee Mel Stride sent to the FCA inquiring about progress in their investigation. As we've said before, the preference share issue was a disappointing episode for Aviva and certainly there are lessons that have been learnt. From the outset, Aviva consulted with the FCA, including over our discretionary goodwill payment scheme launched following the announcement, and we've engaged and will continue to engage with the FCA in relation to its investigation of the preference share issue. I need to correct you on one point. There is no suggestion at all in Mr Stride's letter, or otherwise, of concerns about any particular individuals now or previously with Aviva, or of any alleged failure to comply with the FCA's Principles of Business. As we set out two years ago now, on 23 March 2018, we announced that it would take no action to cancel the preference shares. Under current regulation the preference shares will no longer count as regulatory capital in 2026. We will work our way towards obtaining regulatory approval for the classification of the preference shares, or a suitable substitute, to qualify as capital from 2026 onwards. If as we approach 2026 we needs to reconsider this position, we will do so after taking into account the fair market value of the preference shares at that time. That is what we said a couple of years ago and that's what I reiterate you now. So we can pass to the next question, Andrew.

**Camera changes to Andrew Reid.**

**Andrew Reid:** The next question is from Mr Beedell. Did any Board Member leaving the company receive a golden goodbye or did any parachuted in receive a golden hello? According to the Annual Report page 87, why did the base salary of the CEO Maurice Tulloch jump from £706,000 in 2018 to £946,000 in 2019, a difference of some £240,000? In percentage terms this is an increase of 34%, and his total package has increased by some £911,000. How does this salary increase in percentage terms of 34% compare to all other employees, what was the average pay increase in percentage terms to these employees?

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you, Mr Beedell. I can confirm that no Board member received payments that could be considered either as golden goodbyes or golden hellos. Their remuneration, as you know, is set in accordance with our Remuneration Policy which specifically prevents such payments. Maurice was promoted to the position of Group CEO on 4 March last year, that's why his salary has increased. His new salary was disclosed at the time of his appointment and in the 2019 Annual Report. On his appointment, the Remuneration Committee gave careful consideration to Maurice's remuneration, including his salary and bonus, taking into account a number of factors, including the level of responsibility that the role entails. Maurice's salary, as Group CEO, was also set below that of his predecessor. Maurice's 2019 bonus was pro-rated to reflect the different salary and bonus opportunity whilst he was CEO of International Businesses and then Group CEO during the year. You cannot directly compare the change in salary for one promoted individual like Maurice with the average for a large number of employees, over 15,000 in the UK, the vast majority of whom will have remained in the same, or a similar, role. As we disclosed in the 2019 Annual Report, the change in salary for UK employees was on average 3.8%. The package for each individual promoted to a new role is carefully considered on a case by case basis, which is what happened when Maurice was appointed. So thank you very much, Mr Beedell. Let's go to the next question, Andrew.

**Camera changes to Andrew Reid.**

**Andrew Reid**: We now have a number of questions regarding the share price. The first is from Mr Bell. The share price performance over the last three years has not been satisfactory. Compared to its peers in the sector, it has performed very poorly and the recent cancellation of the dividend has led to further poor share price performance. What will the board do to increase shareholder value over the next 12 to 18 months and are they aware that a weak share price makes the company vulnerable to a potential takeover? The second question comes from a shareholder who wishes to remain anonymous. The share price has fallen from over £5/share to £2.30/share and the market capitalisation has fallen from over £20 bn to £9 bn, decreases of over 50% in both cases. In addition, the final dividend for 2019 has been

