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 2020.

Shareholders will be asked to vote on two remuneration resolutions at the 2021 Annual General Meeting (AGM):

- The Directors Remuneration Policy (Policy), which outlines the remuneration framework that will apply to our Executive Directors (ED), Non-Executive Directors (NED), and the Chair of the Board following approval; and
- Our Annual Report on Remuneration, summarising remuneration outcomes for 2020 and intended operation of the Policy in 2021.

Policy review

During 2020 the Committee conducted a comprehensive review of the current Policy.

The Committee recognises the opportunity and importance of ensuring that our remuneration framework for all colleagues supports our strategic agenda, while also being aligned with our purpose and values as an organisation.

The Policy review highlighted that on the whole our framework remains fit for purpose and has operated as intended, in terms of performance and quantum. Our Policy and our Annual Report on Remuneration have also been well-received by our stakeholders over the last seven years. As such, we are not proposing any major changes to the Policy, nor the overall construct of reward at Aviva. We are however, making some revisions to the metrics used under the annual bonus and Long Term Incentive Plan (LTIP), with three objectives in mind:

- Reinforce our desire to reduce complexity;
- Ensure colleagues are focused on areas which can transform performance; and
- Support our environmental, social and governance responsibilities.

In addition, we are proposing some minor amendments to other elements of the Policy to ensure continued alignment with corporate governance best practice in areas including pension, post-cessation shareholding requirements and malus and clawback provisions.

Throughout the review process, shareholders have provided constructive and helpful feedback on the proposals and I would like to thank them on behalf of the Committee.

Annual bonus

The annual bonus is intended to align reward outcomes with the achievement of key annual goals, enacted by cascading the scorecard down into the business. While the review suggested on the whole the bonus framework works effectively, it highlighted that the assessment process is overcomplicated, with potential for overlap in some areas.

To provide a clearer, more transparent and simpler structure, we are proposing the removal of non-financial modifiers and, where appropriate, incorporating them into the metrics to ensure their impact is retained. Specifically:

- **Employee engagement** – A highly engaged workforce is one that is more productive, accountable and motivated to deliver for our customers and we aim for our people to achieve their potential within a diverse, collaborative and customer-focused organisation. Therefore we are introducing employee engagement as a primary metric to reflect our focus in this area;
- **Customer trust** – Customers are at the heart of everything we do at Aviva and we are retaining Relationship Net Promoter Score (RNPS) and Transactional Net Promoter Score (TNPS) as primary metrics. The Committee is satisfied with the removal of the customer trust modifier to reduce duplication; and
- **Risk and controls** – The introduction of percentage Risks Inside Tolerance (RIT) as a primary metric for 2020, reinforced the fundamental importance of controlling, measuring and assessing our risk performance across the business. However, the Committee views the risk modifier as complicated and duplicative. It is proposed to remove the modifier and instead to measure RIT and risk and controls quality, together with an additional assessment to give a fuller picture of how we are performing across our risk profile. The Committee is comfortable with this since it retains overall discretion to adjust outcomes should they not align with underlying performance or wider business circumstances.

Individual performance will continue to be assessed and act as a modifier on the scorecard outcome as the Committee recognises the critical importance of individual accountability.

In terms of the financial metrics, the overall weighting will remain at 70%. We are taking the opportunity to move from Solvency II operating capital generation (SII OCG)[1] to Solvency II operating own funds generation (SII OFG)[1]. The latter more directly captures the value created in a period, providing closer alignment to our growth strategy, and is also the numerator in our Solvency II return on equity (SII RoE)[1] measure, creating alignment across incentive plans. The other metrics, annual cash remittances and Group adjusted operating profit, remain unchanged, although we are adjusting some weightings to retain an appropriate balance between growth and cash/capital measures.

Long Term Incentive Plan (LTIP)

The LTIP is intended to (i) incentivise and reward senior executives for delivering Aviva's long-term objectives, (ii) align them with the interests of shareholders, and (iii) encourage a focus on value growth. The current metrics of SII RoE[1] (with a SII shareholder cover ratio[1]) and relative Total Shareholder Return (TSR) measured against a group of key peers remain key measures of our long-term success and are therefore being retained.

To complement these metrics, we are proposing two changes to ensure that the LTIP supports delivery of our strategy. The first change is the inclusion of a new long-term cumulative cash remittance metric to the financial element of the LTIP. The focus on longer-term sustainable cash generation becomes fundamentally important as we execute on our strategic priorities to focus the portfolio and transform performance. This has been reflected in shareholder feedback, which has emphasised the importance of delivering on our long-term dividend ambitions whilst balancing short term cash delivery and investment in the business to drive sustainable growth. Cumulative cash remittances are established performance measures for the Group and have been targeted externally on a cumulative basis for a number of years. It is therefore proposed, that the existing SII RoE[1] financial measure be balanced by the inclusion of cumulative cash remittances[1].

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

Secondly, we believe we can make our Environmental, Sustainability and Governance (ESG) agenda a key differentiator for Aviva. Two key parts are our environmental and diversity and inclusion goals.

- Climate change is an existential challenge and we would like to take a more prominent role in helping to solve these issues, for the benefit of our customers, shareholders and society. Through our investment strategy we can significantly influence the biggest carbon emitters, and are putting in place a comprehensive climate strategy, including our announcement in March 2021 that we plan to become a Net Zero carbon emissions company by 2040
- Creating a diverse, inclusive organisation is a fundamental part of living up to our purpose to ensure we represent the communities we serve and make decisions that reflect their needs

To recognise the importance of getting our approach right in these areas, for 2021 we are proposing to focus 10% of the LTIP on an ESG agenda. This will be split across three metrics:

- % reduction in CO_2 intensity of shareholders' assets
- % of women in senior leadership roles in UK, Ireland and Canada
- % of ethnic minority employees in senior leadership roles in the UK

We are proposing to retain the flexibility of the current Policy for up to 20% of the LTIP to be based on strategic performance metrics although would engage with shareholders before changing the weighting in future years.

Other changes

Additionally, we are proposing minor changes to the Policy to ensure continued alignment with best practice and to incorporate actions the Committee took last year.

- **Pension** – Formalise the current practice whereby ED provision is aligned with that available to the majority of the UK workforce
- **Shareholding requirements** – To increase alignment we are increasing the Group Chief Financial Officer (CFO)'s shareholding requirement from 200% to 225% of salary (the Group Chief Executive Officer (CEO)'s requirement is unchanged at 300%)
- **Post-cessation shareholding requirement** – EDs will be required to hold their full shareholding requirement for two years following cessation
- **Malus and clawback provisions** – Strengthen the provisions to bring them into line with those in our internal policy

2020 Company performance

Whilst COVID-19 has disrupted a large portion of the industry, our results demonstrate the fundamental resilience of our businesses and demonstrate our disciplined and effective response during a period of extreme uncertainty. We are proud of the hard work and commitment of our colleagues during this unprecedented period, helping ensure that we continue to provide our customers with outstanding service and support.

Our initial response to the pandemic was one of prudence, suspending dividend payments and withdrawing senior management salary increases in April 2020. Dividend payments were subsequently re-instated in August and we are proud to say no UK Aviva colleagues were furloughed or made redundant as a result of the pandemic during the year.

Nevertheless, the impact of COVID-19 is seen in a number of areas across the business, including business interruption claims, reduced customer activity in life businesses, lower asset values, additional expenditure on operational readiness, and risk management initiatives. Our financial performance has been very resilient, despite the direct and indirect impact of COVID-19 and we made good progress in reducing our expenses, though more needs to be done.

Remuneration outcomes for 2020

While COVID-19 caused disruption and uncertainty for our business, no adjustments to performance metrics were made for any annual bonus or LTIP awards during the year.

2020 Annual bonus

The Committee carefully considered Group, business unit and individual performance during 2020 and decided that the bonus scorecard should be capped at 100% to reflect shareholder experience during the year and wider societal factors caused by COVID-19.

It noted the impact of the global pandemic and the decision to suspend the dividend in April, a decision based on prudence following conversations with regulators, rather than a question of affordability. Consequently, the initial formulaic outcome against the 2020 bonus scorecard prior to any adjustments was determined to be 116.55% (out of a maximum of 200%).

The Committee conducted an extensive analysis of the quality of earnings, noting recommendations by the Audit Committee and the Risk Committee, and:

- Approved management's proposal to cap the mechanical outcome of RIT to 'on target' (a 9.75% reduction) as it was a more balanced view of risk resolution across 2020. This adjusted the bonus scorecard from 116.55% to 106.8%
- Made upward adjustments to the scorecard of 5% for employee engagement and 5% for customer trust to recognise strong achievements under challenging conditions
- Made a 5% downward adjustment to the scorecard for risk and controls. This recognised that while significant improvements had been made over the course of 2020, further work is required

This resulted in an adjusted scorecard outcome of 111.8% which has been capped at 100%.

