Remuneration Committee report

On behalf of the Remuneration Committee (the Committee), I am pleased to present the Directors' Remuneration report (DRR), for the year ended 31 December 2019.

Company performance

As described in our strategic report, 2019 has been a year of significant change to our business and in our leadership team, and we began to build operating momentum. We made progress relative to our financial targets including a strong start in pursuit of the five key financial objectives that we are targeting for 2022. Our Solvency II return on equity[1] (SII RoE) was 14.3%, Group adjusted operating profit[2] increased 6% to £3.2 billion and our capital position remains strong. We delivered higher sales and customer flows across the Group and costs have begun to decline. Despite this progress, we recognise that our share price continues to underperform versus our peers and the broader market.

The Committee's primary remit is to ensure that executive pay is aligned with Aviva's performance in the round. As such, in considering outcomes under the 2019 Annual Bonus and the 2017-19 Long Term Incentive Plan (LTIP), the Committee has sought to ensure that they reflect Aviva's overall progress over these timeframes.

2019 Annual Bonus

The Committee carefully considered financial and strategic performance of the Group, business unit and individual Executive Director (ED) performance during 2019.

Details of this assessment are contained in this report. The formulaic outcome against the 2019 bonus scorecard prior to any adjustments was 101.1% (out of a maximum of 200%).

As part of the annual bonus framework, further details of which are provided on page 86, the Committee conducted an extensive analysis of the quality of earnings, noting recommendations by the Audit Committee. In addition, the Committee consulted with the Risk Committee, and noted the significant progress made to remediate risk and control issues during 2019. Overall, there has been a very positive response to particular risk and control challenges. Nevertheless, this is a critical area for Aviva, and it was concluded that further work is required to fully embed the desired risk culture and to deliver the target state risk and control environment against a backdrop of internal/external change. Accordingly, a 10% downward adjustment has been applied to the scorecard for risk and controls, which represents an escalation from the 5% applied for 2018. The Committee believes this provides a clear statement of the emphasis which is being placed on continual improvement across 2020 and is further reflected in our annual bonus targets for 2020. This resulted in an adjusted scorecard outcome of 91.1%.

In assessing the individual performance of the EDs, the Committee noted the EDs contributions in establishing the strategic direction for the Group, leading the simplification agenda, building an experienced Aviva Leadership Team (ALT) and turning our new strategy into clear financial targets as announced at the Capital Markets Day in November 2019.

As a result, annual bonuses for Maurice Tulloch and Jason Windsor were 95% and 101% of salary respectively.

The Committee was satisfied that these outcomes fairly reflected the overall performance of the business during 2019, and that no further adjustments were required.

2017-19 LTIP

As a result of our three-year performance over the 2017-19 period, the 2017 LTIP vested at 50% of maximum. This reflects strong performance against the adjusted IFRS return on equity[1] (IFRS RoE) performance condition. The relative Total Shareholder Return (TSR) condition lapsed. No discretion regarding the vesting outcome of the 2017 LTIP was exercised by the Committee.

Appointment of new Chief Financial Officer (CFO)

As announced on 26 September 2019, the Board appointed Jason as our new Group CFO. The Committee gave careful consideration to the remuneration package for Jason, taking into account the terms of our Remuneration Policy (the Policy), Jason's current remuneration arrangements, and shareholder expectations.

Jason's remuneration consists of:

- A salary of £675,000 per annum
- Our standard benefits package for EDs, including private family medical insurance, life insurance, and reasonable travel benefits
- Pension contribution of 14% of salary which is aligned with the rate available to the majority of our UK workforce
- A maximum annual bonus opportunity of 150% of salary, with one-third of any bonus earned paid in cash after the year end, and two-thirds deferred into shares which will vest in equal annual tranches over three years
- For 2020, Jason will be eligible for the grant of an award under the LTIP of 225% of basic salary
- Jason is also subject to a shareholding requirement of 200% of salary, which will continue for two years post-cessation

Jason's salary is below that of Tom Stoddard prior to his departure, reflecting that Jason is new to the role.

Departure of Andy Briggs and Tom Stoddard

On 24 April and 30 June 2019, Andy and Tom respectively stepped down from the Board. The Committee carefully considered the treatment to be applied to their remuneration arrangements as a result of their departure.

Reflecting their performance during their tenure, the leadership and commitment demonstrated during the Group Chief Executive Officer (CEO) transition, the Committee, in its discretion, determined to treat both Andy and Tom as good leavers under the Annual Bonus Plan (ABP) and LTIP. Following his appointment at Phoenix Group, Andy's LTIP awards have lapsed. Further details can be found on page 93.

Both were eligible to receive an annual bonus in respect of 2019, pro-rated to reflect the period prior to being placed on garden leave. The annual bonus was calculated in the same manner as for the continuing EDs.

1 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.
2 Group adjusted operating profit is an Alternative Performance Measure (APM) which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.

Revised Corporate Governance Code

The UK Corporate Governance Code (the Code) came into effect from 1 January 2019. As outlined in last year's report, several areas were already aligned with the new provisions with further enhancements made over the course of 2019. These included:

- **Implementation of post-cessation shareholding guidelines:** EDs are now required to hold shares for a further two years following their departure from the Group. For 2020, a transitional arrangement applies where any leaver will be required to hold the lower of their current holding at cessation or 50% of the current (within employment) guideline. From 1 January 2021, the post-cessation guideline will be the same level as the current (within employment) guideline. Reflecting the Committee's view of its importance, this has also been extended to the ALT.
- **Pensions:** On their respective appointments the pension provisions for both Maurice and Jason were set at 14% of salary in line with the rate available to the majority of our UK workforce.
- **Addition of LTIP and ABP post-retirement activity restrictions**: If after receiving good leaver treatment as a retiree EDs take up employment elsewhere, these restrictions allow awards to be reduced or recovered accordingly.

Gender Pay Gap Report (GPGR)

We released our third GPGR in January 2020, along with details of actions we are taking to drive change and close the gender pay gap. The report can be found at www.aviva.com/gpgr

Shareholder consultation

On behalf of the Committee, I sought the views of a number of our shareholders and key proxy voting agencies towards the end of 2019. Following the financial and strategic plans which were presented at the Capital Markets Day in November, we wanted to consult with shareholders to get their view on several changes to the incentive measures to ensure continued alignment with this new direction. I am pleased to say that the overall feedback we received was positive, and I would like to thank shareholders for their time and input.

Remuneration in 2020

Salary

Maurice and Jason received salary increases of 1.5%, consistent with other Aviva employees in the UK

Annual Bonus

The current split of financial (70%) and non-financial (30%) metrics will be retained. However, we have refined the metrics to place greater emphasis on key areas of focus (capital generation, delivering great customer outcomes and a strong risk and control environment) in line with the Group's strategy.

On financial performance, there are two changes:

- Increased weighting on Operating Capital Generation (OCG)[1] from 25% to 30% of the total bonus scorecard
- Replace Operating Earnings Per Share (EPS)[2,3] with Group adjusted Operating Profit[3] with a reduced weighting

Non-financial metrics will comprise:

- Two customer metrics (with a total weighting of 15%): Transactional Net Promoter Score (TNPS) and Relationship Net Promotor Score (RNPS)
- A risk metric (15% weighting): Percentage of Risks Inside Tolerance. The metric will be focused on the High and Very High risks for the major businesses across the Group and is aligned to the Operational Risk Appetite. It will build on the progress made during 2019, on our established risk management framework and risk monitoring and will reinforce our focus on customer outcomes

Separately, the Risk and Controls modifier, covering a range of quantitative and qualitative measures, and sitting outside the scorecard, will remain. The other two non-financial modifiers will be Employee Engagement and Customer Trust.

2020 LTIP

The Group's three financial priorities are to improve our Return on Capital[1], deliver a progressive dividend and further deleverage our debt profile. Achieving these will require management to focus on Cash Remittances[1] to the Group, OCG[1], Group adjusted Operating Profit[3] and delivering improved customer outcomes.

To ensure that the LTIP aligns with these business goals, SII RoE[1] replace Operating EPS[2,3] as one half of the framework. SII RoE[1] is a fundamental building block to increasing shareholder return over the long-run. SII RoE[1] is important in measuring the productive use of our economic capital. A Solvency II cover ratio[1] (SII cover ratio) will continue to act as an underpin to the financial metric.

Relative TSR remains an important metric which aligns the EDs to shareholders and continues to be weighted at 50%.

Awards will be 300% for the Group CEO and 225% for the CFO of basic salary.

Committee changes during the year

Claudia Arney and Glyn Barker stepped down from the Board and the Committee at the end of 2019 and I would like to thank them for their hard work and commitment during their tenures. George Culmer joined the Committee in January 2020 and brings significant financial services and accounting experience gained from a long and successful career in banking and insurance. The Committee works hard to ensure alignment with shareholder interests, and over the last year has dealt with a number of time critical matters, including changes to the Board. I want to thank all Committee members, past and present, for their dedication and active participation on this Committee.

2020 focus areas

The Committee intends to perform a detailed review of the remuneration framework for EDs and senior leadership team ahead of the next vote on the Policy at the 2021 Annual General Meeting (AGM). We look forward to engaging with shareholders during the course of developing the Policy to get their views and inputs on remuneration framework at Aviva.

I look forward to meeting with shareholders at the 2020 AGM.

Patricia Cross
Chair of the Remuneration Committee
4 March 2020

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2 This measure is derived from the Group adjusted operating profit Alternative Performance Measure (APM). Further details of this measure are included in the 'Other Information' section of the Annual report and accounts.
3 Group adjusted operating profit is an APM which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.

Annual report on remuneration

This section of the report sets out how Aviva has implemented its Policy for EDs during the course of 2019. This is in accordance with the requirements of the Large & Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

The full terms of reference for the Committee can be found on the Company's website at www.aviva.com/remuneration-committee and are also available from the Group General Counsel and Company Secretary.

Committee membership

The members of the Committee are shown below. There were no changes during 2019.

	Member Since	Years on the Committee
Patricia Cross[1]	01/12/2013	6
Michael Mire	14/05/2015	4
Claudia Arney	01/06/2016	3
Glyn Barker	10/05/2017	2

1 Chair from 19 February 2014.

The Committee met ten times during 2019, of which four were scheduled meetings and six were additional meetings outside of the normal timetable. Details of attendance at Committee meetings are shown on page 63.

The Group Chairman attended all meetings of the Committee. The Group General Counsel and Company Secretary acted as secretary to the Committee. The Chair of the Committee reported to subsequent meetings of the Board on the Committee's work and the Board received a copy of the agenda and the minutes of each Committee meeting.

During the year, the Committee received assistance in considering executive remuneration from a number of senior managers, who attended certain meetings (or parts thereof) by invitation during the year, including:

- the Group CEO;
- the Group CFO;
- the Chief People Officer;
- the Group Reward and Performance Director;
- the Chief Accounting Officer;
- the Chief Audit Officer;
- the Group Chief Risk Officer; and
- the Remuneration Committee Chair of Aviva Investors

No person was present during any discussion relating to their own remuneration.

During the year, the Committee received advice on executive remuneration matters from Deloitte LLP. Deloitte LLP were approved as advisers to the Committee in 2012 following a competitive tender process. The Committee regularly reviews and satisfies itself that the advice received from Deloitte LLP is independent and objective. The Committee notes they are a member of the Remuneration Consultants Group and adhere to its Code of Conduct. During the year, Deloitte LLP also provided advice to the Group on taxation, financial due diligence, risk, compliance and other consulting advisory services (including technology transformation and cyber). Tapestry Compliance Limited, appointed by the Company, provided advice on share incentive plan related matters, including on senior executive remuneration matters and views on shareholder perspectives.

During the year, Deloitte LLP were paid fees totalling £192,300 and Tapestry Compliance Limited were paid fees totalling £62,730 for their advice to the Committee on these matters. Fees were charged on a time plus expenses basis.

The Committee reflects on the quality of the advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received during the year was objective and independent.

The Committee's decisions are taken in the context of the Reward Governance Framework, which sets out the key policies, guidelines and internal controls and is summarised on the next page.

Committee performance and effectiveness

During 2019, the Committee undertook an evaluation of its effectiveness, alongside the exercise undertaken by the Board. Further details on how this has been carried out and the actions arising are contained in the Directors and Corporate Governance report.