cancelled, despite other insurers such as L&G and Standard Life Aberdeen maintaining their upcoming payments. When the 2019 results were announced, it was stated that the Solvency Cover Ratio was 1.75, after allowing for the dividend to be paid. What actions are the Board considering to take to redress both the massive fall in the share price and also the loss of the dividend that relates to the 2019 results, not the forecast results for 2020? If things continue unchanged, Aviva is leaving itself open to a takeover bid, which at least would result in some additional value being returned to the shareholders. We are both shareholders in Aviva and we would both vote for any such bid to succeed as we are desperately disappointed with the current management. The next question comes from Mr King. Nowhere in the Strategic Report is there any reference to the company's share price performance. Whilst the current stock market turmoil is well understood, Aviva's relative share price performance against its sector competitors has been very poor. To what does the Chairman attribute the stock market's poor perception of Aviva and its management team at this time? Long suffering shareholders deserve better. And this question is from Mr Igoe. Why does the Aviva share price continue to be outperformed by Legal & General? And what have the board got planned so this doesn't continue to happen? And the final share price question comes from Mr Patel. Could you relay my disappointment to the Board of directors at the shocking share price performance of Aviva: down over 50% in under 2 years and continually sliding nearly every day? No sense of leadership from Maurice Tulloch and Adrian Montague collecting their fat salaries while having no regard to the destruction in market capitalisation of Aviva. Also cancelling the final dividend for 2019 when Covid 19 did not affect profits. The board say they recognize the importance of dividends to shareholders, are they having a laugh? I trust my views will be put forward to the board of directors at the AGM.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Well indeed, that has been put forward, Mr Patel, thank you very much. These recent questions cover both the dividend and the performance of the company. Will come on in a few moments' time the questions specifically regarding the dividend. But at this stage I'd like to ask Maurice to comment on performance and share price. Maurice, over to you.

**Camera changes to Maurice Tulloch, who addresses audience via virtual feed.**

**Maurice Tulloch:** Thank you, Adrian, and thanks to the questions from our shareholders. In 2019 our total shareholder return was 20% versus the FTSE 100 return of 17% over the same period. It has clearly been a more difficult time so far this year, but the Board, my management team and everyone at Aviva is fully aligned in working to enhance shareholder value, by being even more prudent than usual in managing our capital, continuing our performance improvement initiatives and supporting our customers, colleagues and the broader community through these incredibly challenging times. Some of the disappointment in share price can be attributed to external factors. UK financials have had a torrid time given the political uncertainty of recent years, and Covid-19 has placed additional pressure on Aviva and its peers. However, we are also striving hard to improve our own performance. My team

are implementing the changes necessary to achieve this. We are focused on improving efficiency, enhancing customer service, and being better at the fundamentals of insurance. We have seen some early signs in our 2019 results that this is bearing fruit: we had a record operating profit of £3.2bn and a Solvency II return on equity of 14.3% in 2019. In our recent 1st quarter update, you can see that our business has been trading strongly with Life new business up 28% and GI net premiums up 3%. But please, be in no doubt that there is more to do. I believe that running Aviva better will deliver these better results. I'm focused on 3 main priorities: delivering great customer outcomes, excelling at the fundamentals, and investing in sustainable growth. Delivering against these will help us fulfil our purpose of helping customers towards a better tomorrow, and will also drive higher returns for our shareholders and create long-term value.

Lastly, I would add that we will take action where we do not see a path to sustainable better performance, and where we believe we can increase long-term value for our shareholders. I fully recognise the importance of delivering stronger performance for our shareholders and we are completely focused on this.

**Camera changes to Sir Adrian Montague in audience.**

**Sir Adrian Montague:** As I said, we have now got quite a few questions on the dividend. And again, Andrew, I'm going to ask you to read them out and then I'll do my best to reply.

**Camera changes to Andrew Reid.**

**Andrew Reid:** The first question is from a shareholder who wishes to remain anonymous. In suspending the dividend this year, the Board appears to be taking the view that the coronavirus presents an unknown risk to your business. How can this be? You are not a bank and therefore not exposed to a commercial loan portfolio where the risk of a default must now be high and hard to quantify. Premiums will continue to flow and you can expect a windfall benefit in general insurance from a reduction in motor claims. You have chosen to prioritise public relations over investor relations, especially as far as your retail investors are concerned. Your competitors seem to be taking an opposite view, which will not be lost on investors. The next question comes from Mr Evans. Why can you not pay 50% of the dividend for people like me who invested in both in shares and have pensions? To have nothing is letting thousands of shareholders down. The Board agreed without any referral to investors like myself who own shares for income and investment. The next question is from a shareholder who wishes to remain anonymous. I today received in my bank account my 2019 final dividend from Standard Life Aberdeen. Sir Douglas Flint, Chairman of Standard Life Aberdeen plc, noted in his email to me that "the Board believe that Standard Life Aberdeen can continue to service our clients and customers, properly operate our business, support our colleagues and the wider communities we operate in, while paying this final dividend as planned." Why cannot Aviva pay any, even if a reduced amount, final dividend to its shareholders? Is Aviva's financial position so weak? And then a question from Mr Gantly. Can the board give any information on the cancelled dividend, and is it ring-fencing on the balance