Since being appointed Group CEO in July 2020, Amanda Blanc has shown strong, decisive leadership and driven numerous significant actions in a short space of time. We have made a good start on the new strategy and there are clear signs that we are heading in the right direction. Jason Windsor steered the Group through the economic challenges of 2020 taking early and proactive action and provided critical support to the new Group CEO and Chair. Table 8 provides further detail on individual performance.

As a result, annual bonuses for Amanda and Jason were 120% and 100% of salary respectively.

2018-20 LTIP

As a result of our performance over 2018-20, the 2018 LTIP lapsed in full. This reflected below threshold performance against both the adjusted operating earnings per share (EPS)[1] and the relative TSR targets.

Discretion

- Discretion was applied in determining the annual bonus outcome, notably the decision to cap the bonus scorecard at 100% to align with the shareholder experience
- LTIP – No discretion regarding the vesting outcome was exercised

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.

Appointment of new Group Chief Executive Officer

Amanda was initially appointed as a NED to the Aviva plc Board in January 2020 and subsequently appointed as Group CEO in July. She brings her extensive insurance industry knowledge gained from a long and successful career in the insurance sector.

Taking into account our Policy and shareholder expectations, and reflecting Amanda's significant executive experience in the insurance sector, the Committee determined Amanda's remuneration as detailed below.

- A salary of £1 million per annum
- Reimbursement of costs associated with renting suitable accommodation in London, up to an after-tax maximum of £2,500 per month during the first 18 months of employment
- Our standard benefits package for EDs, including private family medical insurance, life insurance, and reasonable travel benefits
- Pension allowance of 14% of salary, aligned with the rate available to the majority of our UK workforce
- A maximum annual bonus opportunity of 200% of salary, delivered one-third in cash and two-thirds in shares deferred over three years
- For 2021, an award under the LTIP of 300% of basic salary
- Amanda is also subject to a shareholding requirement of 300% of salary, which will continue for two years post-cessation

Departure of Maurice Tulloch

Maurice stepped down as Group CEO with effect from 6 July 2020 in good leaver circumstances (as determined by the Committee in its discretion) for his outstanding awards under the Annual Bonus Plan (ABP) and LTIP.

Maurice will be required to retain his shares held on departure for two years following cessation of employment and is subject to post-activity restrictions which allow the Committee to reduce or recover awards if certain employment is taken elsewhere.

While he remained eligible for a 2020 annual bonus in respect of the period up to and including 5 July 2020, when he left active service with Aviva, the Committee determined, taking all factors into account including Aviva's performance for the first half of 2020, shareholder experience during that period and the wider economic context, that Maurice would not receive a 2020 annual bonus.

Shareholder consultation

In addition to the AGM and consultation with shareholders specifically on the Policy, the Chair and EDs meet with institutional shareholders during the year and a shareholder newsletter is published quarterly on aviva.com. Topics raised included the suspension of dividend, the updated dividend policy and the Policy, which are covered elsewhere in this letter.

Committee changes during the year

In May 2020, George Culmer succeeded Sir Adrian Montague as Chair and therefore retired from the Committee. Patrick Flynn joined the Committee in June 2020, bringing with him significant experience in financial services. Pippa Lambert joined the Committee in January 2021. Pippa has significant experience in global financial services as a HR professional and has an excellent record of delivery across a range of people strategies and transformation programmes.

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.

Remuneration in 2021

Salary

Although 2021 salary budgets were increased by 1.5% for junior colleagues, this did not apply to Aviva senior management. Amanda and Jason, therefore, did not receive salary increases in 2021.

2021 Annual bonus and 2021-23 LTIP

Award opportunities for 2021 are unchanged:

	Annual bonus		
	Target opportunity	Maximum opportunity	LTIP opportunity
Group CEO	100%	200%	300%
CFO	100%	150%	225%

The LTIP opportunities are lower than the scheme maximum which is 350%.

Proposed changes to the performance metrics and assessment process for both plans are outlined above. A graphical summary and further details are shown in table 25. These changes will ensure that the framework remains fit for purpose and best-placed to drive performance against our key financial and non-financial goals.

2021 Focus areas

2021 promises to be another busy year for the Committee, the focus of which is reviewing our workforce demographics. While considerable efforts have been made in diversity and inclusion, we are particularly focussed on two priorities, gender and diversity. We are determined to keep challenging ourselves to do more to build a workplace and society that works for all.

Conclusion

In what has been a difficult year, Aviva has responded well and delivered resilient results against a challenging external backdrop. As a Committee, we have sought to make decisions which effectively drive and support this progress, while continuing to align with UK best practice remuneration and governance expectations.

I hope that you find this report clear and informative, and that the Committee has your support for our Policy and Annual Report on Remuneration at our forthcoming AGM.

Patricia Cross
Chair of the Remuneration Committee
3 March 2021

Remuneration in context

In determining the Policy for EDs, the Committee seeks to put in place arrangements that support the execution of our strategy and the delivery of sustainable long-term shareholder value.

The Committee also takes into account a wide range of other factors, including legal and regulatory requirements, shareholder guidance and best practice, and also the views and experiences of our wider stakeholders, including our colleagues. The following sections provide further context.

How does the proposed Policy align with Aviva’s strategic priorities?

The Committee firmly believes that performance measures used in the Policy should be linked to the Group’s Key Performance Indicators (KPIs) and other strategic priorities.

Group KPIs / strategic priorities		Financial KPIs focusing on economic value					Shareholder value creation	Non-financial goals				
	Annual cash remittances[1]	SII OFG[1]	Group adjusted operating profit[2]	SII RoE[1]	Long-term cumulative cash remittances[1]	SII shareholder cover ratio[1]	TSR	RIT and risk controls quality	Employee engagement	Customer NPS	Carbon emissions reduction	Diversity and inclusion
Annual bonus	30%	25%	15%					15%	5%	5% RNPS 5% TNPS		
LTIP				22.5%	22.5%	Underpin	45%				5%	5%

Annual Bonus & LTIP metric aims

The annual bonus metrics are comprised of a balanced set of financial and non-financial measures aligned to the key annual goals supporting our strategy. The financial metrics underpin our dividend, measure the value created in the period as well as our profitability, and the non-financial metrics complement the delivery of broader strategic goals.

The LTIP metrics support delivery of sustained performance and value growth, aligned to our strategic priorities and the interest of shareholders. The financial metrics measure longer term value creation, and underpin our sustainable dividend policy.

The inclusion of a cumulative cash remittance measure emphasises the importance of delivering on our long-term dividend ambitions whilst balancing short term cash delivery and investment in the business to drive long-term growth. TSR directly measures the value we create for shareholders and the non-financial metrics will enable Aviva take a more prominent role in society by focusing on climate change issues and diversity and inclusion.

UK Corporate Governance Code

The Committee is mindful of the UK Corporate Governance Code’s six principles when it determines remuneration policy.

The Committee’s view is that the framework at Aviva is well-aligned with these areas.

Clarity
- Our remuneration framework is structured to support the financial and strategic objectives of the Company, aligning the interests of our EDs with those of shareholders
- We are committed to transparent communication with all our stakeholders, including shareholders – further details of our engagement process for the Policy are set out under the consideration of wider colleague pay and shareholder views section

Simplicity
- We operate a simple remuneration framework, comprising fixed pay elements, along with short- and long-term variable elements
- This structure provides clear line of sight for both executives and shareholders
- The annual bonus and LTIP are focused, rewarding performance against key measures of success for the business

Risk
- Our reward structure aligns with the Company’s risk management framework
- Long-term alignment is achieved through a number of means, including three-year deferral under the annual bonus, the two-year holding period on LTIP awards, and our within- and post-employment shareholding guidelines
- Both plans also incorporate robust performance targets, malus and clawback provisions, and overarching Committee discretion to adjust formulaic outcomes, providing shareholders with comfort that any risk events are appropriately reflected in remuneration outcomes

Predictability
- The Policy sets out the possible future value of remuneration which EDs could receive, including the impact of share price appreciation of 50% – see under the illustration of the Policy for further details

Proportionality
- There is clear alignment between the performance of the Company and the rewards available to EDs
- Incentive elements are closely aligned to our strategic goals, transparent and robustly assessed, with the Committee having full discretion to adjust outcomes to ensure they align with overall Aviva performance

Alignment to culture
- We are committed to effective stakeholder and colleague engagement
- As part of this, the Committee regularly reviews data relating to pay and broader employment conditions in the workforce, and takes these into account when considering executive remuneration

1 This is an Alternative Performance Measure (APM) which provides useful information to enhance the understanding of financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the ‘Other Information’ section within 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.

Shareholder views

In its ongoing dialogue with shareholders and proxy advisory bodies, the Committee actively seeks their views, ensuring that feedback received is discussed at Committee meetings, and ultimately feeds into, and guides, development of new proposals. Shareholders were consulted extensively during the recent Policy review, and the Committee is grateful for their feedback and challenge.