Committee activities during 2019

Governance, regulatory issues and reporting policy

- Reviewed and approved the Committee's Terms of Reference
- Reviewed updates from external advisers on the regulatory environment and on benchmarking the company's remuneration policies and practices against industry best practice
- Approved our Employment Shareholding Policy, setting out our post-employment holding requirements in line with the 2018 Code
- Engaged with key investors on financial and non-financial metrics for 2020 ABP targets and 2020-2022 LTIP
- Reviewed and approved the Company's annual remuneration regulatory reporting and disclosures
- Considered and agreed the remuneration packages for the departing EDs, and approved associated regulatory disclosures
- Focused on the alignment of the Policy with an appropriate risk culture and to appropriate sustainability metrics
- Reviewed and approved the Reward Governance Framework Policies
- Approved the list of in scope staff in respect of the different regulatory regimes to which the Company is subject

Senior management objectives, bonus target setting and pay decisions

- Determined appropriate levels of discretion to be applied to EDs and senior managers remuneration outcomes, including in relation to Ogden, risk and controls environment and events related to our preference shares
- Reviewed engagement with investors on 2019 ABP targets, including customer and trust metrics as strategic progress measures
- Discussed and approved the ABP targets for 2019
- Reviewed and approved the proposed individual remuneration for each member of the ALT in relation to their performance
- Agreed an appropriate approach to a remuneration package for incoming and outgoing EDs and ALT members
- Reviewed wider workforce pay and employment conditions elsewhere in the Group
- Reviewed the Risk and Internal Audit 2019 Performance Opinion in relation to remuneration
- Discussed and approved the overall maximum bonus pool available to senior managers for the 2019 performance year, taking into account metrics on culture and risk as well as on financial performance

Share plan operation and performance testing

- Reviewed performance testing of all existing LTIP awards, and approved targets for the 2019 LTIP awards
- Approved vesting of the 2016 LTIP and noted the interim testing for the 2017, 2018 and 2019 awards
- Reviewed the proposed changes to future LTIP grants
- Approved the terms of the Aviva Savings Related Share Option Scheme 2019 (SAYE) and the Aviva Ireland Save as You Earn Scheme, the Ireland Profit Share Scheme, and the invitation terms for eligible employees
- Reviewed and approved the Aviva Investors Long Term Participation Plan and the Deferred Plan rules
- Reviewed and approved any application of malus/clawback provisions under incentive plans
- Approved amendments to share plans rules in line with the 2018 Code

2018 Corporate Governance Code

In determining remuneration arrangements at Aviva, the Committee aims to ensure that they support the execution of our strategy and the delivery of sustainable long-term shareholder value. In doing so, the Committee takes into account the 2018 Code, wider workforce remuneration and emerging best practice in relation to ED remuneration.

The Committee believes that our remuneration framework is clear and transparent and aligned with our culture. We operate a simple incentive framework of an annual bonus and LTIP. Award levels are capped with pay-out linked to performance against a limited number of measures that are aligned to our strategy. Stretching but fair targets are set. This ensures that potential reward outcomes are clear and aligned with the performance achieved, with the Committee having the discretion to adjust outcomes where this is not considered to be the case.

Pay levels are set taking into account internal and external reference points to ensure that pay is competitive while remaining equitable within the Company. A number of additional factors are in place to mitigate reputational and other risks, including malus and clawback provisions, unfettered discretion, a two-year holding period on LTIP awards, and both within and post-employment shareholding guidelines.

Reward Governance Framework

<table>
<tr><th colspan="7">Terms of reference, policies and guidelines</th><th colspan="2">Control and assurance</th></tr>
<tr><td rowspan="2">Terms of Reference</td><td colspan="6">Remuneration Committee terms of reference
Sets out the Committee's scope and responsibilities, including authorities which may be delegated but which still retain Committee oversight</td><td rowspan="7">Remuneration Business Standard
Assurance framework to attest Reward operations are conducted within the Global Remuneration Policy, Directors' Remuneration Policy and supporting policies</td><td rowspan="7">Reward Approvals Matrix
Approval requirements to ensure Reward operations are conducted within the Global Remuneration Policy, Directors' Remuneration Policy and supporting policies</td></tr>
<tr><td colspan="6">Subsidiary Board Remuneration Committee terms of reference
Sets out the Subsidiary Remuneration Committee's scope and responsibilities</td></tr>
<tr><td>Overarching Policy</td><td colspan="3">Global Remuneration Policy
Approved by the Remuneration Committee, applies to all employees in entities within Aviva Group</td><td colspan="3">Directors' Remuneration Policy
Approved by the shareholders, applies to the Directors of Aviva plc</td></tr>
<tr><td>Supporting Policies</td><td colspan="2">Identification of Remuneration Regulated Staff</td><td colspan="2">Variable Pay and Risk Adjustment
(includes bonus, LTIP, buy-out, retention, recognition awards and funding)</td><td colspan="2">Malus and clawback</td></tr>
<tr><td rowspan="2">Internal Guidelines and non-Remuneration Committee approved policies (examples)</td><td colspan="2">New Hires</td><td colspan="2">Terminations</td><td colspan="2">Buyouts</td></tr>
<tr><td colspan="2">Retention plans</td><td colspan="2">Recognition Awards</td><td colspan="2">Global Mobility</td></tr>
</table>

Key

- (dark grey) Element of the Reward Governance Framework managed as part of the business of the Committee
- (light grey) Element of the Reward Governance Framework managed mainly under delegated authority from the Committee

Single total figures of remuneration for 2019

The table below sets out the total remuneration for 2019 and 2018 for each of our EDs. Sir Adrian Montague remained on his Non-Executive Chairman remuneration arrangements while acting as Executive Chairman for the period 9 October 2018 to 4 March 2019. Given that he was not performing the role of Group CEO and did not receive a typical CEO remuneration package, he is not shown in this table, and is instead shown in table 9. Maurice was appointed Group CEO on 4 March 2019 and remuneration figures up to this date reflect his role as CEO of International Insurance.

1 Total 2019 remuneration – Executive Directors (audited information)

	Executive Directors						Former Executive Directors		Total emoluments of Executive Directors[10]	
	Maurice Tulloch[6]		Jason Windsor[7]		Tom Stoddard[8]		Andy Briggs[9]			
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	2019 £000	2018 £000
Basic Salary[1]	**946**	706	**177**	—	**370**	728	**241**	746	**1,734**	2,180
Benefits[2]	**443**	51	**10**	—	**47**	85	**19**	44	**519**	180
Annual Bonus[3]	**886**	598	**178**	—	**338**	616	**218**	632	**1,620**	1,846
LTIP[4]	**588**	637	**82**	—	**559**	645	—	662	**1,229**	1,944
Pension[5]	**138**	198	**22**	—	**104**	204	**67**	209	**331**	611
Total	**3,001**	2,190	**469**	—	**1,418**	2,278	**545**	2,293	**5,433**	6,761

1 Basic salary received during the relevant year.
2 The benefits disclosure includes the cost, where relevant, of private medical insurance, life insurance, accommodation, travel and car benefits. In the case of Maurice, Jason and Andy this also includes benefits resulting from the UK HMRC tax-advantaged SAYE plan, and for Andy only the UK HMRC tax-advantaged share incentive plan, the All Employee Share Ownership Plan (AESOP), in which they participate on the same basis as all eligible employees. All numbers disclosed include the tax charged on the benefits, where applicable. As disclosed on appointment and in last year's report Maurice was provided with assistance with relocation from Canada to the UK, of an amount up to £250,000 exclusive of tax, payable against receipted costs incurred within a period of 24 months from date of appointment. During 2019, £139,000 of this allowance was used reflecting temporary accommodation, ongoing residential accommodation and flights between Canada and the UK. This is shown as £246,000 in the table above, grossed-up for tax. Other benefits include: Private medical insurance (£17,000), taxable travel and subsistence (£59,000,of which £50,000 is the grossed-up tax value of flights), accompanied travel (£32,000), car benefits (£40,000) and advisor fees (£40,000) in relation to tax assistance. Benefits for Tom and Andy include a small amount relating to the correction of an under deduction of NIC in relation to pension cash allowance.
3 Bonus payable in respect of the financial year including any deferred element at the face value at the date of award. The deferred element is made under the ABP.
4 With the exception of Jason, the value of the LTIP for 2019 relates to the 2017 award, which had a three-year performance period ending 31 December 2019. 50% of the award will vest in March 2020. An assumed share price of 411.2 pence has been used to determine the value of the award based on the average share price over the final quarter of the 2019 financial year. The proportion of the value of the LTIP that is attributable to share price depreciation (the depreciation being the difference between the face value at the date of award and the vested value of the award) is 22.4% for Maurice and Tom. In a similar manner, the LTIP amounts shown in last year's report in respect of the LTIPs awarded in 2016 were calculated with an assumed share price of 415.20 pence. The actual share price at vesting was 412.25 pence, and the table has been updated to reflect this change. The estimated value of the awards for the EDs was £1,958,000; the actual value was £1,944,000 (decrease of £14,000). Jason, prior to becoming an ED, was granted a Restricted Stock Unit (RSU) award. This award does not have performance conditions and in accordance with the regulations, a pro-rated amount is shown in respect of qualifying services during the year, using the share price at grant to determine the value of the award. Following confirmation of his role at Phoenix Group, Andy's 2017 LTIP award has lapsed. Additional information on these awards can be found in table 18.
5 Pension contributions consist of employer defined contribution benefits, excluding salary exchange contributions made by the employees, plus cash payments in lieu of pension. For Maurice, following his appointment as Group CEO on 4 March 2019 and for Jason the total was 12.34% of basic salary (pension contribution of 14% which is reduced for the effect of employers' National Insurance contributions when paid as cash). For former EDs (and Maurice prior to his appointment as Group CEO) the aggregate total was 28% of basic salary. No ED has prospective entitlement to benefit in a defined benefit scheme.
6 Maurice was appointed as Group CEO on 4 March 2019. Prior to his appointment he was CEO of International Insurance and his basic salary and benefits were set in Canadian dollars, which have been converted to sterling using an average exchange rate for 2019 of CAD 1.70
7 Jason was appointed to the Board on 26 September 2019. For 2019, the values relate to the period while he was an ED
8 Tom stepped down from the Board on 30 June 2019; values for 2019 relate to the period while he was an ED. Details of Tom's leaving arrangements are set out on page 93.
9 Andy stepped down from the Board on 24 April 2019; values for 2019 relate to the period while he was an ED. Details of Andy's leaving arrangements are set out on page 93.
10 Year on year decrease is primarily driven by changes in Board membership.

Additional disclosures in respect of the single total figure of remuneration table

Malus and clawback

As part of the annual pay review process, the Committee has considered whether any recovery or withholding under the malus and clawback provisions of Aviva's incentive plans is required by any current circumstances. No incidents concerning the EDs are currently subject to action under Aviva's Malus and Clawback policy.

Other items of remuneration

The EDs have not received any items in the nature of remuneration other than those disclosed in table 1.

2019 annual bonus outcomes

The chart below summarises how our annual bonus operates for 2019.

Step I – Bonus scorecard

Financial measures:
- 20% Operating EPS[1,2]
- 25% Cash remittances[3]
- 25% OCG[3]

Performance against financial measures subject to a quality of earnings assessment.

Strategic measures:
- 20% RNPS
- 10% Multiple Product Holdings (MPH)

Performance is assessed against defined minimum, target and maximum targets.

Step II – Non-financial performance modifiers

- Employee engagement
- Customer
- Risk & Controls

The bonus scorecard outcome as determined under step I may be modified by consideration of performance in these areas.

Typically, any adjustments would be in the range of +/- 15%, but may be larger for major customer and/or risk & controls issues.

Step III – Individual performance

The bonus scorecard outcome coming out of step II may then be modified based on:

- Individual contribution and achievements;
- How the individual has assisted the Group achieve progress against its strategic objectives;
- The leadership they have exhibited; and
- How the individual has demonstrated Aviva's values.

Individual adjustments are not determined in a formulaic manner. The Committee reviews overall performance against each individual's objectives and applies judgement as to whether any adjustment is warranted. In recent years adjustments have ranged from -17.5% to +22%.

Discretion

The Committee retains overarching discretion to adjust outcomes upwards or downwards in order to align remuneration for the overall performance of the Group and wider circumstances.

Step I – Bonus scorecard

The table below sets out performance against financial and non-financial targets under the bonus scorecard. The overall scorecard outcome percentage applies to all of the EDs.