sheet? Is the plan to pay this as a special dividend at some time in the future? And then a question from Mr. Baker. On 5th March, you proposed a final dividend of 21.4 pence per share for 2019 to be paid on 2nd June after you approved the accounts on 4th March. On 8th April, you announced that it had been withdrawn, would not be paid on 2nd June, and the position would be reviewed later in 2020. A dividend can only be paid out of distributable reserves. So you must have believed on 5th March that you had reserved sufficient capital for the needs of the business on a going concern basis leaving the proposed dividend free and clear. What changed in the intervening 35 days that justified a complete reversal of your original position? Why was cancelling the dividend so urgently necessary? Were the private individuals ravaged by your decision, whose holdings derive from their losses on the demutualisation of Norwich Union, not entitled to matching and volatility adjustments? And then a question from a shareholder who wishes to remain anonymous. Why did Aviva, a larger company in good standing, decide to cut the dividend? Then a question from Mr. Taylor. Today's trading update reads generally positively, however you have forgotten about your shareholders. Nowhere did you give any comment on the postponed, cancelled dividend or any indication of when the reinstatement of the dividend is on the agenda. And finally, a question from Mr. Cornes. Could you ask the Board how they justify the removal of the dividend in light of the latest figures.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Well, thank you all for those questions. I'm going to say it right at the start, I understand that our decision on dividend has created a lot of unease and hostility, I think, among our shareholders. So, let me start just by recalling, not that it needs any recall, to you all, that Covid-19 is both unique and unprecedented in modern history. The situation, as we all know very well, developed very quickly through March and the Board agreed that the uncertainty in the outlook merited additional caution and prudence in managing our capital position. Maintaining maximum capital strength, focusing our efforts on ensuring that we keep up our strong customer-service levels, and continuing to drive the internal performance initiatives: these are the things that will put us in the best shape to maintain, restore, and ultimately increase value for shareholders when Covid-19 eventually passes. We do have strong capital buffers, but given the unprecedented uncertainty in the outlook, both in March and now, it is right and prudent to preserve our strength within the business to ensure that we can be resilient in the short-term and emerge at the end of this in the strongest possible position. Six weeks ago was the height of the uncertainty. We thought long and hard about the decision to withdraw the dividend as we fully recognise not just its importance to shareholders, but how, for some, perhaps many, shareholders, it's a vital ingredient in managing their budgets. In particular, we understand that our retail shareholders hold Aviva shares for the income that the dividend provides, and this was not an easy decision to make. However, the overriding principle of the decision was to maintain capital and liquidity strength and that meant suspending the entire final dividend. We simply felt it was the right decision in the circumstances. It is also important to note that we are, through this decision, aligned with our regulators, both here in the UK and across our markets, and we think it is right to follow their guidance. We are faced with significant uncertainty in relation to Covid-19, which obviously poses material risks for the economy. So, preserving our capital strength is the right

way forward, so we come through this period in the strongest possible shape. And, as we outlined in our statement, and Maurice has already mentioned, the Board will reconsider the question of distributions in the fourth quarter this year. I hope that has explained the Board's position. I'm conscious that it will not please everybody, but at the end of the day, we need to keep the company strong and that's what we have done. So, let's go to the next question, Andrew, if we may.

**Camera changes to Andrew Reid.**

**Andrew Reid:** So, we have a number of questions from Mr. Baker. Has the Solvency Risk Appetite been changed since the 2018 AGM within the terms of the S107 scheme document? If so, what controls were in place on that change? Was the chair of the Risk Committee consulted? The assets backing the annuities paid to policyholders have been moved towards property, such as lifetime mortgages, in search of yield. The residential property market is illiquid on Government advice not to move home unless absolutely necessary. This puts loan to value at risk and increases the likelihood of having to claim against third parties to cover the risk that the property value will not cover the accumulated debt.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** This is quite a long question from Mr. Baker and so what we've done is to chop it up into more digestible bits. Jason will answer them and so, Jason, it's over to you.