Our colleagues' views

The Committee has sight of colleague views on remuneration through the colleague opinion survey (Voice of Aviva) and colleague forums, input from the People function during Committee meetings and the Evolution Council, chaired by the Chair. The Evolution Council consists of a diverse group of high calibre leaders from across the business who discuss a range of topics related to the Group strategy and input into final decisions. When determining the Policy and arrangements for EDs, the Committee also reviews:

- Pay and employment conditions elsewhere in the Group to ensure reward structures are suitably aligned and that levels of remuneration remain appropriate as set out below table 18. Other considerations include:
  - Changes in remuneration (salary, benefits and bonus) of UK employees with that of Directors (see table 14);
  - The ratio of CEO pay to that of employees (see table 17 and 18);
  - Spend on pay compared with, for example operating profit, dividends (see table 19); and
  - Gender pay gap. We released our third gender pay gap review in January 2021, along with details of actions we are taking to drive change and close the gap. The report can be found at www.aviva.com/gpgr
- Any material changes to benefit and pension provision for colleagues more widely

How we pay our colleagues

As a company, we aim to ensure all colleagues are motivated and rewarded fairly for their performance. We work hard to recognise the individual needs of colleagues and in this context, we are proud of our reward, benefits and overall support offering and apply principles consistent with how we pay our EDs:

- We aim for transparency and a fair cascade of remuneration throughout the Group by sharing our pay ranges with our colleagues. We decided to increase salary budgets for 2021 by 1.5% for junior grades as we believed that allowed leaders to deliver remuneration fairly, while balancing the need for prudence at a time of economic uncertainty
- We regularly review our salary ranges to maintain competitiveness to market rates, and we move everyone who may be below a band to at least the minimum of that range each year
- We have a structured salary progression for our frontline colleagues, providing incremental salary increases over the first few years in role as individuals develop and gain experience. As well as being a Living Wage employer, this demonstrates our commitment to improving the salaries of the least well-paid people in Aviva
- We have a market-leading benefits offering:
  - Carers – We continue to provide colleagues up to 35 hours paid leave per year to help balance caring responsibilities with work. Over 600 UK colleagues used this scheme in 2020; and
  - Parental leave – We offer up to 12 months' parental leave in the UK, including 26 weeks at full pay regardless of parent gender. We are proud that 97% of new dads at Aviva took more than two weeks' leave, with an average of five months. We also provide half a day's leave when a child is starting a new school.
- Our competitive pension scheme provides an employer contribution of 14% of salary (subject to the level of colleague contribution)
- We ensure that colleagues can share in the success of the business, where appropriate, through performance-based variable remuneration
- UK colleagues are eligible to participate in our Aviva Savings Related Share Option Scheme 2020 (SAYE) and All Employee Share Ownership Plan (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

How we support our colleagues

We recognise that 2020 was clearly a difficult year in many respects; although all our colleagues felt the impact of COVID-19 in their personal and professional lives, they continued to provide our customers with outstanding service and commitment. We felt that it was important to recognise that our colleagues have gone above and beyond for our customers during a challenging period. Therefore, in addition to the regular annual bonus, and in direct recognition of the impact of COVID-19, Aviva rolled out a series of initiatives to recognise colleagues' hard work during the challenges due to COVID-19, including a festive thank-you voucher of £100 for UK colleagues.

A range of tools is also available to assist our colleagues through challenging times such as:

- DigiCare+, a smartphone app to help detect, manage and prevent physical and mental health problems, is available free to colleagues
- Free access to wellbeing apps, Headspace and Thrive that help build overall resilience
- #backtobest, a wellbeing campaign where colleagues can earn points for doing things that are good for them, like being active or meditating
- Flexible working available for all our people. Since the first lockdown we have paid, and will continue to pay, all our people in full, regardless of the hours they are able to work

We will continue to help and support our colleagues, and ensure that they feel valued, motivated, and rewarded over the course of 2021 and beyond.

Directors' Remuneration Policy

The proposed Remuneration Policy for directors is set out in accordance with the requirements of the Companies Act 2006 (as amended) and the Large & Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and is subject to shareholder approval at the 2021 AGM on 6 May 2021. If approved, it will apply immediately, for up to three years.

The key changes between this Policy and the current Policy as approved at the 2018 AGM are detailed below.

- LTIP – The current Policy provides for up to 20% of the LTIP to be based on strategic performance metrics. For 2021, ESG metrics will comprise 10% of the LTIP (we would engage with shareholders before changing the weighting in future years)
- Pension – The Policy formalises the current position whereby ED provision is aligned with that available to the majority of the UK workforce (14% of salary)
- Shareholding requirements – To promote alignment we are increasing the CFO's shareholding requirement from 200% to 225% of salary (the CEO's requirement is unchanged at 300%)
- Post-employment shareholding requirements – From 2021, EDs will have to hold their full shareholding requirement for two years following departure
- Post-activity restrictions – Retirees are subject to post-activity restrictions which mean LTIP and deferred bonus awards can be reduced or recovered if certain employment is taken elsewhere
- Malus and clawback – Malus and clawback triggers have been strengthened to include events which lead to corporate failure, aligning the provisions with those of our internal malus and clawback policy

Alignment of Group strategy with executive remuneration

The Committee considers that alignment between Group strategy and the remuneration of its EDs is critical. The 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 within- and post-employment shareholding requirements 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. Remuneration payments to directors can only be made if they are consistent with the approved Policy.

Table 1 below provides an overview of the Policy for EDs. For an overview of the Policy for NEDs, see table 3.

Table 1 Key aspects of the Remuneration Policy for Executive Directors

Element		
Basic salary *No changes proposed*	**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 *No changes proposed*	**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 normally 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 and 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** See notes to this table.

Element		
Long-term incentive plan *Changes proposed*	**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, TSR and strategic performance metrics. The Policy provides for a minimum aggregate weighting of 80% for financial metrics and TSR and for up to 20% to be based on strategic performance metrics. We would engage with shareholders before changing metrics or weighting in future years. For the 2021 awards the measures and weightings will be: • 22.5% Solvency II RoE[1] • 22.5% Cumulative cash remittances[1] • 45% TSR against a comparator group • 10% ESG measures **Vesting at threshold** Threshold vesting for all metrics is 20%. **Discretion** See notes to this table.
Pension *Changes proposed*	**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 14% of basic salary for all EDs, aligned to the rate available to the majority of the UK workforce.
Benefits *No changes proposed*	**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 *No changes proposed*	**Purpose** To assist with mobility across the Group to ensure the appropriate talent is available to execute strategy locally. **Operation** EDs who are relocated or reassigned from one location to another receive relevant benefits to assist them and their dependants in moving home and settling into 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 *Changes proposed*	**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 225% 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). Post-cessation shareholding requirements also apply to EDs being the lower of 300% of basic salary for the Group CEO and 225% for other EDs, or the holding on termination of employment, for two years post-cessation.	

Notes to the table:

Performance measures

For the annual bonus, performance measures are chosen to align to 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 is performed 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 Financial Controller 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 Financial Controller 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 (as defined by the Board) 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;
- A scenario or event which causes material corporate failure;
- Any regulatory investigation or breach of laws, rules or codes of conduct;
- 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) or summary termination of employment;
- Failure to meet appropriate standards of fitness and propriety;
- A material error (as defined by the Board) in the calculation of a financial or non-financial performance metric used to determine the outcome of variable pay, or any other error or material misstatement that results in overpayment to employees;
- Any circumstances determined by the Board that mean the underlying financial health of the Group or member of the Group has significantly deteriorated, resulting in severe financial constraints which preclude or limit the ability to fund variable pay;
- Any other circumstance required by local regulatory obligations or, in the Board's opinion, justifies the reduction or repayment of variable pay.

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. In relation to the outcomes under these plans, the Committee has unfettered discretion to adjust upward or downward (including to nil) the mechanical outcome where it considers that:

- The outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period;
- The outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date;
- There exists any other reason why an adjustment is appropriate; and/or
- It is appropriate to do so, taking into account a range of factors, including the management of risk and good governance and, in all cases, the experience of shareholders.

Other discretions include, but are not limited to, the ability to set additional conditions and the discretion to change or waive those conditions. 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 date of grant 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 3, including fees and travel benefits.

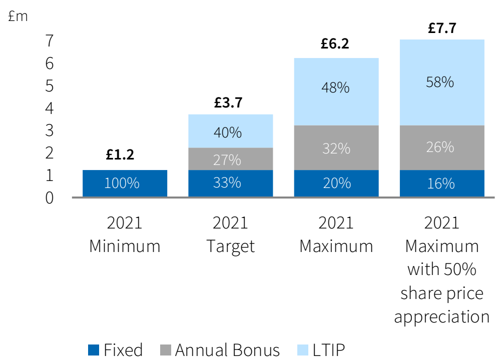
Illustration of the Policy

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.