2 2019 performance against bonus scorecard for Executive Directors' bonuses

Measure	Weighting	Minimum	Target	Maximum	Actual	Outcome
Financial measures (70% of total)						
Operating EPS[1,2]	20.0%	54.0p	58.3p	62.6p	**57.2p**	17.6%
Cash remittances[3]	25.0%	£2,531m	£2,736m	£2,941m	**£2,597m**	16.5%
OCG[3]	25.0%	£1,535m	£1,735m	£1,935m	**£2,259m**	50.0%
Total financial measures	**70.0%**	—	—	—	—	**84.1%**
Strategic measures (30% of total)						
RNPS	20.0%	3	8	11	**6.5**	17.0%
MPH (% growth)	10.0%	5%	8%	11%	**1.7%**	0.0%
Total strategic measures	**30.0%**	—	—	—	—	**17.0%**
Scorecard outcome	**100.0%**					**101.1%**

1 This measure is derived from the Group adjusted operating profit Alternative Performance Measure APM. Further details of this measure are included in the 'Other Information' section of the Annual report and accounts.
2 Group adjusted operating profit is an APM which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.
3 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.

Step II – Non-financial performance modifiers

The Committee considered Group performance against the non-financial modifiers set out below, the outcome of which may result in an adjustment to the bonus scorecard outcome if considered appropriate.

3 2019 non-financial modifiers relating to bonus scorecard

Modifier	Assessment
Employee Employee engagement.	Engagement remains high at 73% but is slightly down on 2018 (76%) due to a period of uncertainty and change. Pride, motivation and advocacy remain strong and consistent. The proportion of employees recommending Aviva as a great place to work is at an all-time high. Significantly more colleagues believe that Aviva cares for their health and wellbeing (up 6 points to 80%) and there have also been solid uplifts in the view that Aviva is a place where people are free from judgement or discrimination. This result in 2019 (82%) is now 13 points higher than in 2015 – a major improvement on Aviva's culture of inclusion in a short space of time. There is also a strong link between improvements on this metric and those colleagues who feel they have greater freedom to make decisions in their job.
Customer Performance against our overall focus on customer outcomes, including Brand Trust.	Of the seven core businesses measured, five were either at or above the competitor benchmark. We are working hard to meet our strategic priority of delivering great customer outcomes by improving service and product simplicity as well as reducing complaints through root cause analysis work.
Risk & Controls Aviva's reward strategy includes specific risk and control objectives for senior management and EDs. The aim is to help drive and reward effective risk management and a robust control environment across the Group.	The assessments performed by our Risk and Internal Audit functions looked at the effectiveness and robustness of the risk framework and control environment. The outputs of the assessments were shared with the Risk and Audit Committees ahead of decisions being made on impacts to bonus. Notwithstanding improvements made in 2019, it was concluded that further work is required to embed a strong risk culture and deliver the target state risk and control environment against a backdrop of internal/external change. As a result, and to provide a clear statement of the focus on continual improvement across 2020 the Committee applied a downward adjustment of 10% to the bonus scorecard outcome in respect of this modifier.

The bonus scorecard outcome was revised to 91.1%.

Step III – Individual performance

The Committee assessed EDs on their individual performance in the year. Details of each individual's achievements are set out in the table below.

Maurice Tulloch

Maurice was appointed Group CEO from 4 March 2019, previously his role was CEO International and Chairman Global General Insurance (GI). Since being appointed as Group CEO, Maurice has provided strong leadership in the Group and at the PLC Board, with some notable achievements:

- Establishment of the strategic direction for the Group to simplify the business and definition of new financial targets as announced at the Capital Markets Day in November
- Built an experienced ALT, promoting talents internally and recruiting seasoned external leaders, with a number of new appointments, including new Group CFO, Group Chief Operating Officer, Group Chief People Officer, Group Chief Risk Officer, with role changes for CEO Europe, Global CEO General Insurance and CEO Investments, Savings & Retirement (IS&R)
- Rebuilt relationships with investor community with two capital market days and a significant investor outreach program
- Maintained financial strength of the Group and achieved 6% Group adjusted operating profit[1] growth and increased SII RoE[2] to 14.3%
- Implemented a new operational model to make Aviva simpler, separating UK GI and Life management teams, aligning UK Digital to UK GI, and creating the new IS&R division
- Launched a new project to reduce costs by £300 million net by 2022, with £72 million reduction achieved in 2019

Jason Windsor

Jason was appointed as CFO and ED of the Company from 26 September 2019, after becoming interim CFO on 1 July 2019 following Tom's departure. Jason's contribution to the finance function and the wider Aviva Group was critical to many key deliveries including:

- Assisting the Group CEO in defining the strategic direction and turning it into a coherent set of financial targets as announced at the Capital Markets Day in November
- Maintained financial strength of the Group with a SII cover ratio[2,3] of 206% and centre liquidity[4] of £2.4 billion despite macroeconomic volatility, particularly low interest rates across Europe (most notably in France) and continued uncertainty around the decision for the UK to leave the European Union
- Increased profile of the Risk & Control environment with clear accountability and engagement, and steps taken to increase the strength of our control environment
- Restructure of the finance function to make it simpler, leaner and more commercial
- Rationalisation of the finance change programme and continued progress in the implementation of IFRS17

Andy Briggs

Andy was the CEO of Aviva UK Insurance until 30 April 2019. Over this period Andy provided strong leadership in the UK and continued to play an active leadership role at the PLC Board. Notable milestones in 2019 include:

- Setting and driving ambitious financial targets for UK Insurance during Q1 to contribute to the overall success of Aviva
- Continuing to define and implement growth opportunities across the UK Insurance portfolio
- Led the Group wide Customer Pillar work as a fundamental priority for the business
- Drove ongoing implementation of AvivaPlus and oversaw post-launch review process on potential strategic impact on existing customer propositions
- Continued sponsorship of Aviva's Generations community, focussing on supporting an intergenerational workplace, as well as acting as the Government's Business Champion for Older Workers

Tom Stoddard

Tom was the Group CFO until 30 June 2019. Over this period Tom played a critical role in supporting Maurice in his transition to CEO. Notable achievements in 2019 include:

- Driving delivery of the overall financial objectives for the Group and delivered strong half year financial results as presented during the interim results
- Assisting incoming Group CEO in developing the strategic direction for Aviva
- Provided an orderly handover with his successor to ensure continuity in the finance function
- Coordinated IFRS17 implementation and the Finance & Innovation programme to minimise their joint costs and managed dependencies
- Continued sponsorship of the Aviva 'Origins' community, promoting race, ethnicity, religion and social mobility as an important dimension of diversity and inclusion

The Committee carefully considered the individual performance of each ED. Details of the individual adjustments are reflected in table 4.

1 Group adjusted operating profit is an Alternative Performance Measure (APM) which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.
2 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.
3 The estimated Solvency II position represents the shareholder view. Please refer to note 57 and the 'Other Information' section of the Annual report and accounts for more information.
4 Stated as at end February 2020.

4 2019 bonus outcomes for Executive Directors

	Maurice Tulloch	Jason Windsor	Tom Stoddard	Andy Briggs
Bonus scorecard (0% – 200%)	100.2%[1]	101.1%	101.1%	101.1%
– Non-financial modifiers	(10.0%)	(10.0%)	(10.0%)	(10.0%)
– Individual adjustment	5.0%	10.0%	0.0%	0.0%
Final Outcome	**95.2%**	**101.1%**	**91.1%**	**91.1%**
Target opportunity	100% of salary	100% of salary	100% of salary	100% of salary
Maximum opportunity for 2019[2]	192% of salary[3]	150% of salary	150% of salary	150% of salary
Final bonus outcomes				
– % of salary[4]	**95.2%**	**100.6%**	**91.1%**	**91.1%**
– % of maximum	**49.7%**	**67.0%**	**60.7%**	**60.7%**
– £ amount	£886,315[5]	£177,698[6]	£337,926[6]	£218,218[6]

1 Pro-rated to reflect International and Group scorecards of 94.1% and 101.1% respectively.
2 The Group CEO has a maximum bonus opportunity of two times target (i.e. 200% of salary) while other EDs have a maximum opportunity of one and a half times target (150% of salary).
3 Maximum bonus opportunity is pro-rated for 2019 to reflect the time spent as CEO International and as Group CEO during the year.
4 The bonus scorecard for EDs can range from 0 to 200%. When the final outcome is above 100%, the resulting final bonus outcome, as a % of salary, is on a '1% for 1%' basis for the Group CEO and on a '2% for 1%' basis for other EDs; e.g. a final outcome of 140% would result in a bonus of 140% of salary for the Group CEO and 120% of salary for other EDs. When below 100% scaling is '1% for 1%', such that a final outcome of 80% would result in a bonus of 80% of salary for all EDs, including the Group CEO.
5 Pro-rated for different salary as CEO International and as Group CEO during the year
6 This outcome is pro-rated to reflect the time served on the Board

Discretion

The Committee is conscious of the provisions of the 2018 Code, with remuneration committees being encouraged to review incentive outcomes against individual and company performance, together with any wider circumstances, and to exercise independent judgement and discretion in relation to remuneration outcomes. Taking into account the impact of the outcome of the quality of earnings assessment and the non-financial modifiers, and an assessment of individual performance, the Committee is of the view that these outcomes appropriately reflect the overall performance of Aviva during the year and are aligned with the experience of shareholders over this period and no discretion regarding outcomes was therefore exercised by the Committee.

2017 LTIP vesting in respect of performance period 2017-2019

All references to adjusted IFRS RoE relate to the 2017 LTIP award only and represent RoE calculated as IFRS profit after tax and non-controlling interest but excluding investment variances, economic assumption changes, pension scheme income/charge over average IFRS equity (excluding pension scheme net surplus/deficit). The adjusted IFRS RoE[1] and TSR[2] outcome for the 2017 LTIP are detailed in the table below. 50% of the award will vest in March 2020. No discretion regarding the vesting outcome of the 2017 LTIP was exercised by the Committee.

5 2017 LTIP award – performance conditions (audited information)

	Weighting	Threshold (20% vest)	Maximum (100% vest)	Outcome	Vesting (% of maximum)
Adjusted IFRS RoE[1] Performance	50%	28.8%	35.2%	42.9%	100%
Relative TSR[2] Performance	50%	Median	Upper quintile and above	10.3/14	0%

1 2017 adjusted IFRS RoE performance outcome excludes the positive impact of the £300 million and £600 million share buy-backs (in 2017 and 2018 respectively).
2 TSR is a measure of share price growth, calculated as the difference between the share price at the vesting date and the 90 day average for the period immediately preceding the start of the three year performance period.

Quality of earnings assessment – 2019 remuneration decisions

The Committee discussed those items that impacted the overall results in 2019 including to update e.g. foreign exchange, acquisitions and disposals, life assumption and modelling changes, prior year reserve development, and other items that are non-recurring in nature. This process provides the Committee with an understanding of the core profitability of the business taking these factors into account.

6 Awards granted during the year (audited information)

Share and option awards granted to EDs during the year are set out below.

	Date of Award	Award Type[1]	Face Value (% of basic salary)[2]	Face Value (£)[2]	Threshold Performance (% of face value)	Maximum Performance (% of face value)	End of performance period	End of vesting/ holding period
Maurice Tulloch	25 Mar 2019	LTIP	300%	£2,925,000	20%	100%	31 Dec 2021	25 Mar 2024
	25 Mar 2019	ABP	41%	£398,759	N/A			25 Mar 2022
	01 Oct 2019	SAYE	1.85%	£18,000				01 Dec 2022
Jason Windsor[3]	25 Mar 2019	LTIP	N/A	£310,000	N/A	N/A	N/A	25 Mar 2022
	25 Mar 2019	ABP	N/A	£136,025	N/A			25 Mar 2022
	01 Oct 2019	SAYE	2.67%	£18,000				01 Dec 2022
Former Directors[4]								
Tom Stoddard	25 Mar 2019	LTIP[5]	225%	£1,650,060	20%	100%	31 Dec 2021	25 Mar 2024
	25 Mar 2019	ABP	56%	£410,677	N/A			25 Mar 2022
Andy Briggs	25 Mar 2019	LTIP[5]	225%	£1,691,775	20%	100%	31 Dec 2021	25 Mar 2024
	25 Mar 2019	ABP	56%	£421,063	N/A			25 Mar 2022
	14 Oct 2016	AESOP	0.37%	£2,750	N/A			17 Oct 2022

1 ABP and LTIP awards have been granted as share awards. The LTIP is a conditional right to receive shares based on a three-year performance period, with an additional two-year holding period. ABP represents the portion of the 2018 bonus deferred into shares which vests in three equal tranches. Shares issued in lieu of dividends accrue on ABP and LTIP awards during the ABP deferral period and the LTIP performance period. SAYE awards are savings-related options normally exercisable during the six-month period following the end of the relevant 3 or 5 year savings contract. AESOP includes partnership, matching and dividend share awards which vest after three years. Further details are provided in tables 16 and 18.
2 Face value for the awards granted on 25 March 2019 has been calculated using the average of the middle-market closing price of an Aviva ordinary share on the three consecutive business days immediately preceding the main date of grant, of 421.00 pence. For SAYE the option price is fixed to a three day average closing middle-market price of an ordinary share of the Company, prior to invitation date, with a discount of 20% as permitted under the SAYE plan (284.00 pence). AESOP has been calculated using the average price achieved at purchase of the partnership shares throughout 2019 of 407.00 pence.
3 Jason was not an ED at the time his 2019 LTIP and ABP awards were made. The 2019 LTIP award is a RSU award. This award does not have performance conditions.
4 Andy stepped down from the Board on 24 April 2019 and Tom on 30 June 2019.
5 LTIP awards for Tom and Andy have subsequently lapsed, in line with the leaving arrangements outlined on page 93.