**Camera change to Jason Windsor, who is addressing the audience from a virtual feed.**

**Jason Windsor:** Hi, good morning, Andrew. Good morning, Mr Baker. The Solvency Risk Appetite you refer to is the UK Life & Pensions subsidiary, which was party to the scheme in 2018. Simply put, there has not been a change to the approach in which the solvency risk appetite is set in UK Life & Pensions. It is a matter for the Risk Committee, and therefore the chairman of that Risk Committee does get involved in the governance and the oversight of the risk appetite within the subsidiary.

**Camera changes back to Andrew Reid**

**Andrew Reid:** In relation to the above, has the solvency of counterparties been checked in this connection and what was the result?

**Camera changes back to Jason Windsor.**

**Jason Windsor:** We've got a broader approach to credit management and counterparties that they are subject to a group credit-limit framework, which are checked routinely, and our counterparties are tracked, their credit ratings and other developments. And that's a continuous process and the UK Life Investment Committee will take the lead on that, supported by the Risk Committee and the Board and we as the shareholder stay apprised of that through our group ALCO, so there's no significant changes.

**Camera changes back to the audience, Andrew Reid then comes into the shot.**

**Andrew Reid**: There is no such concept within the SFCR reporting rules laid down by the FCA/PRA as a "shareholder view" of SFCR. Shareholders are entitled to assess the risk of "burn through" where all the assets of the insurer are consumed in backing guaranteed risks, so a rights issue is needed. Will the Board consider changing the language of the SFCR to report clearly according to the standards set out in law and regulations whilst referring to the fictitious "shareholder view" as an assessment of burn-through risk outside the SFCR? Is 183% your SCR on the regulatory basis and policyholder view or is it less if TMTPs, redress, possible fines, and the fictitious assets in Question 1 are taken into account? If it is less, what is your plan to eliminate TMTPs, misconduct, and fictitious assets?

**Camera changes to Jason Windsor who addresses the audience from virtual feed.**

**Jason Windsor:** So, our SFCR, the Solvency and Financial Condition Report clearly does set out both the regulatory view and the shareholder view, so we include the shareholder view because we consider that to be more representative for shareholders' risk exposure and the Group's ability to cover the SCR with eligible own funds and it aligns with how management dynamically allocate and manage the business. As an example, at the end of 2019, we did not take the benefit of the 0.4 reduction in own funds following a regulatory change in France into our shareholder view as this was not capital available at the Group. This increase in the own funds was included in the regulatory position as it was also included in the French subsidiary. As we manage our business, on a shareholder basis, it is important this is included in those sections on Capital Management in the SFCR. The shareholder view excludes own funds and SCR in respect of with-profit funds and pension schemes that are in surplus. However, it does include the risk of burn-through to shareholders from those with-profit funds and pension schemes that have deficits.

**Camera changes to Andrew Reid.**

**Andrew Reid:** Thank you, Jason. Two questions from Mr. Meacock. I attach a copy of a question I asked at last year's AGM about PPI complaints. Claudia Arney, in response, indicated that she was aware of the situation and that protocol had been changed. Having looked at the FOS figures for the same six months last year, where 40.74% of complaints made against Aviva were upheld, against the market average of 16%, is it clear that protocol changes have not been as successful as they should have been? Will this be addressed?

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you, Mr Meacock. We'll perhaps turn to Maurice, both for this question and the one that follows it, so, Maurice.

