

Scott Wheway, Chairman of Remuneration Committee, speech

Aviva plc, Annual General Meeting, 3 May 2012

Thank you Chairman.

I am conscious that there may be a number of questions on executive remuneration and, as Chairman of the Remuneration Committee, thought it would be helpful if I opened by giving you all the relevant background so that the meeting is as informed as possible.

While we believe we made appropriate remuneration decisions in 2011, it is clear that this view is not shared by all our shareholders. The Remuneration Committee takes its responsibilities very seriously and, on behalf of the Committee and myself personally, I would like to apologise to any shareholder that feels their views have not been adequately represented in the decisions we have made.

Aviva has a long track record of market leading practice in remuneration which has resulted in very high levels of shareholder support, over many years. That has not happened this year and my Committee is dedicated to ensuring that, in future years, we return to those high levels of support, through diligent engagement with our shareholders.

We will, therefore, be looking at refining our approach in a number of areas.

Firstly, we, and I personally, recognise that we can and should have done more to engage with our shareholders.

You may remember that we undertook a strategic remuneration review in 2010 which was implemented in 2011. We did engage with our largest shareholders extensively through that process to ensure that the resulting remuneration frameworks were fully supported. This was reflected in the 2011 remuneration vote, which had an acceptance of over 96%.

In March this year, we wrote to our largest shareholders, as is normal, in advance of the publication of the Directors' Remuneration Report (DRR) and offered to hold meetings to discuss the key changes that we were making to our remuneration arrangements. However, it is clear that we did not engage early enough and robustly enough. We intend to rectify this in the future to ensure that the Remuneration Committee is able to fully reflect on feedback received.

Secondly, we are proposing to actively consult over the coming months with our largest shareholders on the two main issues which have attracted comments:

1. Annual bonus payments: although the annual bonus plan is linked to appropriate strategic and operational Key Performance Indicators (KPIs) and seeks to align with shareholders' interests through significant deferral, a number of investors have indicated that they did not see a sufficiently clear and close relationship with shareholder value over the year. Noting this feedback, we shall review whether there are any further improvements which can be made in this area.
2. Recruitment awards: while the recruitment awards made at Aviva are consistent with general practice, we recognise that the views of investors have evolved in recent months and that a new approach to designing them is necessary. Therefore, we shall not use this approach again and instead, will consult on a new and more transparent approach to recruitment awards.

On becoming aware of these concerns Andrew Moss, the Group CEO, voluntarily declined the salary increase awarded to him on April 1. This is the third time in four years that Andrew has taken this action.

We trust all the actions that we have committed to take at this time will reassure our shareholders that we take their views on executive remuneration very seriously.

Thank you.