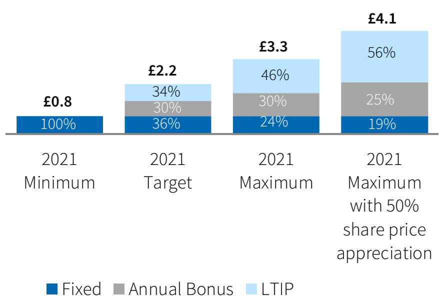
Amanda Blanc

Potential earnings by pay element



Jason Windsor

Potential earnings by pay element



Notes to the charts

The charts are illustrative only and the actual value EDs could earn is subject to business performance and share price movement to the date of vesting of the LTIP and of the deferred share element of the annual bonus.

Fixed pay consists of basic salary, pension as described in table 1, 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 2021, which would vest in 2023, subject to the satisfaction of performance conditions. The shares would then be subject to a further two-year holding period.

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 2021 AGM on 6 May from 1.45pm 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.

Table 2 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** Amanda Blanc — 6 July 2020 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, and retirees are subject to post-activity restrictions which allow the Committee to reduce or recover awards if certain employment is taken elsewhere. 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 on 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 trade union, Your Forum and the Evolution Council to discuss remuneration; and
- 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.

For example, there has been detailed engagement with our largest shareholders regarding the proposed Policy during 2020, continuing into 2021.

Non-Executive Directors

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

Table 3 Key aspects of the Policy for Non-Executive Directors

Element		
Chair and NEDs' fees	**Purpose** To attract individuals with the required range of skills and experience to serve as a Chair 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 Chair 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 Chair 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 Chair 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.
Chair's Travel Benefits	**Purpose** To provide the Chair with suitable travel arrangements for him to discharge his duties effectively.	The Chair 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 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 Chair of the Company, have letters of appointment which set out their duties and responsibilities. The key terms of the appointments are set out in the table below.

Table 4 Non-Executive Directors' key terms of appointment

Provision	Policy
Period	In line with the requirement of the Code, all NEDs, including the Chair, 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 Chair of the Company.
Fees	As set out in table 24.
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 and Governance	Audit	Customer, Conduct and Reputation	Remuneration	Risk	Appointment date[1]	Appointment end date[2]
George Culmer	C					25 September 2019	AGM 2021
Patricia Cross	✓	✓		C		1 December 2013	AGM 2021
Patrick Flynn	✓	C		✓	✓	16 July 2019	AGM 2021
Belén Romana García	✓	✓	✓		C	26 June 2015	AGM 2021
Mohit Joshi	✓				✓	1 December 2020	AGM 2021
Pippa Lambert	✓		✓	✓		1 January 2021	AGM 2021
Jim McConville	✓	✓	C		✓	1 December 2020	AGM 2021
Michael Mire	✓		✓	✓	✓	12 September 2013	AGM 2021

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

Annual report on remuneration

This section of the report sets out how Aviva has implemented its Policy for EDs during the course of 2020. 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. George Culmer joined the Committee in January 2020 and retired in May following his appointment as Chair of the Board. Patrick Flynn joined the Committee in June 2020.

	Member Since	Years on the Committee
Patricia Cross[1]	01/12/2013	7
Michael Mire	14/05/2015	5
George Culmer[2]	01/01/2020	1
Patrick Flynn	15/06/2020	1

1 Chair from 19 February 2014.
2 George Culmer retired from the Committee on 27 May 2020

The Committee met 12 times during 2020, of which 5 were scheduled meetings and 7 were additional meetings outside of the normal timetable. Details of attendance at Committee meetings are shown in the 'Our Board of Directors' section and the Directors' and Corporate Governance report.

The Group Chair 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 CFO;
- the Group Chief People Officer;
- the Group Reward and Performance Director;
- the Chief Financial Controller;
- 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 by the Committee and appointed as their advisers 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 £184,850 and Tapestry Compliance Limited were paid fees totalling £17,504 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 2020, 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 2020

Governance, regulatory issues and reporting policy

- Reviewed updates from external advisers on the regulatory environment and on benchmarking the Company's remuneration policies and practices against industry best practice
- Formulated and developed a new proposed Policy to be put forward for shareholder approval at the 2021 AGM, taking into account the views of shareholders
- Focused on the alignment of the remuneration policy with Aviva's overall strategy, risk culture and appropriate ESG metrics
- Engaged with key institutional shareholders on financial and non-financial metrics for 2021 annual bonus and 2021-2023 LTIP
- Considered and agreed the remuneration packages for the departing and incoming CEOs, and approved associated regulatory disclosures
- Reviewed and approved the Company's annual remuneration regulatory reporting and disclosures
- 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

- Agreed on the withdrawal of Executive Committee (ExCo) salary increases following the pausing of dividend payments. Dividend payments were subsequently reinstated
- Determined appropriate levels of discretion to be applied to EDs and ExCo remuneration outcomes, including in response to the risk and control environment
- Reviewed engagement with shareholders on 2020 annual bonus targets, including customer and trust metrics as strategic progress measures
- Discussed and approved the annual bonus targets for 2020
- Reviewed and approved the proposed individual remuneration for each member of the ExCo in relation to their performance
- Agreed an appropriate approach to a remuneration package for incoming and outgoing EDs and ExCo members

- Reviewed wider workforce pay and employment conditions elsewhere in the Group
- Reviewed the Risk and Internal Audit 2020 Performance Opinion in relation to remuneration

  Discussed and approved the overall maximum bonus pool available to senior managers for the 2020 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 2020 LTIP awards
- Approved vesting of the 2017 LTIP and noted the interim testing for the 2018, 2019 and 2020 awards
- Reviewed the proposed changes to future LTIP grants
- Reviewed and approved any application of malus and clawback
- Approved the terms of the SAYE and the Aviva Ireland Save as You Earn Scheme, the Ireland Profit Share Scheme, and the invitation terms for eligible employees

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="6">**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="6">**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 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, LTIPs, 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 2020

The table below sets out the total remuneration for 2020 and 2019 for each of our EDs.

Table 5 Total 2020 remuneration – Executive Directors (audited information)

	Executive Directors				Former Executive Directors		Total emoluments of Executive Directors[9]	
	Amanda Blanc[6]		Jason Windsor[7]		Maurice Tulloch[8]			
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Basic Salary[1]	**489**	—	**675**	177	**502**	946	**1,666**	1,123
Benefits[2]	**78**	—	**42**	10	**470**	443	**590**	453
Pension[3]	**51**	—	**83**	22	**62**	138	**196**	160
Total Fixed Pay	**618**	—	**800**	209	**1,034**	1,527	**2,452**	1,736
Annual bonus[4]	**587**	—	**675**	178	**—**	886	**1,262**	1,064
LTIP[5]	**—**	—	**—**	82	**—**	384	**—**	466
Total Variable Pay	**587**	—	**675**	260	**—**	1,270	**1,262**	1,530
Total	**1,205**	—	**1,475**	469	**1,034**	2,797	**3,714**	3,266

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 and Jason this also includes benefits resulting from the UK HMRC tax-advantaged SAYE plan, in which they participate on the same basis as all eligible employees. All numbers disclosed include the tax charged on the benefits, where applicable. Amanda's benefits include taxable relocation assistance (£34,000), car benefits (£26,000) and advisor fees (£12,000) in relation to legal assistance. 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 2020, a further £69,000 of this allowance was used reflecting, ongoing residential accommodation. This is included as £132,000 in the table above, grossed-up for tax. Other benefits include: Private medical insurance (£10,000), taxable travel and subsistence (£283,000, of which £281,000 is the grossed-up tax value of flights), car benefits (£24,000) and advisor fees (£19,000) in relation to tax assistance. Travel costs were higher than 2019, reflecting the increased cost of safe international travel during COVID-19.
3 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.
4 Bonus payable in respect of the financial year including any deferred element at the face value at the date of award. EDs are required to defer two-thirds of any bonus awarded into Aviva shares. The deferred element is made under the ABP and will vest in equal tranches on the first, second and third anniversary of the award date, subject to continued employment. ABP awards will be granted to EDs after the 2021 AGM so will be made under the proposed Policy. The grant will be made using the same share price as if they were granted in March, in line with other employees.
5 For Maurice, the value of the LTIP for 2020 relates to the 2018 award, which had a three-year performance period ending 31 December 2020. 0% of the award will vest in March 2021. The LTIP amounts shown in last year's report in respect of the LTIPs awarded in 2017 were calculated with an assumed vesting share price of 411.20 pence. The actual share price at vesting was 268.5 pence, and the table has been updated to reflect this change. The estimated value of the awards for the EDs was £670,000; the actual value was £466,000 (decrease of £204,000). Jason, prior to becoming an ED, was granted Restricted Stock Unit (RSU) awards. These awards do not have performance conditions. In accordance with the regulations a pro-rated amount for 2019 is shown in respect of qualifying services during the year, using the share price at grant to determine the value of the award.
6 Amanda was appointed as Group CEO on 6 July 2020.
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 Maurice stepped down from the Board on 6 July 2020; values for 2020 relate to the period while he was an ED. Details of Maurice's leaving arrangements and bonus are set out in the Remuneration Committee Report under the heading Departure of Maurice Tulloch and in this Annual Report on Remuneration under Payments for loss of office (after table 12).
9 Year on year increase is primarily due to 2019 figures only reflecting part-year remuneration for Jason, although offset by nil vesting of the 2018 LTIP.