**Camera changes to Maurice Tulloch.**

**Maurice Tulloch:** Thank you, Chairman, and thanks for the question. This is a follow-on from a question which Mr Meacock asked at last year's AGM, which related to the handling of PPI complaints by Aviva. Now, although Aviva's performance continues to track above the industry average of 16%, this should be measured against the continued reduction in referrals to the Financial Ombudsman Service, the FOS, prior to the time-bar date of 29th August last year, 2019. The reduction in referrals is evidence of the improvements that have been embedded into the processes, which ensure customers receive fair outcomes to their PPI mis-selling complaints. Decisions resulting in a change of favour during the second half of 2019, was 40.74% for customers on their Payment Protection Insurance complaints, and that had improved 21% when compared to half two, 2018. Referrals to the Financial Ombudsman Service are expected to increase during 2020 as a result of the time-bar deadline, which saw unprecedented volumes of PPI mis-selling complaints being received across the industry as a whole in the weeks leading up to the time bar. Customers will use their regulatory rights to refer their complaint to the FOS after eight weeks and this may affect FOS performance over the next 12 to 18 months.

**Camera changes to Andrew Reid.**

**Andrew Reid:** Aviva quite properly authorises certain agents to accept business on its behalf, where the agent determines at their sole discretion, the premium to apply for the policy instead of Aviva being involved. In such a situation, does AVIVA scrutinise the agent's actions to ensure that all policyholders (new & existing) are treated fairly in respect of premiums charged?

**Camera changes to Maurice Tulloch.**

**Maurice Tulloch:** I should point out part of the answer to this question relates to a specific product query Mr Meacock has sent us in the form of a case study. Now, as that does not form part of the business of the AGM, we've contacted him directly to answer that specific question. But let me speak more in terms of the general point that's being raised on how Aviva manages agents' actions to ensure that all policyholders (new & existing), are treated fairly in respect of premiums charged. I would offer the following comments: As a general insurance underwriter, we assess all of our products on a regular basis looking at a range of measures. You know, for example: complaints, claim repudiation, claim frequency, average premiums and average claims costs. Where products do not appear to be delivering good customer value and outcomes, appropriate action is taken. In terms of the new business and renewal pricing, we welcome the FCA's Market study on this issue and remain committed to working with the

FCA and the wider industry. We've also taken action to limit differences between new and renewal prices for customers choosing to buy insurance products with Aviva.

**Camera changes to Andrew Reid.**

**Andrew Reid:** Next is a question from a shareholder who wishes to remain anonymous: why doesn't Aviva start an online service to attract new business selling and buying shares for ISA and pensions like the AJ Bell format or Hargreaves Lansdown?

**Camera changes to Maurice Tulloch.**

**Maurice Tulloch:** The majority of our pension and ISA assets are invested through funds, which are the focus of our IFA and Direct Consumer platforms. We recognise some investors also have different holdings in shares and other assets, and that they wish to hold alongside funds in their pensions and ISAs. This is already available to investors with a financial adviser using our advised platform. We're currently exploring whether this option could be offered to investors managing pensions and ISAs without an adviser. We will be broadening our direct customer proposition. Including a focus on our existing ESG credentials and new opportunities to invest in ethically and socially responsible funds. This draws on the expertise of Aviva Investors and their track record in the area of responsible investing. Our new division, The Investments, Savings& Retirement division of Aviva is focused on helping people look after all the stages of their savings and retirement needs and we continue to look for new ways to educate and support that journey. Responsible investing is a core element of the way people want to invest for their future. Our strategy is to provide better quality, value and customer choice. Helping our customers take control of their financial future. We will do this through: Building a simple customer experience, being easy to do business with, with digital engagement at the core for both our customers and our distributors. Streamlining Savings and Retirement journeys, providing and omnichannel experience and leveraging our capabilities across the market; Working across our business to provide an ever-increasing range of investment solutions that suit the needs of our customers. We're incredibly proud to help thousands of customers today to invest, grow their wealth and retire with Aviva.

**Camera changes to Sir Adrian Montague.**

**Adrian:** Thank-you very much, Maurice. We're now moving onto our last group of questions. Which is generally about ESG. And Andrew, perhaps I'll turn the questions over to you. Again they're really all for Maurice to answer, so we can just take them straight through.

**Camera changes to Andrew Reid.**

**Andrew Reid:** Two questions from Ms. Warren: On page 52 of the Annual Report and Accounts 2019, we read that Aviva continues to "minimise the amount of waste to landfill or recycling." And furthermore that: "our ambition over time is that our business operations should have positive climate impact". In relation to the first statement, I wish to query why

Aviva aims to minimise the amount of waste going to recycling but not to waste incineration, a position that contradicts the Waste Hierarchy principle?