Operating EPS[1,2] targets for awards made in 2019

Operating EPS[1,2] performance determines the vesting of 50% of the LTIP award. Three-year targets are set annually within the context of the Company's strategic plan. The 2019 targets are provided below.

7 2019 LTIP operating EPS[1] targets (audited information)

Achievement of Operating EPS[1,2] targets over the three-year performance period	Percentage of shares in award that vests based on achievement of Operating EPS[1] targets
Less than 4% p.a.	0%
4% p.a.	10%
Between 4% p.a. and 10.0% p.a.	Pro-rata between 10% and 50% on a straight line basis
10% p.a. and above	50%

Any vesting of the operating EPS[1,2] element of the LTIP is subject to two gateway hurdles – SII RoE[3] and SII shareholder cover ratio[3,4]. The SII RoE[3] hurdle is 12% p.a. and the SII shareholder cover ratio[3,4] is to meet or exceed the minimum of the stated working range (in 2019, this was 160% to 180%).

1 This measure is derived from the Group adjusted operating profit Alternative Performance Measure (APM). Further details of this measure are included in the 'Other Information' section of the Annual report and accounts.
2 Group adjusted operating profit is an APM which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.
3 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.
4 The estimated Solvency II position represents the shareholder view. Please refer to note 58 and the 'Other Information' section of the Annual report and accounts for more information.

TSR targets for awards made in 2019

Relative TSR performance determines the vesting of the other 50% of the LTIP award. For the 2019 grant, Aviva's TSR performance will be assessed against that of the following companies: Aegon, Allianz, Assicurazioni Generali, AXA, CNP Assurances, Direct Line Group, Legal & General, Lloyds Banking Group, Old Mutual, Phoenix, Prudential, RSA, Standard Life Aberdeen and Zurich Insurance.

The performance period for the TSR performance condition is the three years beginning 1 January 2019. For the purposes of measuring the TSR performance condition, the Company's TSR and that of the comparator group will be based on the 90-day average TSR for the period immediately preceding the start and end of the performance period. The vesting schedule is set out in the table below.

8 TSR vesting schedule for the 2019 LTIP award (audited information)

TSR position over the three-year performance period	Percentage of shares in award that vest based on achievement of TSR targets
Below median	0%
Median	10%
Between median and upper quintile	Pro-rata between 10% and 50% on a straight line basis
Upper quintile and above	50%

Payments to past directors (audited information)

Russell Walls retired from the Board with effect from 8 May 2013.

- Russell was appointed as a Non-Executive Director (NED) of Aviva Italia Holdings S.p.A on 4 December 2014 and on 30 April 2015 was appointed as Chair and subsequently stepped down on 26 September 2019
- The emoluments he received in respect of this directorship for the 2019 financial year was €67,500

Payments for loss of office (audited information)

We announced on 24 April 2019 that the Board and Andy Briggs had decided that Andy would step down as CEO UK Insurance and as a Director of the Company with immediate effect.

- Andy was placed on garden leave for six months with effect from 30 April 2019 to 23 October 2019. During this period, he continued to receive his salary and contractual benefits. For the period 25 April 2019 to 23 October 2019 these totalled £500,592
- Andy received a pro-rated bonus in respect of 2019, reflecting the portion of the year worked prior to going on garden leave. The bonus was determined on the normal timetable and can be found in the bonus section in table 4
- Reflecting his performance during his tenure, leadership and commitment demonstrated during the Group CEO transition, the Committee exercised discretion to treat Andy as a good leaver under the ABP and LTIP
  - Andy's outstanding deferred share awards under ABP will continue to vest on the normal vesting dates. All outstanding awards will remain subject to malus and clawback
  - Andy's 2019 LTIP award lapsed on his departure. Andy's 2017 and 2018 LTIP awards were allowed to continue to vest, pro-rated for the time from the date of grant to his leave date and remained subject to performance vesting. Following confirmation of his new role at Phoenix Group, these awards have lapsed
- In line with the Policy, Andy was entitled to a capped contribution of £5,000 (excluding VAT) towards legal fees incurred in connection with his departure

We announced on 5 June 2019 that the Board and Tom Stoddard had decided that Tom would step down as CFO and as a Director of the Company from 30 June 2019.

- Tom was placed on garden leave for six months with effect from 1 July 2019 to 31 December 2019. During this period, he continued to receive his salary and contractual benefits. For the period of his garden leave these totalled £531,336
- In line with his arrangements while a Director, Tom will receive tax support for the UK financial year 2019/20 and the US tax year 2019. The total value of this benefit is anticipated to be £9,000
- Tom received a pro-rated bonus in respect of 2019, reflecting the portion of the year worked prior to going on garden leave. The bonus was determined on the normal timetable and can be found in the bonus section in table 4
- Reflecting his performance during his tenure, leadership and commitment demonstrated during the Group CEO transition, the Committee exercised discretion to treat Tom as a good leaver under the ABP and LTIP
  - Tom's outstanding deferred share awards under ABP will continue and will vest on the normal vesting dates
  - Tom's 2017 and 2018 LTIP awards will to continue to vest, pro-rated for the time from the date of grant to his leave date and remain subject to performance vesting. His 2019 LTIP award has lapsed
  - All outstanding share awards will remain subject to malus and clawback
- In line with the Policy, Tom was entitled to a capped contribution of £5,000 (excluding VAT) towards legal fees incurred in connection with his departure

9 Total 2019 remuneration for Non-Executive Directors (audited information)

The table below sets out the total remuneration earned by each NED who served during 2019 for Group-related activities.

	Fees		Benefits[1]		Aviva plc total		Subsidiaries fees		Group total	
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Chairman										
Sir Adrian Montague	**550**	550	**88**	88	**638**	638	**—**	—	**638**	638
Non-Executive Directors										
Claudia Arney[2]	**155**	155	**2**	2	**157**	157	**73**	78	**230**	235
Glyn Barker[2]	**177**	168	**2**	3	**179**	171	**—**	—	**179**	171
Patricia Cross	**128**	128	**—**	—	**128**	128	**60**	60	**188**	188
George Culmer[3]	**29**	—	**2**	—	**31**	—	**—**	—	**31**	—
Patrick Flynn[3]	**55**	—	**2**	—	**57**	—	**—**	—	**57**	—
Belén Romana García	**139**	105	**15**	10	**154**	115	**44**	40	**198**	155
Michael Mire	**118**	118	**3**	1	**121**	119	**—**	—	**121**	119
Former Non-Executive Directors[4]										
Michael Hawker	**34**	138	**—**	—	**34**	138	**—**	—	**34**	138
Keith Williams	**59**	150	**—**	2	**59**	152	**—**	—	**59**	152
Total emoluments of NEDs	**1,444**	1,512	**114**	106	**1,558**	1,618	**177**	178	**1,735**	1,796

1 Benefits include the gross taxable value of expenses relating to accommodation, travel and other expenses incurred on Company business in accordance with our expense policy and may vary year-on-year dependent on the time required to be spent in the UK.
2 Claudia Arney and Glyn Barker retired from the Board on 31 December 2019.
3 Patrick Flynn was appointed to the Board on 16 July 2019 and George Culmer on 25 September 2019.
4 Michael Hawker stepped down from the Board on 31 March 2019 and Keith Williams on 23 May 2019.

The Aviva plc total amount paid to NEDs in 2019 was £1,558,000 which is within the limits set in the Company's Articles of Association, as previously approved by shareholders.

Subsidiary company board memberships

During the year, the following NEDs were appointed as directors of subsidiary companies to support and further enhance the flow of information between material subsidiaries and the Group. The additional emoluments received in respect of these roles are detailed below:

- Claudia Arney received an additional fee of £72,500 (*2018: £78,346*) in respect of her duties as Non-Executive Chairman and Conduct Committee member of Aviva UK Digital Limited. Claudia subsequently stepped down on 31 December 2019.
- Patricia Cross received an additional fee of £60,000 (*2018: £60,000*) in respect of her duties as Senior Independent Director of Aviva Investors Holdings Limited
- Belén Romana García received an additional fee of €50,000 (*2018: €44,712*) in respect of her duties as a Board member of Aviva Italia Holding S.p.A., and as a committee member of the Audit and Risk Committees
- Sir Adrian Montague became a director of Aviva Group Holdings Ltd on 9 October 2018 and stepped down on 4 March 2019 as part of his transition back to his Non-Executive Chairman role. He also became a director of Aviva SA on 24 April 2019. He received no fees in respect of these appointments

Percentage change in remuneration of the Group CEO

The table below sets out the increase in the basic salary, bonus and benefits of the Group CEO and that of the wider workforce. The UK employee workforce was chosen as a suitable comparator group, as the Group CEO and CFO are based in the UK (albeit with global responsibilities), and pay changes across the Group vary widely depending on local market conditions. Given that both the Group CEO and his predecessor served for a part-year only in 2019, the Group CEO's pay for each year has been annualised so as to provide a comparison. The reduction in salary reflects the differences in the incumbent's package. The increase in benefits reflects relocation and taxable travel and subsistence.

10 Percentage change in remuneration of Group CEO

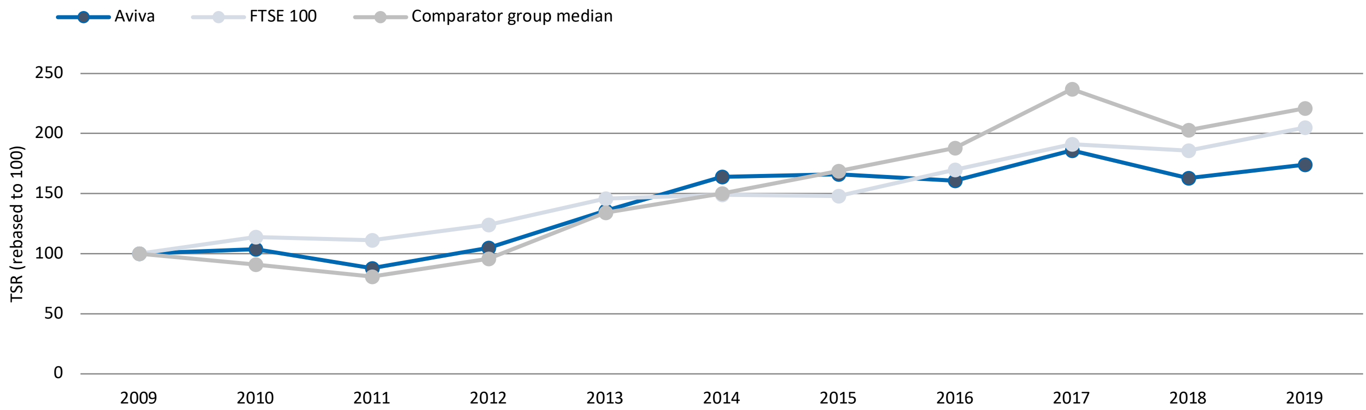
	% change in basic salary 2018-2019	% change in bonus 2018-2019	% change in benefits 2018-2019
Group CEO[1]	(8.5)%	4.7%	269.4%
All UK-based employees[2]	3.8%	(10.8)%	27.2%

1 Salary, annual bonus and benefit amounts for 2019 for the Group CEO and 2018 for the former Group CEO have been annualised up to reflect what they would have been over a full 12-month period to add comparison. The increase in benefits reflects relocation and taxable travel and subsistence.
2 The increase in benefits for UK based employees has been driven by changes in pieces of tax legislation leading to a) some car parking provision now being a taxable benefit and b) an increase in company car benefit. Without these changes, benefits increased by 4.3%.