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.

Preference shares

As referenced in the Chairs' Governance letter, in line with the comments made at the 2018 AGM, in October 2020 a committee of the board, consisting of the Chair, senior independent NED and the Group CEO, instructed Allen & Overy LLP to conduct a review of the remuneration decisions that had previously been taken in light of the preference shares matter. The scope of the review included a review of all relevant documentation and discussions with key individuals involved in the decisions.

Allen & Overy's review has concluded that the adjustments the Committee decided to apply to the relevant EDs variable remuneration, which we announced in 2019, were reasonable in the circumstances and that these adjustments were applied after careful and thorough consideration by the Committee. The review has also confirmed that, taking into account the FCA's decision, there was no reasonable basis for further adjustments to be made to the relevant EDs variable remuneration in relation to the preference shares matter. In addition, it concluded that there was no basis for Aviva to make any adjustments to the fees of the relevant NEDs in light of the preference shares matter.

The Committee has discussed, considered and accepted the findings of the review.

2020 Annual bonus outcomes

The chart below summarises how our annual bonus operates for 2020.

Step I – Bonus scorecard

Financial measures

- **15% IFRS Operating Profit[1,2]**
- **25% Cash remittances[2]**
- **30% SII OCG[2]**

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

Strategic measures

- **7.5% RNPS**
- **7.5% TNPS**
- **15% RIT**

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

Step II – Non-financial performance modifiers

- **Employee engagement**
- **Customer trust**
- **Risk and controls assessment**

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 and 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.

Table 6 2020 performance against bonus scorecard for Executive Directors' bonuses (audited information)

Measure	Weighting	Minimum (50%)	Target (100%)	Maximum (200%)	**Actual**	Outcome
Financial measures (70% of total)						
Group adjusted operating profit[1]	15.0%	£2,450m	£2,650m	£2,850m	**£3,098m**	30.0%
Cash remittances[2]	25.0%	£1,825m	£1,975m	£2,125m	**£1,500m**	0.0%
SII OCG[2]	30.0%	£1,730m	£1,880m	£2,030m	**£1,932m**	40.4%
Total financial measures	**70.0%**	—	—	—	—	**70.4%**
Strategic measures (30% of total)						
RNPS	7.5%	8	13	18	**11.5**	6.4%
TNPS	7.5%	38	41	44	**44**	15.0%
RIT	15.0%	92.5%	95%	97%	**96.3%**	15.0%[3]
Total strategic measures	**30.0%**	—	—	—	—	**36.4%**
Scorecard outcome	**100.0%**					**106.8%**

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 enhance the understanding of financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section within the Annual Report and Accounts.
3 The Committee approved management's proposal to cap the mechanical outcome to 'on target' as it considered this to be a more balanced view of risk resolution across 2020; this reduced the outcome from 24.75% to 15.0%.

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.

Table 7 2020 non-financial modifiers relating to bonus scorecard

Modifier	Assessment
Employee Employee engagement.	In 2020 our global employee opinion survey, the Voice of Aviva, showed another solid uplift in engagement, with 80% of colleagues saying they would recommend Aviva as a great place to work. The rise was driven by stronger belief in the Aviva strategy (up 12 points) and greater trust in senior leaders (up seven points). This shows colleagues are clear about how they contribute to the business' success. Feedback on Aviva's culture shows strong improvements in speed of decision-making and on customer and risk-focused behaviours. Three in four colleagues are having performance conversations quarterly or more often. This is an important lead indicator of wider leadership behaviour – listening to, coaching, recognising and supporting teams. The Committee recognised employee engagement was achieved under challenging conditions with an upward adjustment of 5%.
Customer Performance against trust.	Customer Trust has shown robust improvement on the baseline measurement and against the competitor benchmark where Aviva has improved from a position that lagged competition by two points to one that now exceeds by seven points. This reflects actions taken to improve customer outcomes, as mirrored in RNPS and TNPS scores, and is underpinned by improvements across the majority of businesses and in the context of a challenging 2020 trading year. The Committee felt an upward adjustment of 5% was appropriate given the circumstances.
Risk and controls Aviva's reward strategy includes specific risk and control objectives for all employees. 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 2020, it was concluded that further work is required to improve the overall control environment. As a result, and to provide a clear statement of the focus on continual improvement across 2021 the Committee considered a downwards adjustment of 5% in respect of the risks and controls non-financial performance modifier appropriate for the year.

The impact of the assessment of non-financial modifiers is shown in the table 8.

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.

Amanda Blanc

Amanda was appointed Group CEO on 6 July 2020 having previously been a NED of Aviva plc since 2 January 2020. Since being appointed, Amanda has provided strong leadership across the Group with many significant achievements:

- Establishment and implementation of a new strategy for the Group, announced on 6 August 2020, based on three clear priorities of focusing the portfolio, transforming performance and improving financial strength;
- Moved at pace to focus the portfolio by focusing on the core markets of the UK, Ireland and Canada and actively managing the continental Europe and Asian markets for long term shareholder value. Since 6 August the Group has completed the sale of Singapore and Indonesia, and announced the sale of Aviva Vita (Italy) and Vietnam which are both expected to complete in the first half of 2021;
- Reinvigorated the senior leadership team with 7 appointments to the Group ExCo including three external appointments; CEO UK Life, CEO International and Chief Brand and Corporate Affairs Officer;
- Established a new dividend policy aligned to core business of the UK, Ireland and Canada and clearly articulated a capital framework for excess capital deployment, both of which were communicated on 26 November 2020;
- Delivered robust financial results, including record trading levels across the UK business, while continuing to enhance the financial strength of the group; and
- Led the business in a highly visible way during the COVID-19 global pandemic; sustaining high customer service levels and enhanced employee engagement.

Jason Windsor

Jason was appointed as CFO and as an ED in September 2019, with 2020 reflecting his first full year in role. Jason's contribution enabled Aviva to move forward with a new strategy, underpinned by a robust financial performance, through a challenging year. Notable achievements included:

- Strong visible and engaging leadership across the Group throughout the COVID-19 global pandemic particularly during the first half of the year, including chairing the Group Operational Risk Committee;
- Providing critical transitional support to the new Group CEO and Chair ensuring continuity during these changes;
- Developing, communicating and implementing the new Group strategy with the Group CEO. He has established detailed plans across the business, and driven significant M&A activity completing the sales of Singapore and Indonesia, and announcing the sales of Aviva Vita (Italy) and Vietnam;
- The Group SII shareholder cover ratio[1] remained well above the target range in 2020 despite market and economic volatility due to early and proactive action and the financial performance was robust, with SII OCG[1] and Group adjusted operating profit[2] being ahead of plans and cash remittances[1] to centre being robust at £1.5 billion;
- Delivery of £180 million of cumulative efficiency savings, ahead of plan, despite incremental expenditure on IT to allow our colleagues to work remotely during COVID-19;
- Design and implementation of the dividend policy and capital framework aligned to the new Group strategy; and
- Improvements to the risk and control environment throughout 2020, including taking personal accountability to address the impacts of changes to the French life model.

The Committee carefully considered the individual performance of each ED. Details of the individual adjustments are reflected in table 8.

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

Table 8 2020 bonus outcomes for Executive Directors[1]

	Amanda Blanc	Jason Windsor
Bonus scorecard (0% – 200%)	106.8%	106.8%
Non-financial modifiers	5%	5%
Sub-total (pre-discretion)	111.8%	111.8%
Committee discretion	(11.8%)	(11.8%)
Sub total	**100%**	**100%**
Individual adjustment	20%	0%
Final outcome	**120%**	**100%**
Target opportunity	100% of salary	100% of salary
Maximum opportunity for 2020[2]	200% of salary	150% of salary
Final bonus outcomes		
% of salary[3]	**120%**	**100%**
% of maximum	**60%**	**67%**
£ amount[4]	**£586,956**	**£675,000**

1 Commentary regarding the bonus outcome for Maurice is provided in the Payments for loss of office section.
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 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.
4 This outcome is pro-rated to reflect the time served as Group CEO.

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, although the Committee is of the view that these outcomes appropriately reflect the overall performance of Aviva during the year, the outturn (before any individual adjustments) should be capped at 100% to align with the experience of shareholders and reflect wider societal factors caused by the global pandemic.