**Camera changes to Maurice Tulloch.**

**Maurice Tulloch:** The thing about that question, and I think it's a good catch. The first statement is in respect of our general insurance claims process. So, we've now changed them to “minimise the amount of waste going to landfill or recycling.” Through our claims processes we are seeking to minimise waste, however it is processed. You know, through better response times, and improved drying and restoration techniques. In relation to your second statement: I ask what level of net thermal efficiency so I think that's -- Andrew, I'll pass back to you.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Let's go back to the second part of Ms. Warren's question, I think. I might just say, I think one of the great skills of a Chairman is: "know when not to answer a question." Ms. Warren talks about net thermal efficiency. And I'm delighted that Maurice is going to take this question for me, so back to Andrew.

**Camera changes to Andrew Reid.**

**Andrew Reid:** In relation to the second statement, I ask: what level of net thermal efficiency Aviva should consider to be a success for its biomass and waste plants. Net thermal efficiency is key to determining the climate impacts of waste-burning plants?

**Sir Adrian Montague:** Take it away Maurice.

**Maurice Tulloch:** I was getting ahead of myself on the question and the answer. But thank-you for the question, and let me provide you with an answer. All our plants include measures to increase energy efficiency, specifically: The gasification plants are designed with energy efficiency features such as high efficiency motors, high standards of cladding and insulation; The boiler plants are designed to achieve a high level of thermal efficiency (c.70-80%). In particular, boilers are equipped with economisers and superheaters to optimise the thermal cycle efficiency; Unnecessary releases of steam and hot water are avoided, to avoid the loss of boiler water treatment chemicals and the heat contained within the steam and water; Steady operation of the gasifier is maintained where necessary by using auxiliary fuel firing; Boiler heat exchange surfaces are cleaned on a regular basis to ensure heat recovery. Flue gases from the combustion zone are fed to the boiler, which is designed to cool the flue gas exiting the secondary combustion chambers and recover the heat as superheated steam for the use in the steam turbine. Prevention of uncontrolled air ingress within the gasification process is achieved by providing and maintaining seals; and the gasification facility is designed to minimise the transfer of materials.

**Camera changes to Sir Adrian Montague.**

**Sir Adrian Montague:** Thank you very much, Maurice. Uhm. I think that that speaks to my wisdom in passing on that question, but I'm much better informed now than I was two minutes ago. Let's move on to what I think is our last question, Andrew.

**Andrew Reid:** And that is from Mrs. Lecoursonnois. Aviva is a signatory of the Powering Past Coal Alliance which states that the use of thermal power, thermal coal, should be eliminated in the OECD by 2030. How does the company ensure the provision of underwriting and other financial services that are consistent with this and the Paris Goals?

**Maurice Tulloch:** Well, listen. We restrict underwriting carbon-intensive activities such as mining, offshore oil and gas extraction and we'll expand these to cover more sectors going forward. You know, it's worth noting, at the start of 2019, Aviva Global Specialty Risk Underwriting area exited the standalone operational fossil fuel power market as part of our commitment to help tackle climate change. This has been matched by our local general insurance market teams around the world. We continue to regularly review our investment exposure to thermal coal, and through the development of a transition pathway approach as part of our climate change strategy, we will meet or beat the Powering Past Coal Alliance Finance Principles commitment. We are committed to align our insurance and investment approach to support the goal of the alliance to limit the use of thermal coal eliminated in the OECD by 2030. Now, as an insurer, in November 2019 we took another important step in our commitment by launching a specialist renewable energy proposition, providing insurance solutions for the full lifecycle of renewable energy risks worldwide, as we look to support the critical growth ambitions necessary in the renewable energy sector to ultimately assist and reducing our global reliance on fossil fuels. In the last three years the carbon intensity of Aviva’s own equity and corporate credit portfolio has been reduced by over 25%. Last year, we were the first global insurer, the first, to disclose the portfolio warming of our shareholder investments. For 2019, it stood at 2.9 degrees Celsius, compared to the market figure of 3.5 degrees Celsius. You can get all this information in Aviva's Climate Related Financial Disclosure. Since 2015, we have run an engagement programme with coal companies, which have seen more than 30%... which have more than 30% of their business, by revenue, associated with thermal coal mining or coal power generation. We are proud that this has resulted in 13 companies committing to stop coal production. For example, Italian multinational electricity firm Enel pledged never to build another coal station following our engagement. You know, as an investor, we believe that we have a duty to engage with companies to drive real positive change, rather than simple divestment. Investors often come under pressure to divest from companies, but our view is that engagement can be a more effective way to bring about such positive change. You know, as an example, Glencore, Australia's biggest coal miner, cited engagement with the investor collaboration Climate Action 100+ which Aviva Investors is a member of, in its recent decision to cap coal production. Divestment is not a badge of honour but should be used only in cases where engagement with the company in question doesn’t produce the expected results. There are