Historical TSR performance and Group CEO remuneration outcomes

Table 11 compares the TSR performance of the Company over the past ten years against the TSR of the FTSE 100. This index has been chosen because it is a recognised equity market index of which Aviva is a member. In addition, median TSR performance for the LTIP comparator group has been shown. The companies which comprise the LTIP comparator group for TSR purposes are listed above table 8.

11 Aviva plc ten-year TSR performance against the FTSE 100 and the median of the comparator group



The table below summarises the historical Group CEO single figure for total remuneration, and annual bonus and LTIP outcomes as a percentage of maximum over this period.

12 Historical Group CEO remuneration outcomes

	Group CEO	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Annual bonus payout (as a % of maximum opportunity)	Maurice Tulloch[1]	—	—	—	—	—	—	—	—	—	**48.1%**
	Mark Wilson[2]	—	—	—	75.0%	86.7%	91.0%	91.0%	94%	42.0%	—
	Andrew Moss[3]	74.3%	81.0%	—	—	—	—	—	—	—	—
LTIP vesting (as a % of maximum opportunity)	Maurice Tulloch	—	—	—	—	—	—	—	—	—	**50.0%**
	Mark Wilson	—	—	—	—	—	53.0%	41.3%	36.9%	—	—
	Andrew Moss	72.3%	81.7%	—	—	—	—	—	—	—	—
Group CEO single figure of remuneration (£000)	Maurice Tulloch	—	—	—	—	—	—	—	—	—	**2,352**
	Mark Wilson	—	—	—	2,615	2,600	5,438	4,523	4,318	1,836	
	Andrew Moss	2,748	3,477	554	—	—	—	—	—	—	—

1 Maurice was appointed Group CEO on 4 March 2019
2 Mark joined the Board as an ED with effect from 1 December 2012 and became Group CEO on 1 January 2013. Mark stepped down as Group CEO and left the Board on 9 October 2018
3 Andrew resigned from the Board with effect from 8 May 2012 and left the Company on 31 May 2012

Sir Adrian Montague remained on his Non-Executive Chairman remuneration arrangements while acting as Executive Chairman for the period 9 October 2018 to 4 March 2019. Given that he was not performing the role of Group CEO and did not receive a typical CEO remuneration package, he is not shown in this table.

CEO Pay ratio reporting

The table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by the Group CEO compared to the total remuneration received by our UK employees. Total remuneration reflects all remuneration received by an individual in respect of the relevant years, and includes salary, benefits, pension, and value received from incentive plans.

13 CEO Pay ratio table

Year	Method	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2019	Option A	90:1	63:1	37:1
2018	Option A	76:1	53:1	32:1

We would highlight the following in terms of the approach taken:

- In calculating the Group CEO data for 2019, we have aggregated the amount shown in the single figure table of £106,625 for Sir Adrian Montague in respect of his services as Executive Chairman from 1 January to 3 March 2019 (for which he received no additional payment), and the amount shown in the single figure table of £2.35 million for Maurice in respect of his services from 4 March to 31 December 2019. Similar to 2018, as 2019 was an atypical year for Aviva, we have provided an additional ratio below, calculated on a full-year basis using total target remuneration
- In 2018, the single figure for Mark Wilson was aggregated with the pro-rata fees for Sir Adrian Montague as Executive Chairman
- The P25, P50 and P75 employees were calculated based on full-time equivalent data as at 31 December of the relevant years
- Out of the three alternatives available for calculating the ratio, we chose to use Option A as it is considered to be the most accurate way of identifying employees at P25, P50 and P75, and is aligned with investor expectations. Under this approach we calculate total remuneration on a full-time equivalent basis for all of our UK employees and rank them accordingly

The increase in the ratio reflects:

- 2019 remuneration outcomes for the CEO include LTIP vesting, whereas there was no LTIP vesting for 2018
- Maurice Tulloch was CEO for approximately one month longer in 2019 than Mark Wilson was in 2018
- A slightly higher bonus outturn for Maurice Tulloch as a % of maximum (48% for period as CEO compared to 42% in 2018 for Mark Wilson)
- An increase in benefits partly reflecting relocation costs which run for 24 months from appointment

Whilst the CEO pay ratio has increased, the salary and total remuneration for each quartile employee has also increased (median salary has increased 3.9% and median total compensation increased 4.5%).

Table 14 below provides further information on the total remuneration figure for each quartile employee, and the salary component within this.

14 Salary and total remuneration used in the CEO pay ratio calculations

Year	Pay element	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
	Salary	£22,413	£31,600	£53,128
2019	Total remuneration	£27,285	£39,134	£65,664

In reviewing the employee pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for UK employees.

As referred to above, we recognise that both 2019 and 2018 are unusual years for Aviva resulting in a Group CEO pay ratio which is likely to be lower than we might typically expect. Shareholders may find it helpful to consider what the ratio might have been in a more normal year, recognising that the ratio may well vary significantly from year-to-year. Specifically, we have considered the ratio if Maurice had been employed for the full year 2019 and had received an on-target annual bonus of 100% of salary (half of maximum) and LTIP vesting at 150% of salary (half of maximum).

These circumstances would lead to a total single figure for the Group CEO of £3.98 million and the following Group CEO pay ratios.

Year	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2019 (illustrative based on a notional 'target' package)	146:1	102:1	61:1

At Aviva, we consider that we are equally focused on our colleagues as we are on our customers. We work hard to recognise the individual needs of colleagues and in this context, we are proud of the reward, benefits and overall career packages that we offer our colleagues:

- In the UK, we have been an accredited Living Wage employer since April 2014
- We have a structured salary progression scheme for our frontline colleagues, providing incremental salary increases over the first few years in role as individuals develop and gain experience
- We conduct regular market reviews of our salary ranges in order to maintain competitiveness to market rates, and we move everyone who is below a band to at least the minimum of that range each year
- We have a comprehensive flexible benefits offering, providing colleagues with the opportunity to select the benefits that matter most to them including equal parental leave
- Our competitive pension scheme provides an employer contribution of 14% of salary (subject to the level of employee contribution). Above this level, we share employer National Insurance savings with our colleagues
- Our broader Wellbeing offering aims to promote health and wellness among our colleagues. Our priorities in 2019 were mental and financial wellbeing, our priorities for 2020 are mental wellbeing and menopause support
- UK colleagues are eligible to participate in our SAYE and AESOP offerings with similar plans operating for many of our overseas colleagues. We are proud of the participation rates in these plans, with over 60% participating in the SAYE and over 70% in the AESOP

Relative importance of spend on pay

Table 15 outlines Group adjusted operating profit[1], dividends paid to shareholders and share buy-backs, compared to overall spend on pay in total. This measure of profit has been chosen as it is used for decision-making and the internal performance management of the Group's operating segments.

15 Relative importance of spend on pay

	Restated[4] 2017 £m	Restated[4] 2018 £m	**2019 £m**	% change between 2018 & 2019
Group adjusted operating profit[1]	2,975	3,004	**3,184**	6%
Dividends paid[2]	983	1,128	**1,184**	5%
Share buy-backs	300	600	**—**	(100)%
Total staff costs[3]	1,942	1,974	**2,036**	3%

1 Group adjusted operating profit is an Alternative Performance Measure (APM) which is used by the Group to supplement the required disclosures under IFRS. Please refer to accounting policy B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.
2 The total cost of ordinary dividends paid to shareholders.
3 Total staff costs from continuing operations includes wages and salaries, social security costs, post-retirement obligations, profit sharing and incentive plans, equity compensation plans and termination benefits. The average number of employees in continuing operations was 31,791 (2019) and 31,232 (2018).
4 During 2019 the Group adjusted operating profit APM has been revised and now includes the amortisation and impairment of internally generated intangible assets to better reflect the operational nature of these assets (see note 1(b) of the Annual report and accounts). Group adjusted operating profit continues to exclude amortisation and impairment of intangible assets acquired in business combinations. Comparative amounts have been restated resulting in a reduction in the prior period Group adjusted operating profit of £112 million *(2017: £93 million)*. There is no impact on profit before tax attributable to shareholders' profit.

Statement of directors' shareholdings and share interests

EDs share ownership requirements

Under our Employment Shareholding Policy, the Company requires the Group CEO to build a shareholding in the Company equivalent to 300% of basic salary and each ED to build a shareholding in the Company equivalent to 200% of basic salary.

- The EDs are required to retain 50% of the net shares released from ABP and LTIP awards until the shareholding requirement is met
- The shareholding requirement needs to be built up over a period not exceeding five-years
- Unvested share awards, including shares held in connection with bonus deferrals, are not taken into account in applying this test
- A post-cessation holding period of two years applies. There will be a transitional period until 31 December 2020, where any leaver will be required to hold 50% of the current (within employment) guideline. From 1 January 2021, the post-cessation guideline will be the same level as the current (within employment) guideline. The Committee will retain the discretion to waive part or all of the guideline where considered appropriate, for example in exceptional or compassionate circumstances

16 Executive directors – share ownership requirement (audited information)

	Shares held			Options held				
Executive Directors	Owned outright[1]	Unvested and subject to performance conditions[2]	Unvested and subject to continued employment[3]	Unvested and subject to continued employment[4]	Vested but not exercised	Shareholding requirement (% of salary)	Current shareholding[5] (% of salary)	Requirement met
Maurice Tulloch	471,522	1,291,728	290,810	6,338	—	300	202%	No[6]
Jason Windsor	427,708	—	298,218	6,338	—	200	265%	Yes
Andy Briggs	431,289	—	351,730	5,128	—	200	235%	Yes
Tom Stoddard	509,702	453,626	347,460	—	—	200	285%	Yes

1 Directors' beneficial holdings in the ordinary shares of the Company. This information includes holdings of any connected persons.
2 Awards granted under the Aviva LTIPs which vest only if the performance conditions are achieved.
3 Awards arising through the ABP. Under this plan, some of the earned bonuses are paid in the form of conditional shares and deferred for three years. The transfer of the shares to the director at the end of the period is not subject to the attainment of performance conditions but the shares can be forfeited if the ED leaves service before the end of the period. For Jason, this also includes RSU awards, granted under the LTIP prior to his appointment to the Board. Details of these awards can be found in table 18.
4 Savings-related options (without performance conditions) over shares granted under the SAYE plan.
5 Based on the closing middle-market price of an ordinary share of the Company on 31 December 2019 of 418.7 pence. The closing middle-market price of an ordinary share of the Company during the year ranged from 352.3 pence to 438.8 pence.
6 Maurice is still within the timeframe required to meet his shareholding requirement, which increased upon his appointment to Group CEO.

There were no changes to the EDs interests in Aviva shares during the period 1 January 2020 to 4 March 2020.

17 Non-Executive Directors' shareholdings[1] (audited information)

	1 January 2019	31 December 2019
Sir Adrian Montague	58,553	58,553
Claudia Arney	14,000	14,000
Glyn Barker	22,700	47,700
Patricia Cross	25,112	30,574
George Culmer	—	31,276
Patrick Flynn	—	—
Belén Romana García	4,475	10,223
Michael Mire	50,000	50,000

1 This information includes holdings of any connected persons.

There were no changes to the NEDs interests in Aviva shares during the period 1 January 2020 to 4 March 2020.

Share awards and share options

Details of the EDs who were in office for any part of the 2019 financial year and hold or held outstanding share awards or options over ordinary shares of the Company pursuant to the Company's share based incentive plans are set out in table 18. EDs are eligible to participate in the Company's broad-based employee share plans on the same basis as other eligible employees. Details of awards and options granted to EDs under these plans are also included in tables 1, 6 and 16 (and SAYE options are included in table 18). More information around HMRC tax-advantaged plans can also be found in note 34.