2018 LTIP vesting in respect of performance period 2018-2020

The Operating EPS[1] and TSR[2] outcome for the 2018 LTIP are detailed in the table below. 0% of the award will vest in March 2021. No discretion regarding the vesting outcome of the 2018 LTIP was exercised by the Committee.

Table 9 2018 LTIP award – performance conditions

	Weighting	Threshold (10% vest)	Maximum (100% vest)	Outcome	Vesting (% of maximum)
Operating EPS[1]	50%	4.0% p.a.	10.0% p.a.	3.7%	0%
Relative TSR[2] Performance	50%	Median	Upper quintile and above	10.5/14	0%

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 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 – 2020 remuneration decisions

The Committee discussed those items that impacted the overall results in 2020 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.

Table 10 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
Amanda Blanc	06 Aug 2020	LTIP	147%	£1,470,000	20%	100%	31 Dec 2022	23 Mar 2025
Jason Windsor	23 Mar 2020	LTIP	225%	£1,518,750	20%	100%	31 Dec 2022	23 Mar 2025
	23 Mar 2020	ABP	43%	£292,396	N/A			23 Mar 2023
Former Directors[3]								
Maurice Tulloch	23 Mar 2020	LTIP	300%	£2,925,000	20%	100%	31 Dec 2022	23 Mar 2025
	23 Mar 2020	ABP	61%	£590,875	N/A			23 Mar 2023

1 ABP and LTIP awards have been granted as conditional share awards. The LTIP is a conditional right to receive shares which vest at the end of a three-year performance period, with an additional two-year holding period. ABP represents the portion of the 2019 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.
2 Face value for the awards granted on 23 March 2020 and 6 August 2020 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 229.00 pence.
3 Maurice stepped down from the Board on 6 July 2020.

At the point the 2020 LTIP awards were due to be made in March 2020, the impact of COVID-19 was causing significant volatility in the wider market and the Aviva share price. As it was not clear when more normal conditions would resume, the Committee decided to grant the 2020 LTIP award at the normal opportunity for our EDs, but committed to review the outcome at vesting to determine whether there had been windfall gains as a result of the award being made at an artificially depressed share price. The award documentation was drafted to provide the Committee with the discretion to make an adjustment should it be considered appropriate.

We recognise the wish from shareholders and proxy advisory bodies for companies to be clear about how the use of discretion would be assessed and exercised in practice. For these purposes, the Committee has agreed that factors to be considered in making the assessment will include:

- The relationship between the 2020 grant price and those used in previous years, and the resultant impact on the number of shares under award;
- The extent to which COVID-19 continues to have an impact on market valuations and volatility.
- An analysis of share price performance prior to and following grant, with a focus on:
  - Performance vs. the broader market;
  - Performance vs. other Insurance firms; and
  - Share price growth over the 2020 LTIP performance period vs. that for prior LTIP awards.
- Broader performance context, including financial and non-financial results, and progress against strategic and operational priorities.

Full details of the outcome of the assessment will be provided in our 2022 DRR.

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

Solvency II RoE[1] targets for awards made in 2020

Solvency II RoE[1] 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 2020 targets are provided below.

Table 11 2020 LTIP SII RoE[1] targets (audited information)

Achievement of SII RoE[1] targets over the three-year performance period	Percentage of shares in award that vests based on achievement of SII RoE[1] targets
Less than 11.0%	0%
11.0%	10%
Between 11.0% and 13.0%	Pro-rata between 10% and 50% on a straight line basis
13% and above	50%

Any vesting of the SII RoE[1] element of the LTIP is subject to a SII shareholder cover ratio[1] that meets or exceeds the minimum of the stated working range (in 2020, this was 160% to 180% and remains the target as announced in the Q3 operating update).

TSR targets for awards made in 2020

Relative TSR performance determines the vesting of the other 50% of the LTIP award. For the 2020 grant, Aviva's TSR performance will be assessed against that of the following companies: Aegon, Allianz, Assicurazioni Generali, AXA, Direct Line Group, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix, RSA, Standard Life Aberdeen and Zurich Insurance.

The performance period for the TSR performance condition is the three years beginning 1 January 2020. 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.

Table 12 TSR vesting schedule for the 2020 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)

Glyn Barker retired from the Board as a NED on 31 December 2019. In 2020 he received a retirement gift with a grossed up value of £5,345.

Payments for loss of office (audited information)

We announced on 6 July 2020 Maurice Tulloch would step down as Group CEO and retire as a Director of the Company with immediate effect.

- Maurice was placed on garden leave from 6 July 2020 until the end of his six-month notice period on 5 January 2021. During this period, he continued to receive his contractual salary and benefits. For the period 6 July to 5 January 2021 these totalled £574,311
- The Committee exercised its discretion to treat Maurice as a good leaver under the ABP and LTIP by reason of his retirement
  – Maurice's outstanding deferred share awards under ABP will continue to vest on the normal vesting dates
  – Maurice's 2018, 2019 and 2020 LTIP awards will continue to vest, pro-rated for the time from the date of grant to his leave date and subject to satisfaction of the relevant performance conditions. The two-year holding period will continue to apply
  – All outstanding awards under the ABP and LTIP will remain subject to malus and clawback
- Maurice will be required to retain the necessary amount of shares from departure for two years following cessation of employment, in line with the Employment Shareholding Policy and is subject to post-activity restrictions which allow the Committee to reduce or recover awards if certain employment is taken elsewhere
- While Maurice remained eligible for a 2020 annual bonus in respect of the period up to and including 5 July 2020, when he left active service with Aviva, the Committee determined, taking all factors into account including Aviva's performance for the first half of 2020, shareholder experience during that period and the wider economic context, that Maurice would not receive a 2020 annual bonus
- In line with the Policy, Maurice was entitled to a capped contribution of £10,000 (excluding VAT) towards legal fees incurred in connection with his departure. In addition, assistance with filing tax returns in the UK and Canada with an appropriately qualified tax advisor will be provided to ensure Maurice's and the Company's compliance requirements for trailing income are met. The total value of this benefit is anticipated to be £39,562

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

Table 13 Total 2020 remuneration for Non-Executive Directors (audited information)

The table below sets out the total remuneration earned by each NED who served during 2020 for Group-related activities.

	Fees		Benefits[1]		Aviva plc total		Subsidiaries fees		Group total	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Chair										
George Culmer[2]	**392**	29	**5**	2	**397**	31	**—**	—	**397**	31
NEDs										
Patricia Cross	**141**	128	**—**	—	**141**	128	**60**	60	**201**	188
Patrick Flynn	**171**	55	**2**	2	**173**	57	**—**	—	**173**	57
Belén Romana García	**165**	139	**8**	15	**173**	154	**44**	44	**217**	198
Mohit Joshi[3]	**9**	—	**—**	—	**9**	—	**—**	—	**9**	—
Jim McConville[3]	**15**	—	**—**	—	**15**	—	**—**	—	**15**	—
Michael Mire	**128**	118	**1**	3	**129**	121	**—**	—	**129**	121
Former Chair[4]										
Sir Adrian Montague	**229**	550	**36**	88	**265**	638	**—**	—	**265**	638
Former NED[5]										
Amanda Blanc	**68**	—	**1**	—	**69**	—	—	—	**69**	—
Total emoluments of NEDs	**1,318**	1,019	**53**	110	**1,371**	1,129	**104**	104	**1,475**	1,233

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 George Culmer was appointed as Chair on 27 May 2020 after being on the Board since 25 September 2019.
3 Mohit and Jim were appointed to the Board 1 December 2020.
4 Sir Adrian retired from the Board on 31 May 2020.
5 Amanda retired from the Board as a NED on 5 July 2020. Amanda was subsequently appointed as Group CEO on 6 July 2020.

The Aviva plc total amount paid to NEDs in 2020 was £1,371,000 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:

- Patricia Cross received an additional fee of £60,000 (*2019: £60,000)* in respect of her duties as Senior Independent Director of Aviva Investors Holdings Limited. Patricia subsequently stepped down on 31 December 2020
- Belén Romana García received an additional fee of €49,538 (*2019: €50,000*) 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. Belén subsequently stepped down on 17 December 2020

Percentage change in remuneration of the Directors

The table below sets out the increase in the basic salary, bonus and benefits of each of the Directors 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.