currently 59 companies on our coal Stop List, 42 of which were added in May. We will continue our engagement with the remaining companies on our target list, and we expect to see further companies added onto the Stop List at our next review.

**Camera changes to Sir Adrian Monatgue.**

**Sir Adrian Montague:** Uhm, now that brings us to the end of our questions. And before I formally close this presentation, I'd like to hand you back to Maurice for a moment or two, who will briefly describe the work we've been doing to support our communities and our charities during the pandemic. To Maurice.

**Maurice Tulloch:** Yeah. Thank you, Chairman. You know, I talked earlier about, you know, how we were looking after people. Because it's critical that when we're doing that, it helps them, you know, continue to look after our customers. Our people and our customers live in the same streets as each other. Aviva is very much, you know, a part of the very fabric of our communities. In many of these places, you know, we have been there for hundreds and hundreds of years. And so, I'm particularly proud of what we have been able to do, you know, for those communities over the last few months. You know, some of it has been financial. You know, in the UK, we've pledged to donate £5 million to NHS charities to help NHS employees, volunteers, and their patients. We have committed over £18 million to the new ABI - Association of British Insurers - Covid-19 Support Fund to get money to the many charities helping people in every community across the United Kingdom. Our business in Italy have donated €100,000 to the Milan municipality. In Singapore, we have pledged financial support to vulnerable families, you know, living in the local community. And we have increased funding to our long-standing partners, the British Red Cross, for instance, by £10m. This will get support to those most affected, both in the UK and globally. This money will be a lifeline for so many. But I'm even more proud of the other ways our people have been getting involved. In the UK we donated our surplus hand sanitiser, rubber gloves, antiseptic wipes, and facemasks to care homes, hospitals, and social care staff. In Italy, our people donated the value of their annual leave, raising another €100,000 to help the hardest hit families and small businesses in the Milan region. Aviva Canada employees expect to dedicate over 90,000 hours volunteering this year to organisations supporting the vulnerable and the elderly. We've even had people with medical backgrounds answer the call and volunteer back into the front line to treat patients. And of course, we've made sure they've been able to do that without losing out financially. The chairman mentioned that our offices are empty right now. I think he said it was actually pretty spooky. Walking past the deserted desks underlines for me that our business is not buildings or spreadsheets or PowerPoint presentations. Our business has always been about people, being there for each other. That's true in the good times, but it is really put to the test when things go bad. When put to the test this time, I can honestly say that our people have been amazing. They really are helping to build a better tomorrow, and I want to thank all of them for everything they've done. Back to you, Sir Adrian

**Sir Adrian Montague:** Thank you, Maurice. Well, ladies and gentlemen, that brings us to the end of our presentation today. We have tried to capture some of the flavour of an ordinary Annual General Meeting, and I hope we have dealt with your questions satisfactorily. We have a skeleton staff in St Helen's helping us with this presentation, and we have taken great care to observe all the precautions, but I should thank them especially for coming into the office and making today possible. So, all it remains for me to do is to thank you all for your patience and courtesy over the years. To give you, our shareholders, and the Board and staff of Aviva my very best wishes for the future. And to pay a warm welcome to George as he steps into my shoes, wishing you all and him every possible success in the years to come. Thank you all so much.