18 LTIP, ABP and options over Aviva shares (audited information)

	At 1 January 2019 (number)	Options/awards granted during year[1] (number)	Options/awards exercised/vesting during year (number)	Options/awards lapsing during year (number)	At 31 December 2019 (number)	Market price at date awards granted[2] (number)	SAYE exercise price (options) (pence)	Market price at date awards vested/option exercised(pence)	Normal vesting date/ exercise period[5]
Maurice Tulloch									
LTIP[3,4]									
2016	309,278	—	181,893[9]	154,639	—	456.70	—	409.90	Mar-19
2017	286,091	—	—	—	286,091	523.00	—	—	Mar-20
2018	310,863	—	—	—	310,863	542.60	—	—	Mar-21
2019	—	694,774	—	—	694,774	409.00	—	—	Mar-22
ABP									
2016	63,144	—	74,273[9]	—	—	456.70	—	409.90	Mar-19
2017	85,564	—	—	—	85,564	523.00	—	—	Mar-20
2018	110,529	—	—	—	110,529	494.10	—	—	Mar-21
2019	—	94,717	—	—	94,717	409.00	—	—	Mar-22
SAYE[6]									
2019	—	6,338	—	—	6,338	—	284.00	—	Dec-22 – May-23
Jason Windsor[5]									
LTIP									
2016[5]	206,185	—	121,261[9]	103,093	—	456.70	—	409.90	Mar-19
2017	77,358	—	—	—	77,358	523.00	—	—	Mar-20
2018	83,333	—	—	—	83,333	494.10	—	—	Mar-21
2019	—	73,634	—	—	73,634	409.00	—	—	Mar-22
ABP									
2016	50,721	—	59,660[9]	—	—	456.70	—	409.90	Mar-19
2017	18,721	—	10,435[9]	—	9,361	523.00	—	—	Mar-20
2018	33,333	—	11,757[9]	—	22,222	494.10	—	—	Mar-21
2019	32,310	—	—	—	32,310	409.00	—	—	Mar-22
SAYE[8]									
2019	—	6,338	—	—	6,338	—	284.00	—	Dec-22 – May-23
Andy Briggs[6]									
LTIP[3,4]									
2016	320,972	—	188,770[9]	160,486	—	456.70	—	409.90	Mar-19
2017	302,532	—	—	302,532	—	523.00	—	—	Mar-20
2018	325,892	—	—	325,892	—	542.60	—	—	Mar-21
2019	—	401,846	—	401,846	—	409.00	—	—	Mar-22
ABP									
2016	92,510	—	108,814[9]	—	—	456.70	—	409.90	Mar-19
2017	116,530	—	—	—	116,530	523.00	—	—	Mar-20
2018	135,185	—	—	—	135,185	494.10	—	—	Mar-21
2019	—	100,015	—	—	100,015	409.00	—	—	Mar-22
SAYE[8]									
2016	5,128	—	—	5,128	—	—	351.00	—	Dec-19 – May-20
Tom Stoddard[7]									
LTIP[3,4]									
2016	313,144	—	184,167[9]	156,572	—	456.70	—	409.90	Mar-19
2017	295,153	—	—	23,160	271,993	523.00	—	—	Mar-20
2018	317,857	—	—	136,224	181,633	542.60	—	—	Mar-21
2019	—	391,938	—	391,938	—	409.00	—	—	Mar-22
ABP									
2016	120,618	—	141,876[9]	—	—	456.70	—	409.90	Mar-19
2017	118,061	—	—	—	118,061	523.00	—	—	Mar-20
2018	131,851	—	—	—	131,851	494.10	—	—	Mar-21
2019	—	97,548	—	—	97,548	409.00	—	—	Mar-22

1 The aggregate net value of share awards granted to the EDs in the period was £8.0 million (*2018: £11.1 million*). The net value has been calculated by reference to the closing middle-market price of an ordinary share of the Company at the date of grant.
2 The actual price used to calculate the ABP and LTIP awards is based on a three-day average closing middle-market price of an ordinary share of the Company, prior to grant date. These were in 2016: 485 pence, 2017: 530 pence, 2018: 504 pence and 2019: 421 pence.
3 For the 2016 and 2017 LTIP grant, the TSR comparator group consisted of the following companies: Aegon, Allianz, Assicurazioni Generali, Axa, CNP Assurances, Direct Line Group, Legal & General, MetLife, NN Group, Old Mutual, Prudential, RSA Insurance Group, Standard Life and Zurich Insurance Group. For the 2018 and 2019 LTIP, the comparator group is: Aegon, Allianz, Assicurazioni Generali, Axa, CNP Assurances, Direct Line Group, Legal & General, Lloyds Banking Group, Old Mutual, Phoenix, Prudential, RSA, Standard Life Aberdeen, Zurich Insurance Group.
4 The performance periods for these awards begin at the commencement of the financial year in which the award is granted and run for a three-year period.
5 LTIP awards for Jason comprise RSUs and were granted prior to his appointment to the Board. The transfer of the shares at the end of the period is not subject to the attainment of performance conditions but the shares can be forfeited if he leaves service before the end of the period.
6 Andy stepped down from the Board on 24 April 2019. Following confirmation of Andy joining Phoenix Group, the 2017, 2018 and 2019 LTIP awards lapsed in full.
7 Tom stepped down from the Board on 30 June 2019. The 2017 and 2018 LTIP awards have been time pro-rated to reflect the number of days worked from the date of grant to the final date of service, and the 2019 LTIP award lapsed in full.
8 Any unexercised options will lapse at the end of the exercise period. Options are not subject to performance conditions. The option price was fixed by reference to a three day average closing middle-market price of an ordinary share of the Company, prior to invitation date, with a discount of 20% as permitted under the SAYE plan. Options granted under the SAYE are normally exercisable during the six-month period following the end of the relevant (3 or 5 year) savings contract.
9 The shares comprised in these vested awards include shares issued in lieu of dividends accrued during the deferral period.

Dilution

Awards granted under Aviva employee share plans are generally met by issuing new shares as agreed by the Board. Shares are held in employee trusts, details of which are set out in note 35.

The Company monitors the number of shares issued under the Aviva employee share plans and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Investment Association in respect of all share plans (10% in any rolling ten-year period) and executive share plans (5% in any rolling ten-year period) was 3.58% and 1.89% respectively on 31 December 2019.

Governance Regulatory Remuneration Code

Aviva Investors and two small 'firms' (as defined by the FCA) within the UK Insurance business are subject to the Capital Requirements Directive IV (CRD IV) and the FCA Remuneration Code (SYSC 19A). Additionally, Aviva Investors UK Funds Services Ltd is subject to the Alternative Investment Fund Management Directive (AIFMD), the Undertakings for Collective Investments in Transferrable Securities (UCITS V) directive and the Markets in Financial Instruments Directive II (MiFID II). Remuneration Code requirements include an annual disclosure. For AIFMD and UCITS V the disclosure is part of the Financial Statements and/or Annual accounts of the Alternative Investment Funds or UCITS V. For CRD IV requirements the most recent Aviva Investors disclosure can be found in Section 5 of the Pillar 3 Disclosure available at www.aviva.com/pillar3 and a link to the disclosure for the UK Insurance firms can be found at www.aviva.com/remuneration-committee.

Solvency II remuneration

Remuneration Requirements (PRA PS22/16 & SS10/16) apply to the Aviva Group. Our remuneration structures have been designed in a way so that they are compliant with these requirements for all senior managers across the Group, not just those identified as being specifically covered by the requirements of the regulation. Such employees at Aviva are termed 'Covered Employees'. We are required to complete a Remuneration Policy Statement, which outlines how we have complied with each of the requirements, this document was approved by the Group Remuneration Committee and submitted to the Prudential Regulatory Authority (PRA).

The Solvency II reporting requirements for the year ended 31 December 2019 necessitate firms to produce the Solvency and Financial Condition Report (SFCR) which contains remuneration information and is publicly available. Aviva's reward principles and arrangements are designed to incentivise and reward employees for achieving stated business goals in a manner that is consistent with the Company's approach to sound and effective risk management.

Statement of voting at AGM

The result of the shareholder vote at the Company's 2019 AGM in respect of the 2018 Directors' Remuneration report is set out in table 19. The Committee was pleased with the level of support received from shareholders for the resolution.

19 Results of votes at 2019 AGM

	Percentage of votes cast		Number of votes cast		
	For	Against	For	Against	Votes withheld
Directors' Remuneration Policy[1]	97.13%	2.87%	2,809,661,298	83,164,398	3,970,718
Directors' Remuneration Report	97.61%	2.39%	2,574,643,176	63,055,053	2,660,993

1 Voting on Remuneration Policy at 2018 AGM.

Approach to NED fees for 2020

NED fees are reviewed annually and were last increased with effect from 1 April 2014. The only change to the current fee levels is to the basic Board membership fee, as set out in the table below.

20 Non-Executive Directors' fees

Role	Fee from 1 January 2020	Fee from 1 January 2019
Chairman of the Company[1]	£550,000	£550,000
Board membership fee	£75,000	£70,000
Additional fees are paid as follows:		
Senior Independent Director	£35,000	£35,000
Committee Chair (inclusive of committee membership fee):		
• Audit	£45,000	£45,000
• Governance	£35,000	£35,000
• Remuneration	£35,000	£35,000
• Risk	£45,000	£45,000
Committee membership:		
• Audit	£15,000	£15,000
• Governance	£12,500	£12,500
• Nomination	£7,500	£7,500
• Remuneration	£12,500	£12,500
• Risk	£15,000	£15,000

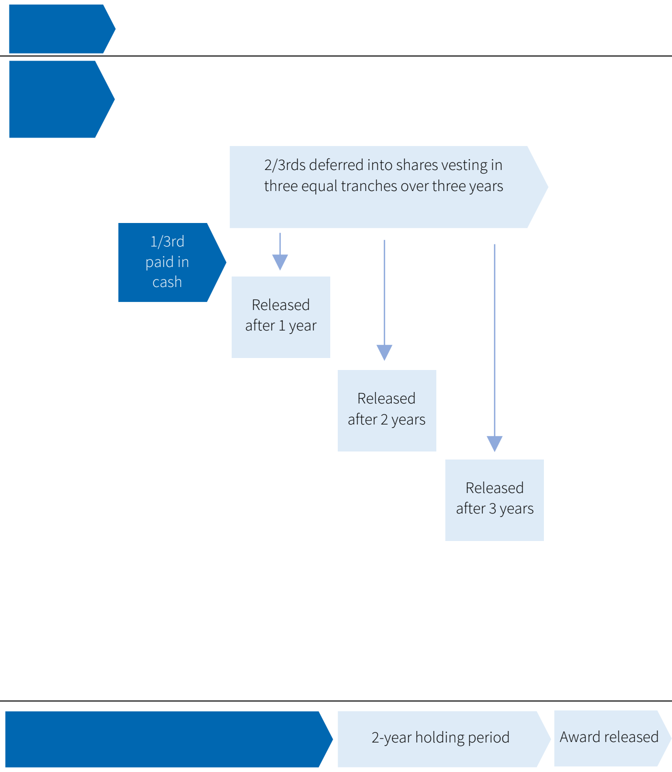
1 Inclusive of Board membership fee and any committee membership fees, and committee chair of the Nomination Committee.

21 Implementation of Policy in 2020

The implementation of the Policy will be consistent with that outlined in table 22.

Key Element

Phasing | **2020** | **2021** | **2022** | **2023** | **2024** | **2025**



Implementation in 2020

Salary[1]

- Group CEO – £989,625 per annum
- CFO – £685,125 per annum

Bonus[6]

- One-year performance assessed against financial and non-financial performance measures
- As outlined in the Chair's letter, the annual bonus metrics have been updated to reflect key strategic priorities:

Financial measures (70% of total):

- 15% – Group adjusted operating profit[2]
- 25% – Cash remittances[3]
- 30% – OCG[3]

Non-financial strategic measures (30% of total):

- 7.5% – RNPS
- 7.5% – TNPS
- 15% – Risks Inside Tolerance
- A quality of earnings assessment will be undertaken by the Committee to provide assurance that bonus payouts appropriately reflect underlying performance and the shareholder experience
- Performance against a number of other non-financial modifiers will be considered when determining bonus payouts (employee engagement, customer trust and risk)
- Personal performance during the year will be taken into account

LTIP

- Group CEO – 300% of salary
- CFO – 225% of salary

As outlined in the Chair's letter, for 2020 LTIP awards, Operating EPS[2,4] will be replaced with SII RoE[3]:

- 50% SII RoE[3] subject to a SII shareholder cover ratio[3]
- 50% relative TSR against a comparator group[5]

For the 2020 awards, the SII shareholder cover ratio[3] is to meet or exceed the minimum of the stated working range (currently 160% to 180%).