Table 14 Percentage change in remuneration of the Directors

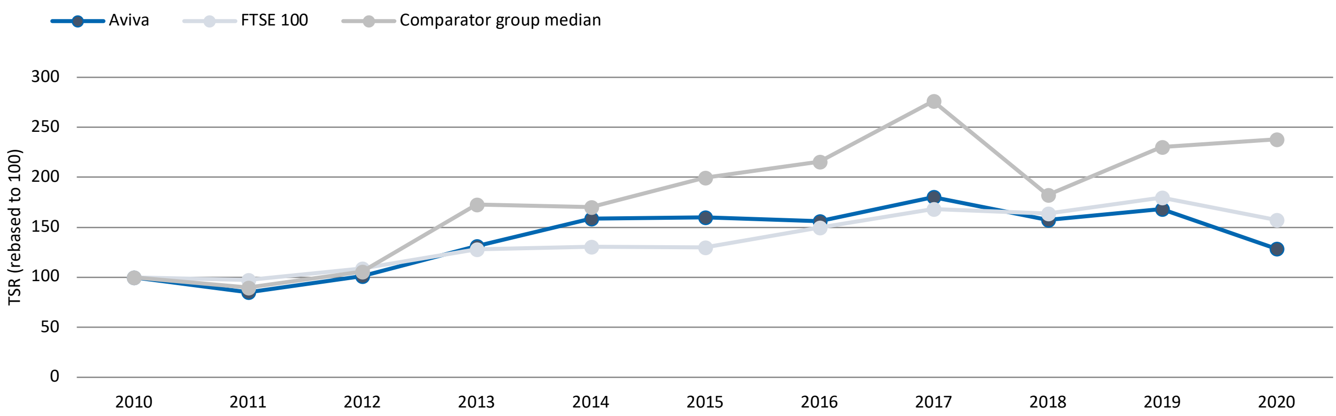
	% change in salary/ fees 2019-2020	% change in bonus 2019-2020	% change in benefits 2019-2020[6]
Group CEO[1]			
Amanda Blanc	—	—	—
Maurice Tulloch	0.0%	(100)%	44.6%
CFO[1]			
Jason Windsor	0.0%	(0.6)%	11.1%
Chair[1]			
George Culmer	263.6%	—	(26.3)%
Sir Adrian Montague	0.0%	—	0.0%
Non-Executive Directors[2]			
Patricia Cross	10.4%	—	—
Patrick Flynn[1, 3]	44.8%	—	(39.4)%
Belén Romana García	18.9%	—	(47.9)%
Mohit Joshi[4]	—	—	—
Jim McConville[4]	—	—	—
Michael Mire	9.6%	—	(82.8)%
All UK-based employees[5]	3.3%	0.5%	10.7%

1 Salary, annual bonus and benefit amounts for the EDs, Chair and Patrick have been annualised where applicable to reflect what they would have been over a full 12-month period to aid comparison. The increase in benefits for EDs reflects relocation and taxable travel and subsistence. The increase in George's fees is a result of his appointment as Chair on 27 May 2020.
2 The increase in fee levels for NEDs are mainly driven by increases in fees effective July 2020, as set out in table 24.
3 Patrick was appointed as Senior Independent Director of Aviva plc and a Remuneration Committee member on 15 June and 7 September 2020 respectively.
4 Mohit and Jim were appointed to the Board 1 December 2020 therefore no comparison available.
5 The increase in benefits for UK based employees has been mainly driven by the increase in the cost of private medical insurance. Without this, benefits would have increased by 2.3%.
6 The reduction in benefits for NEDs compared to 2019 is largely reflective of reduced taxable travel and subsistence costs due to COVID-19.

Historical TSR performance and Group CEO remuneration outcomes

Table 15 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 12.

Table 15 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.

Table 16 Historical Group CEO remuneration outcomes

	Group CEO	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Annual bonus payout (as a % of maximum opportunity)	Amanda Blanc[1]	—	—	—	—	—	—	—	—	—	**60%**
	Maurice Tulloch[2]	—	—	—	—	—	—	—	—	48.1%	**0%**
	Mark Wilson[3]	—	—	75.0%	86.7%	91.0%	91.0%	94%	42.0%	—	**—**
	Andrew Moss[4]	81.0%	—	—	—	—	—	—	—	—	**—**
LTIP vesting (as a % of maximum opportunity)	Amanda Blanc	—	—	—	—	—	—	—	—	—	**—**
	Maurice Tulloch	—	—	—	—	—	—	—	—	50.0%	**0%**
	Mark Wilson	—	—	—	—	53.0%	41.3%	36.9%	—	—	**—**
	Andrew Moss	81.7%	—	—	—	—	—	—	—	—	**—**
Group CEO single figure of remuneration (£000)	Amanda Blanc	—	—	—	—	—	—	—	—	—	**1,205**
	Maurice Tulloch	—	—	—	—	—	—	—	—	2,352	**1,030**
	Mark Wilson	—	—	2,615	2,600	5,438	4,523	4,318	1,836	—	**—**
	Andrew Moss	3,477	554	—	—	—	—	—	—	—	**—**

1 Amanda was appointed Group CEO on 6 July 2020.
2 Maurice was appointed Group CEO on 4 March 2019. Maurice stepped down as Group CEO and retired from the Board on 6 July 2020.
3 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.
4 Andrew resigned from the Board with effect from 8 May 2012 and left the Company on 31 May 2012.

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.

Table 17 CEO Pay ratio table

Year	Method	P25 (lower quartile)	P50(median)	P75 (upper quartile)
2020	Option A	**80:1**	**56:1**	**34:1**
2019	Option A	90:1	63:1	37:1

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

- In calculating the Group CEO data for 2020, we have aggregated the amount shown in the single figure table of £1,029,794 for Maurice in respect of his services as Group CEO from 1 January to 5 July and the amount shown in the single figure table of £1,204,967 for Amanda in respect of her services from 6 July to 31 December 2020
- Similar to prior years, we have provided an additional ratio below, calculated on a full-year basis using total target remuneration due to changes in Group CEO during the year
- In 2019, the single figure for Maurice was aggregated with the pro-rata fees for Sir Adrian 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 shareholder 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 decrease in the ratio reflects the fact that:

- 2020 remuneration outcomes for the Group CEO include a lower aggregate bonus figure than 2019 and nil LTIP vesting, compared to 50% in 2019
- Although offset by the role of Group CEO being occupied by an ED for all of 2020, compared with an Executive Chairman and an ED in 2019

Whilst the CEO pay ratio has decreased, the salary and total remuneration for each quartile employee has also remained broadly flat (although median salary has increased 2.7% and median total compensation increased 2.3%).

Table 18 provides further information on the total remuneration figure for each quartile employee, and the salary component within this.

Table 18 Salary and total remuneration used in the CEO pay ratio calculations

Year	Pay element	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2020	Salary	£22,922	£32,457	£51,229
	Total remuneration	£27,677	£39,773	£66,209

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 2020 was an unusual year 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 Amanda had been employed for the full year 2020 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).

Year	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2020 (illustrative based on a notional 'target' package)	135:1	94:1	57:1

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
- 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 19 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.

Table 19 Relative importance of spend on pay

	2019 £m	**2020 £m**	% change between 2019 – 2020
Group adjusted operating profit[1]	3,184	**3,161**	(1)%
Dividends paid[2]	1,184	**236**	(80)%
Share buy-backs	—	**—**	—
Total staff costs[3]	1,944	**1,857**	(5)%

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 29,079 (2020) and 30,189 (2019).

Statement of directors' shareholdings and share interests

EDs share ownership requirements

Under our Employment Shareholding Policy applicable to 2020, 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. The post-cessation guideline is 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
- EDs are required to retain shares vesting from incentive plans within the Company-sponsored nominee account, and are not permitted to transfer them e.g. into their own brokerage accounts, unless otherwise agreed by the Committee. In this manner, the Committee is able to retain oversight of the shares and is comfortable that this provides it with the ability to enforce the post-cessation guidelines in practice

Table 20 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
Amanda Blanc	352,226	641,921	—			300	115%	No
Jason Windsor	495,587	663,209	317,302	6,338	—	200	239%	Yes
Maurice Tulloch	625,001	2,282,929	431,698	6,338	—	300	208%	No

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 22.
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 2020 of 325.2 pence. The closing middle-market price of an ordinary share of the Company during the year ranged from 211 pence to 423.6 pence.

There were no changes to the EDs interests in Aviva shares during the period 1 January 2021 to 3 March 2021.

Table 21 Non-Executive Directors' shareholdings[1] (audited information)

	1 January 2020	31 December 2020
George Culmer	31,276	31,276
Patricia Cross	30,574	31,192
Patrick Flynn	—	—
Belén Romana García	10,223	19,418
Mohit Joshi	—	—
Jim McConville	—	—
Michael Mire	50,000	50,000
Former Chair[2]		
Sir Adrian Montague	58,553	58,553
Former NEDs[3]		
Amanda Blanc	—	—

1 This information includes holdings of any connected persons.
2 Sir Adrian retired from the Board on 31 May 2020.
3 Amanda retired from the Board as a NED on 5 July 2020. Amanda was subsequently appointed as Group CEO on 6 July 2020.

There were changes to the NEDs interests in Aviva shares during the period 1 January 2021 to 3 March 2021. Belén Romana García acquired a further 351 shares and Mohit Joshi acquired 7,618 shares. There have been no further changes.