50% SII RoE[2] target		50% TSR target	
SII RoE[2] %	Vesting level	TSR Ranking	Vesting level
Below 11%	0%	Below median	0%
11 %	10%	Median	10%
Between 11% and 13%	10-50% (straight line)	Between median and upper quintile	Pro rata between 10% and 50% on a straight line basis
Above 13%	50%	Upper quintile and above	50%

1 Salary will be effective from 1 April 2020.
2 Group adjusted operating profit is an Alternative Performance Measure (APM) which is used by the Group to supplement the required disclosures under IFRS. Please refer to note B in the 'Accounting Policies' section and to the 'Other Information' section within the Annual report and accounts for further information.
3 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.
4 This measure is derived from the Group adjusted operating profit APM. Further details of this measure are included in the 'Other Information' section of the Annual report and accounts.
5 2020 LTIP Comparator Group: Aegon, Allianz, Assicurazioni Generali, Axa, Direct Line Group, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix, RSA, Standard Life Aberdeen, Zurich Insurance Group.
6 The target ranges are considered by the Board to be commercially sensitive and will be disclosed in the 2020 DRR.

Approval by the Board

This Directors' Remuneration report was reviewed and approved by the Board on 4 March 2020.

Patricia Cross
Chair, Remuneration Committee

Directors' Remuneration Policy

Our Remuneration Policy was approved by shareholders at our AGM on 10 May 2018 and will apply for a period of up to three years. The full and definitive Policy is therefore set out in our 2018 Annual report and accounts, which can be found on our website at https://www.aviva.com/reports/

The following section reproduces the Policy for convenience, although the original Policy referred to above remains our formally approved Policy and should be consulted where this is required. In addition, we have taken the opportunity to update the scenario charts to reflect 2020 remuneration arrangements for our EDs, as well as appointment end dates for NEDs.

Alignment of Group strategy with executive remuneration

The Committee considers that alignment between Group strategy and the remuneration of its EDs is critical. Our Remuneration Policy provides market competitive remuneration, and incentivises EDs to achieve both the annual business plan and the longer-term strategic objectives of the Group. Significant levels of deferral and an aggregate shareholding requirement align EDs' interests with those of shareholders and aid retention of key personnel. As well as rewarding the achievement of objectives, variable remuneration can be zero if performance thresholds are not met.

Table 22 below provides an overview of the Policy for EDs. For an overview of the Policy for NEDs, see table 24.

22 Key aspects of the Remuneration Policy for Executive Directors

Element		
Basic salary	**Purpose** To provide core market related pay to attract and retain the required level of talent. **Operation** Annual review, with changes normally taking effect from – 1 April each year. The review is informed by: • Individual and business performance • Levels of increase for the broader employee population • Relevant pay data including market practice among relevant FTSE listed companies of comparable size to Aviva in terms of market capitalisation, large European and global insurers, and UK financial services companies	**Maximum opportunity** There is no maximum increase within the Policy. However, basic salary increases take account of the average basic salary increase awarded to the broader employee population. Different levels of increase may be agreed in certain circumstances at the Committee's discretion, such as: • An increase in job scope and responsibility • Development of the individual in the role • A significant increase in the size, value or complexity of the Group **Assessment of performance** Any movement in basic salary takes account of the performance of the individual and the Group.
Annual bonus	**Purpose** To reward EDs for achievement against the Company's strategic objectives and for demonstrating the Aviva values and behaviours. Deferral provides alignment with shareholder interests and aids retention of key personnel. **Operation** Awards are based on performance in the year. Targets are set annually and pay-out levels are determined by the Committee based on performance against those targets and a quality of earnings assessment and risk review. **Form & timing of payment** • One-third of any bonus is payable in cash at the end of the year • Two-thirds of any bonus awarded is deferred into shares which vest in three equal annual tranches Additional shares are awarded at vesting in lieu of dividends paid on the deferred shares. **Malus and clawback** Cash and deferred awards are subject to malus and clawback. Details of when these may be applied are set out in the notes below.	**Maximum opportunity** 200% of basic salary for Group CEO 150% of basic salary for other EDs **Outcome at threshold and on target** Performance is assessed against multiple metrics. Threshold performance against a single metric would result in a bonus payment of no more than 25% of basic salary. 100% of basic salary is payable for on target performance. **Assessment of performance** Performance is assessed against a range of relevant financial, employee, customer and risk targets designed to incentivise the achievement of our strategy, as well as individual strategic objectives as set by the Committee. Although financial performance is the major factor in considering overall expenditure on bonuses, performance against non-financial measures including progress towards our strategic priorities and behaviours in line with our values will also be taken into consideration. **Discretion** The Committee has discretion to amend vesting levels to prevent unreasonable outcomes, which it may use taking into account a range of factors, including the management of risk and good governance and, in all cases, the experience of shareholders.

Element		
Long-term incentive plan	**Purpose** To reward EDs for achievement against the Company's longer-term objectives; to align EDs' interests with those of shareholders and to aid the retention of key personnel and to encourage focus on long-term growth in enterprise value. **Operation** Shares are awarded annually which vest dependent on the achievement of performance conditions. Vesting is subject to an assessment of quality of earnings, the stewardship of capital and risk review. **Performance period** Three years. Additional shares are awarded at vesting in lieu of dividends on any shares which vest. **Additional holding period** Two years. **Malus and clawback** Awards are subject to malus and clawback. Details of when these may be applied are set out in the notes below.	**Maximum opportunity** 350% of basic salary. **Performance measures** Awards will vest based on a combination of financial, strategic and TSR performance metrics. For the 2020 awards the measures and weightings will be: • 50% SII RoE[1] • 50% TSR against a comparator group The financial metric combined with TSR will be a minimum of 80% of the total LTIP award. If, in subsequent years, shareholders indicate support for strategic measures, the Policy will allow for up to 20% of the LTIP to be awarded on the basis of strategic measures and this will be fully disclosed in the DRR. **Vesting at threshold** 20% of award for each performance measure. **Discretion** The Committee has discretion to amend vesting levels to prevent unreasonable outcomes, which it may use taking into account a range of factors, including the management of risk and good governance and, in all cases, the experience of shareholders.
Pension	**Purpose** To give a market competitive level of provision for post retirement income. **Operation** EDs are eligible to participate in a defined contribution plan up to the annual limit. Any amounts above annual or lifetime limits are paid in cash.	**Maximum opportunity** If suitable employee contributions are made, the Company contributes: • 20% of basic salary for new ED appointments • 28% of basic salary for existing EDs (into pension or paid as cash as applicable)
Benefits	**Purpose** To provide EDs with a suitable but reasonable package of benefits as part of a competitive remuneration package. This involves both core executive benefits, and the opportunity to participate in flexible benefits programmes offered by the Company (via salary sacrifice). This enables us to attract and retain the right level of talent necessary to deliver the Company's strategy. **Operation** Benefits are provided on a market related basis. The Company reserves the right to deliver benefits to EDs depending on their individual circumstances, which may include a cash car allowance, life insurance, private medical insurance and access to a company car and driver for business use. In the case of non-UK executives, the Committee may consider additional allowances in line with standard relevant market practice. EDs are eligible to participate in the Company's broad based employee share plans on the same basis as other eligible employees.	**Maximum opportunity** Set at a level which the Committee considers appropriate against comparable roles in companies of a similar size and complexity to provide a reasonable level of benefit. Costs would normally be limited to providing a cash car allowance, private medical insurance, life insurance, and reasonable travel benefits (including the tax cost where applicable). In addition, there may be one-off or exceptional items on a case by case basis, which would be disclosed in the DRR.
Relocation and mobility	**Purpose** To assist with mobility across the Group to ensure the appropriate talent is available to execute strategy locally. **Operation** Employees who are relocated or reassigned from one location to another receive relevant benefits to assist them and their dependants in moving home and settling in-to the new location.	**Maximum opportunity** Dependent on location and family size, benefits are market related and time bound. They are not compensated for performing the role but to defray costs of a relocation or residence outside the home country. The Committee would reward no more than it judged reasonably necessary, in the light of all applicable circumstances.
Shareholding requirements	**Purpose** To align EDs' interests with those of shareholders. **Operation** A requirement to build a shareholding in the Company equivalent to 300% of basic salary for the Group CEO and 200% of basic salary for other EDs. This shareholding is normally to be built up over a period not exceeding 5 years (subject to the Committee's discretion where personal circumstances dictate).	

1 This is an Alternative Performance Measure (APM) which provides useful information to supplement an understanding of our financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section of the Annual report and accounts.

Notes to the table:

Performance measures

For the annual bonus, performance measures are chosen to align to some of the Group's KPIs and include financial, strategic, risk, employee and customer measures. Achievement against individual strategic objectives is also taken into account.

LTIP performance measures are chosen to provide an indication of both absolute and relative return generated for shareholders. In terms of target setting, a number of reference points are taken into account each year including, but not limited to, the Group's business plan and external market expectations of the Company. Maximum payouts require performance that significantly exceeds expected performance under both the annual bonus and the LTIP.

Quality of Earnings assessments

Throughout the year, the Committee engages in a regular quality of earnings assessment. A quality of earnings assessment sign-off is the final step in determining annual bonus scorecard outcomes, and in making decisions on LTIP vesting. This sign-off is undertaken before decisions are made on the modifiers for risk, customer and employee engagement under the annual bonus, and before vesting is determined against financial metrics under the LTIP.

As a minimum, at any Committee meeting where LTIP vesting or annual bonus scorecard decisions are considered, the Chief Accounting Officer prepares a report to the Committee on the quality of earnings reflected in the results being assessed, against performance targets. Extensive information from the audited accounts is used to explain the vesting and scorecard outcomes – ranging from movements in reserves, capital management decisions, consistency of accounting treatment and period to period comparability. The Chief Accounting Officer attends the Committee meeting to answer any questions that any member of the Committee may choose to ask. Any vesting decision or confirmation of awards is made after this process has been undertaken.

Malus and Clawback

The circumstances when malus (the forfeiture or reduction of unvested shares awarded under the ABP and LTIP) and clawback (the recovery of cash and share awards after release) may apply include (but are not limited to) where the Committee considers that the employee concerned has been involved in or partially/wholly responsible for:

- A materially adverse misstatement of the Company's financial statements, or a misleading representation of performance;
- A significant failure of risk management and/or controls;
- A scenario or event which causes material reputational damage to the Company;
- Misconduct which, in the opinion of the Committee, ought to result in the complete or partial lapse of an award;
- Conduct which resulted in significant loss(es);
- Failure to meet appropriate standards of fitness and propriety;
- Any other circumstance required by local regulatory obligations.

The clawback period runs for two years from the date of payment in the case of the cash element of any annual bonus award.

For deferred bonus elements and LTIP awards, the overall malus and clawback period is five years from the date of grant.

Discretions

The discretions the Committee has in relation to the operation of the ABP and LTIP are set out in the plan rules. These include (but are not limited to) the ability to set additional conditions (and the discretion to change or waive those conditions). In relation to the LTIP and in accordance with its terms, the Committee has discretion in relation to vesting and to waive or change a performance condition if anything happens which causes the Committee reasonably to consider it appropriate to do so. Such discretions would only be applied in exceptional circumstances, to ensure that awards properly reflect underlying business performance. Any use of the discretions and how they were exercised will be disclosed, where relevant, in the DRR and, where appropriate, be subject to consultation with Aviva's shareholders.

Change in control

In the event of a change in control, unless a new award is granted in exchange for an existing award, or if there is a significant corporate event like a demerger, awards under the LTIP would normally vest to the extent that the performance conditions have been satisfied as at the date of the change in control, and unless the Committee decides otherwise, would be pro-rated to reflect the time between the start of the performance period and the change in control event. Awards under the ABP would normally vest on the date of the change in control and may vest if there is a significant corporate event.

Consistency of executive Policy across the Group

The Policy for our EDs is designed as part of the remuneration philosophy and principles that underpin remuneration for the wider Group. Remuneration arrangements for employees below the EDs take account of the seniority and nature of the role, individual performance and local market practice. The components and levels of remuneration for different employees may therefore differ from the Policy for EDs. Any such elements are reviewed against market practice and approved in line with internal guidelines and frameworks.

Differentiation in reward outcomes based on performance and behaviour that is consistent with the Aviva values is a feature of how Aviva operates its annual bonus plan for its senior leaders and managers globally. A disciplined approach is taken to moderation across the Company in order to recognise and reward the key contributors. The allocation of LTIP awards also involves strong differentiation, with expected contribution and ability to collaborate effectively in implementation of the strategy driving award levels.

Legacy payments

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed (i) before May 2014 (the date the Company's first Policy came into effect), (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the Policy in force at the time they were agreed, or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Approach to recruitment remuneration

On hiring a new ED, the Committee would align the proposed remuneration package with the Policy in place for EDs at the time of the appointment.

In determining the actual remuneration for a new ED, the Committee would consider the package in totality, taking into account elements such as the skills and experience of the individual, local market benchmarks, remuneration practice, and the existing remuneration of other senior executives. The Committee would ensure any arrangements agreed would be in the best interests of Aviva and its shareholders. It would seek not to pay more than necessary to secure the right candidate.

Where considered appropriate the Committee may make awards on hiring an external candidate to 'buyout' remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee would take account of relevant factors including any performance conditions attached to these awards, the form in which it was paid (e.g. cash or shares) and the timeframe of awards. Buyout awards would be awarded on a 'like for like' basis compared to remuneration being forfeited, and would be capped to reflect the value being forfeited. The Committee considers that a buyout award is a significant investment in human capital by Aviva, and any buyout decision will involve careful consideration of the contribution that is expected from the individual.

The maximum level of variable pay which could be awarded to a new ED, excluding any buyouts, would be in line with the Policy set out above and would therefore be no more than 550% of basic salary for the Group CEO (200% of basic salary annual bonus opportunity and 350% of basic salary as the face value of a LTIP grant) and 500% of basic salary for other EDs (150% of basic salary annual bonus opportunity and 350% of basic salary as the face value of a LTIP grant).

All other elements of remuneration will also be in line with the Policy set out above.

Should the Company have any prior commitments outside of this Policy in respect of an employee promoted internally to an ED position, the Committee may continue to honour these for a period of time. Where an ED is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an ED is appointed following Aviva's acquisition of, or merger with, another company, legacy terms and conditions may be honoured.

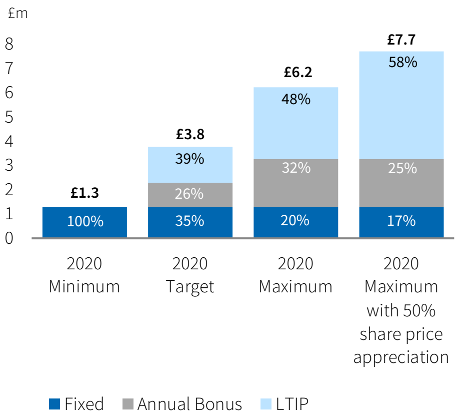
On appointing a new NED, the Committee would align the remuneration package with the Policy for NEDs, outlined in table 24, including fees and travel benefits.

Illustration of the Policy

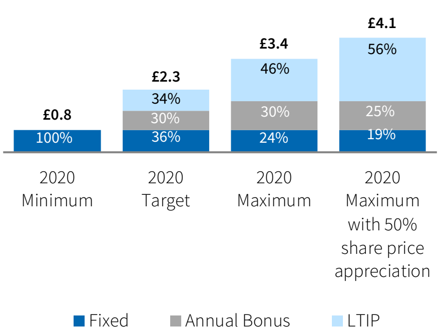
The charts below illustrate how much EDs could earn under different performance scenarios in one financial year:

- Minimum – basic salary, pension or cash in lieu of pension and benefits, no bonus and no vesting of the LTIP
- Target – basic salary, pension or cash in lieu of pension, benefits, and:
  - A bonus of 100% and an LTIP of 300% of basic salary (with notional LTIP vesting at 50% of maximum) for the Group CEO; and
  - A bonus of 100% and an LTIP of 225% of basic salary (with notional LTIP vesting at 50% of maximum) for the CFO.
- Maximum – basic salary, pension or cash in lieu of pension, benefits, and:
  - A bonus of 200% and an LTIP of 300% of basic salary (with notional LTIP vesting at maximum) for the Group CEO; and
  - A bonus of 150% and an LTIP of 225% of basic salary (with notional LTIP vesting at maximum) for the CFO.
- Maximum with share price increase – indicative maximum remuneration, assuming a notional LTIP vesting at maximum and share price appreciation of 50% on the LTIP.

Maurice Tulloch
Potential earnings by pay element



Jason Windsor
Potential earnings by pay element



Notes to the charts
Fixed pay consists of basic salary, pension as described in table 22, and estimated value of benefits provided under the Remuneration Policy, excluding any one offs. Actual figures may vary in future years.
The value of the deferred element of the annual bonus assumes a constant share price and does not include additional shares awarded in lieu of dividends that may have been accrued during the vesting period.
The value of the LTIP assumes a constant share price (with the exception of the maximum with share price increase scenario) and does not include additional shares awarded in lieu of dividends that may have been accrued during the vesting period.
The LTIP is as proposed to be awarded in 2020.

Employment contracts and letters of appointment

ED employment contracts and NED letters of appointment are available for inspection at the Company's registered office during normal hours of business, and at the place of the Company's 2020 AGM on 26 May from 1.15pm until the close of the meeting.

The key employment terms and conditions of the current EDs, and those who served during the year, as stipulated in their employment contracts, are set out in the table below.

23 Executive Directors' key conditions of employment

Provision	Policy	
Notice period		
By the ED	6 months.	
By the Company	12 months, rolling. No notice or payment in lieu of notice to be paid where the Company terminates for cause.	
Termination Payment	Pay in lieu of notice up to a maximum of 12 months' basic salary. Any payment is subject to phasing and mitigation requirements. An ED would be expected to mitigate the loss of office by seeking alternative employment. Any payments in lieu of notice would be reduced, potentially to zero, by any salary received from such employment.	
Remuneration and Benefits	The operation of the annual bonus and LTIP is at the Company's discretion.	
Expenses	Reimbursement of expenses reasonably incurred in accordance with their duties.	
Holiday entitlement	30 working days plus public holidays.	
Private medical insurance	Private medical insurance is provided for the ED and their family. The ED can choose to opt out of this benefit or take a lower level of cover. However, no payments are made in lieu of reduced or no cover.	
Other benefits	Other benefits include participation in the Company's staff pension scheme, life insurance and, where applicable, access to a Company car and driver for business related use.	
Sickness	100% of salary for the first 52 weeks and up to £150,000 per annum for a further 5 years.	
Non-compete	During employment and for six months after leaving (less any period of garden leave) without the prior written consent of the Company.	
Contract dates	**Director**	**Date current contract commenced**
	Maurice Tulloch	4 March 2019
	Jason Windsor	26 September 2019

Policy on payment for loss of office

There are no pre-determined ED special provisions for compensation for loss of office. The Committee has the ability to exercise its discretion on the final amount actually paid. Any compensation would be based on basic salary, pension entitlement and other contractual benefits during the notice period, or a payment made in lieu of notice, depending on whether the notice is worked.

Where notice of termination of a contract is given, payments to the ED would continue for the period worked during the notice period. Alternatively, the contract may be terminated and phased monthly payments made in lieu of notice for, or for the balance of, the 12 months' notice period. During this period, EDs would be expected to mitigate their loss by seeking alternative employment. Payments in lieu of notice would be reduced by the salary received from any alternative employment, potentially to zero. The Company would typically make a reasonable contribution towards an ED's legal fees in connection with advice on the terms of their departure.

There is no automatic entitlement to an annual bonus for the year in which loss of office occurs. The Committee may determine that an ED may receive a pro-rata bonus in respect of the period of employment during the year loss of office occurs based on an assessment of performance. Where an ED leaves the Company by reason of death, disability or ill health, or any other reason determined by the Committee, there may be a payment of a pro rata bonus for the relevant year at the discretion of the Committee.

The treatment of leavers under the ABP and LTIP is determined by the rules of the relevant plans. Good leaver status under these plans would be granted in the event of, for example, the death of an ED. Good leaver status for other leaving reasons is at the discretion of the Committee, taking into account the circumstances of the individual's departure, but would typically include planned retirement, or their departure on ill health grounds. In circumstances where good leaver status has been granted, awards may still be subject to malus and clawback in the event that inappropriate conduct of the ED is subsequently discovered post departure. If good leaver status is not granted, all outstanding awards will lapse.

In the case of LTIPs, where the Committee determines EDs to be good leavers, vesting is normally based on the extent to which performance conditions have been met at the end of the relevant performance period, and the proportion of the award that vests is pro-rated for the time from the date of grant to final date of service (unless the Committee decides otherwise). Any decision not to apply this would only be made in exceptional circumstances, and would be fully disclosed. It is not the practice to allow such treatment.

Consideration of wider employee pay and shareholder views

When determining the Policy and arrangements for our EDs, the Committee considers:

- Pay and employment conditions elsewhere in the Group to ensure that pay structures are suitably aligned and that levels of remuneration remain appropriate. The Committee reviews levels of basic salary increases for other employees and executives based in their respective locations. It reviews changes in overall bonus pool funding and long-term incentive grants. The Committee considers feedback on pay matters from sources including the employee opinion survey and employee forums. The Committee also takes into account information provided by the people function and external advisers and the Committee Chair has in place a programme of consultation and meetings with employee forums including the Evolution Council and Your Forum to discuss remuneration.
- In its ongoing dialogue with shareholders, the Committee seeks shareholder views and takes them into account when any significant changes are being proposed to remuneration arrangements and when formulating and implementing the Policy.

Non-Executive Directors

The table below, sets out details of our Policy for NEDs.

24 Key aspects of the Policy for Non-Executive Directors

Element		
Chairman and NEDs' fees	**Purpose** To attract individuals with the required range of skills and experience to serve as a Chairman or as a NED. **Operation** NEDs receive a basic annual fee in respect of their Board duties. Further fees are paid for membership and, where appropriate, chairing Board committees. The Chairman receives a fixed annual fee. Fees are reviewed annually taking into account market data and trends and the scope of specific Board duties. NEDs are able to use up to 100 percent of their post-tax base fees to acquire shares in Aviva plc. The Chairman and NEDs do not participate in any incentive or performance plans or pension arrangements and do not receive an expense allowance. NEDs are reimbursed for reasonable expenses, and any tax arising on those expenses is settled directly by Aviva. To the extent that these are deemed taxable benefits, they will be included in the DRR, as required.	**Maximum opportunity** The Company's Articles of Association provide that the total aggregate remuneration paid to the Chairman of the Company and NEDs will be determined by the Board within the limits set by shareholders and detailed in the Company's Articles of Association.
Chairman's Travel Benefits	**Purpose** To provide the Chairman with suitable travel arrangements for him to discharge his duties effectively.	The Chairman has access to a company car and driver for business use. Where these are deemed a taxable benefit, the tax is paid by the Company.
NED Travel and Accommodation	**Purpose** To reimburse NEDs for appropriate business travel and accommodation, including attending Board and committee meetings.	**Operation** Reasonable costs of travel and accommodation for business purposes are reimbursed to NEDs. On the limited occasions when it is appropriate for a NED's spouse or partner to attend, such as to a business event, the Company will meet these costs. The Company will meet any tax liabilities that may arise on such expenses.

The NEDs, including the Chairman of the Company, have letters of appointment which set out their duties and responsibilities. The key terms of the appointments are set out in table below.

25 Non-Executive Directors' key terms of appointment

Provision	Policy
Period	In line with the requirement of the Code, all NEDs, including the Chairman, are subject to annual re-election by shareholders at each AGM.
Termination	By the director or the Company at their discretion without compensation upon giving one month's written notice for NEDs and three months written notice for the Chairman of the Company.
Fees	As set out in table 20.
Expenses	Reimbursement of travel and other expenses reasonably incurred in the performance of their duties.
Time commitment	Each director must be able to devote sufficient time to the role in order to discharge his or her responsibilities effectively.

	Committee appointments						
Director	Nomination	Audit	Governance	Remuneration	Risk	Appointment date[1]	Appointment end date[2]
Sir Adrian Montague	C					14 January 2013	AGM 2020
Amanda Blanc	✓		C		✓	2 January 2020	AGM 2020
Patricia Cross	✓	✓		C		1 December 2013	AGM 2020
George Culmer	✓	✓			✓	25 September 2019	AGM 2020
Patrick Flynn	✓	C			✓	16 July 2019	AGM 2020
Belén Romana García	✓	✓	✓		C	26 June 2015	AGM 2020
Michael Mire	✓		✓	✓	✓	12 September 2013	AGM 2020

Key
C Chair of Committee
✓ Committee
1 The dates shown above reflect the date the individual was appointed to the Aviva plc Board.
2 Appointment end dates are in accordance with letters of appointment.