Share awards and share options

Details of the EDs who were in office for any part of the 2020 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 22. 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 5, 10 and 21 (and SAYE options are included in table 22). More information around HMRC tax-advantaged plans can also be found in note 34. EDs are restricted from entering into any form of hedging arrangement or remuneration and liability-related insurance policies which might undermine the risk alignment features of share awards (such as delivery in shares, performance conditions, malus and clawback provisions).

Table 22 LTIP, ABP and options over Aviva shares (audited information)

	At 1 January 2020 (number)	Options/awards granted during year[1] (number)	Options/awards exercised/vesting during year (number)	Options/awards lapsing during year (number)	At 31 December 2020 (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]
Amanda Blanc									
LTIP[3,4]									
2020	—	641,921	—	—	641,921	297.50	—	—	Mar-23
Jason Windsor									
LTIP									
2017[5]	77,358	—	92,870[8]	—	—	523.00	—	268.50	Mar-20
2018[5]	83,333	—	—	—	83,333	494.10	—	—	Mar-21
2019[5]	73,634	—	—	—	73,634	409.00	—	—	Mar-22
2020[3,4]	—	663,209	—	—	663,209	211.00	—	—	Mar-23
ABP									
2017	9,361	—	11,238[8]	—	—	523.00	—	268.50	Mar-20
2018	22,222	—	12,660[8]	—	11,111	494.10	—	—	Mar-21
2019	32,310	—	11,597[8]	—	21,540	409.00	—	—	Mar-22
2020	—	127,684	—	—	127,684	211.00	—	—	Mar-23
SAYE[7]							—		
2019	6,338	0	—	—	6,338	—	284.00	—	Dec-22 – May-23
Maurice Tulloch[6]									
LTIP[3,4]									
2017	286,091	—	171,729[8]	143,046	—	523.00	—	268.50	Mar-20
2018	310,863	—	—	—	310,863	542.60	—	—	Mar-21
2019	694,774	—	—	—	694,774	409.00	—	—	Mar-22
2020	—	1,277,292	—	—	1,277,292	211.00	—	—	Mar-23
ABP							—		
2017	85,564	—	102,722[8]	—	—	523.00	—	268.50	Mar-20
2018	110,529	—	—	—	110,529	494.10	—	—	Mar-21
2019	94,717	—	33,996[8]	—	63,145	409.00	—	—	Mar-22
2020	—	258,024	—	—	258,024	211.00	—	—	Mar-23
SAYE[7]							—		
2019	6,338	—	—	—	6,338	—	284.00	—	Dec-22 – May-23

1 The aggregate net value of share awards granted to the EDs in the period was £6.8 million (*2019: £8.0 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 2017: 530 pence, 2018: 504 pence 2019: 421 pence and 2020 229 pence.

3 For the 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. For the 2020 LTIP, the TSR comparator group is: Aegon, Allianz, Assicurazioni Generali, Axa, Direct Line Group, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix, 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 Maurice stepped down from the Board on 6 July 2020. The LTIP awards will be time prorated to reflect the number of days worked from the date of grant to the final date of service.

7 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.

8 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 2020.

Governance Regulatory Remuneration Code

Aviva Investors and two small 'firms' (as defined by the FCA) within the UK Life 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 2020 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 2020 AGM in respect of the 2019 Directors' Remuneration report is set out in table 23. The Committee was pleased with the level of support received from shareholders for the resolution.

Table 23 Results of votes at 2020 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	95.84%	4.16%	2,426,163,368	105,081,885	2,308,589

1 Voting on Remuneration Policy at 2018 AGM.

Approach to NED fees for 2021

NED fees are reviewed annually and the Committee Chair and membership fees were increased with effect from 1 July 2020, the first such increase since 1 April 2014. This recognised the increased time commitment and regulatory burden for NEDs over the past six years, and to maintain competitiveness within the financial services sector.

Table 24 Non-Executive Directors' fees

Role	Fee from 1 January 2021	Fee from 1 January 2020
Chair of the Company[1]	£550,000	£550,000
Board membership fee	£75,000	£75,000
Additional fees are paid as follows:		
Senior Independent Director	£35,000	£35,000
Committee Chair (inclusive of committee membership fee):		
• Audit	£55,000	£45,000
• Customer, Conduct and Reputation	£40,000	£35,000
• Remuneration	£40,000	£35,000
• Risk	£55,000	£45,000
Committee membership:		
• Audit	£20,000	£15,000
• Customer, Conduct and Reputation	£15,000	£12,500
• Nomination and Governance	£10,000	£7,500
• Remuneration	£15,000	£12,500
• Risk	£20,000	£15,000

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

Table 25 Implementation of Policy in 2021

Subject to the approval of the Policy at the 2021 AGM, its implementation will be consistent with that outlined in table 1.

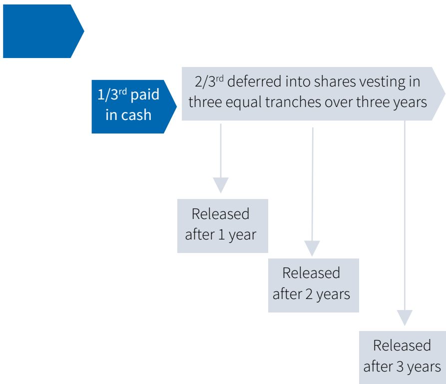
Key Element

Phasing — 2021 | 2022 | 2023 | 2024 | 2025 | 2026 — **Implementation in 2021**

Salary[1]

- Group CEO – £1,000,000 per annum
- CFO – £675,000 per annum

Bonus[2]



- Group CEO – 200% of salary
- CFO – 150% of salary
- One-year performance assessed against financial and non-financial performance measures
- The SII OCG[4] measure has been replaced by SII OFG[4] and in respect of the non-financial measures, the modifiers have been removed and a formal employee engagement measure has been incorporated into the framework:
  - *Financial measures (70% of total)*
    - 15% – Group adjusted operating profit[3]
    - 30% – Annual cash remittances[4]
    - 25% – SII OFG[4]
  - *Non-financial strategic measures (30% of total)*
    - 5% – RNPS
    - 5% – TNPS
    - 5% – Employee Engagement
    - 15% – RIT and risk controls quality, with an adjustment process to capture any wider considerations
- 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
- The Committee have reviewed performance targets attached to the awards and are comfortable they are stretching and deliver appropriate payout levels
- Personal performance during the year will be taken into account

LTIP

- Group CEO – 300% of salary
- CFO – 225% of salary
- Performance assessed over three years against financial and non-financial performance measures
- Financial metrics aim to balance longer-term value creation (SII RoE[4]) and medium-term dividend coverage (cumulative cash remittances)

Performance measures

- 22.5% – SII ROE[4] subject to a SII shareholder cover ratio[4]
- 22.5% – Cumulative cash remittances[4], subject to a SII shareholder cover ratio[4]
- 45% – relative TSR against a comparator group[5]
- 10% – Environmental and diversity and inclusion measures

For the 2021 awards, the SII shareholder cover ratio[4] is to meet or exceed the minimum of the stated working range (currently 160% to 180%).

		Target	
Metric	**Weighting**	**Threshold**	**Maximum**
SII RoE[4]	22.5%	9%	11%
Cumulative cash remittances[4]	22.5%	£5.1bn	£5.6bn
TSR[5]	45%	Median	Upper Quintile
Environmental			
Reduction in CO_2 intensity of shareholders' assets	5%	10%	15%
Diversity and Inclusion			
Females in senior leadership roles[6]	2.5%	36%	40%
Ethnic minority employees in senior leadership roles[7]	2.5%	7.5%	12.5%

Vesting Levels for all metrics	
Outturn	**Vesting Level**
Below Threshold	0%
Threshold	20%
Between threshold and maximum	20-100% straight line
Above maximum	100%

Share Ownership guidelines	• Group CEO – 300% of salary Other EDs – 225% • To be built up over a period not exceeding 5 years • Post-cessation shareholding requirements also apply to EDs being the guideline or the holding on termination of employment, for two years post-cessation.

1 No changes in salary in 2021.
2 The target ranges are considered by the Board to be commercially sensitive and disclosure of these would put the Company at a disadvantage compared to its competitors. Target ranges will be disclosed in the 2021 DRR.
3 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.
4 This is an Alternative Performance Measure (APM) which provides useful information to enhance the understanding of financial performance. Further information on APMs, including a reconciliation to the financial statements (where possible), can be found in the 'Other Information' section within the Annual Report and Accounts.
5 2021 LTIP Comparator Group: Aegon, Allianz, Assicurazioni Generali, Axa, Direct Line Group, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix, Zurich Insurance Group. LTIP awards will be granted to EDs after the 2021 AGM so will be made under the proposed Policy. The grant will be made using the same share price as if they were granted in March, in line with other employees.
6 Senior leadership in the UK, Ireland, Canada and Group Functions.
7 Senior leadership in the UK.

Approval by the Board

This Directors' Remuneration report was reviewed and approved by the Board on 3 March 2021.

Patricia Cross
Chair, Remuneration Committee