

# 2015 Annual General Meeting

## Chairman's address

Well good morning ladies and gentlemen. Well thank you very much and good morning to you. I'm John McFarlane. I'd like to welcome you to Aviva's 2015 annual general meeting. It's my last as your Chairman, but before I retire from the Board at the conclusion of the meeting I am glad to be here with you. As you may aware the acquisitions of Friends Life Group was completed earlier this month. The acquisition represented a significant milestone for both companies, and I'm particularly delighted to extend a warm welcome to those former Friends Life shareholders and customers who are attending today.

Now we all know the AGM is the most important meeting in the company's calendar, and I'm pleased to see so many of you here today. I hope you will have been able to take opportunity to meet with Mark our Chief Executive Officer and the rest of the senior management team before you came into the auditorium. But if not there is an opportunity to meet our management and directors again immediately after the meeting.

This meeting provides the opportunity for you to re-elect your directors, to reflect on the company's performance in the past year and to discuss our strategy going forward.

Throughout the year we've welcomed shareholder comments and feedback, and today is a further opportunity for us to listen to your observation and respond to your questions.

Now I'll set out the agenda for today's meeting. I will shortly introduce the members of your Board. I'll then comment briefly on the performance of the Group during 2014. This will be followed by a more comprehensive presentation from Mark Wilson which will also be available on the company's website after the meeting. I will then give you the opportunity to address the Board and ask questions on the business of the meeting, some of which you registered earlier this morning. And finally we'll move into the more formal part of the meeting and I will ask you to vote on the resolutions set out in the notice of meeting.

Over the past three years we've built a very strong and dedicated Board, and so I'd like to introduce them to you. Now starting on your left, my right, is Michael Mire who joined the Board as a non-executive director in September 2013, and Michael is a member of the Governance, Nomination and Risk Committees.

To Michael's left is Glyn Barker, a non-executive director who was appointed to the Board in February 2012 and who is Chairman of the Audit Committee. Glyn is also a member of the Nomination and Risk Committees.

Next is Scott Wheway, non-executive director who was appointed to the Board in December 2007. Scott is Chairman of the Governance Committee and a member of the Audit and Nomination Committees.

Next is Tom Stoddard, our Chief Financial Officer who was appointed to the Board in April 2014, just prior to our AGM last year when I introduced him to you for the first time.

And of course immediately to my right is Mark Wilson our Group Chief Executive Officer. Mark became Group CEO in January 2013.

Now on my left is Kirstine Cooper the Group General Counsel, Company Secretary and she's also head of the office of the Chairman.

To Kirstine's left is Sir Adrian Montague, non-executive director who joined the Board in January 2013 and became senior independent director in May 2013. Sir Adrian is a member of the Audit, Governance and Nomination Committees. Of course he's also Chairman designate and subject to his re-election by shareholders today will become your Chairman immediately at the conclusion of this meeting.

Then we have Michael Hawker, non-executive director and former captain of the Wallabies rugby team.

Chairman of the Risk Committee and a member of the Audit and Nominations Committees. Michael has been a member of the Board since 2010.

Next to Michael is Gay Huey Evans, non-executive director. Gay joined the Board in October 2011 and is a member of the Nomination, Remuneration and Risk Committees. She will also be stepping down from the Board at the conclusion of the meeting.

And finally we have Bob Stein, non-executive director who joined the Board in January 2013. Bob is a member of the Nomination, Remuneration and Risk Committees.

Now unfortunately Patricia Cross, a non-executive director who joined the Board in December 2013, is unable to join us here today as she is recovering from a medical procedure that does not allow her to fly. Patricia is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committee.

Now before I move on, because Gay is leaving us, on behalf of the Board I would like to thank her for her contribution in the three and a half years that she has been with us. Gay, thank you very much indeed.

I'd also like to take this opportunity to welcome some new members from Friends Life to the Board at the conclusion of this meeting.

Firstly Sir Malcolm Williamson who is sitting here in the front here.

And beside him Andy Briggs.

Sir Malcolm brings over 50 years Chairman, CEO and director experience of the insurance and banking sectors to the Board, and becomes a non-executive director and the senior independent director.

Andy, who became Chief Executive Officer of Aviva UK and Ireland Life Insurance and former CEO Friends Life becomes an executive director and brings a wealth of general and life insurance experience to the Board, not only from his previous role but also from his senior management roles in the insurance and the financial sector industry.

Now before I introduce Mark Wilson I would like to make a few remarks about the Group's performance since I became Chairman in 2012, although I did join the Board earlier, and over the past year.

Last year has been notable both in terms of results but also the progress we've made in becoming one of the best performing financial institutions in our sector. But it's clearly been a transformational year for the Group with the acquisition of Friends Life which gives us a considerably stronger underpinning. Our CEO Mark Wilson has completed his second year with us, and the advancement of the Group under his leadership over a relatively short period of time has been nothing short of impressive.

During this time he's assembled a management team that is not only able to deliver good business performance, but who have a considerable potential for the future. Some of whom have the potential to lead this corporation in times to come.

Now I know you'd wish me to thank Mark and the senior management team for their contribution. Under Mark's leadership Aviva now has a clear purpose and with strong momentum. It's embracing new values around our people, our customers, our shareholders and the communities where we do business. And the company has a clear vision and strategy for the future.

Now turning to the year, headline operating performance improved despite having been impacted by a stronger sterling exchange rate, and particularly the weakness of the euro and the Canadian dollar. And of course the decline in the annuities market following the Chancellor's budget decision. As a result the Board was able to declare a 21% increase in the dividend to 18.1 pence.

Now while Aviva's organic growth and return prospects presented a compelling proposition, the acquisition of Friends Life enabled us to consolidate our leading position in the UK, and offers greater dividend capacity and balance sheet strength than otherwise would have been possible. It also expands our business interests into the corporate sector and a number of sectors.

As with the previous year we've seen considerable challenge and change for our people which they've embraced well and have managed professionally. Admirably led by Mark we are building a high performance and enlightened culture across the Group, and this is demonstrating tangible progress in making Aviva a place of opportunity and a great place to work.

So on behalf of the Board I would like to express our gratitude to all our people for their dedication and enthusiastic support for our customers. As a responsible business we also strive to be a force for good across the markets in which we operate. We provide access to a range of insurance products tailored to the needs of low income groups, and through Aviva investors we work to integrate environmental, social and corporate governance issues into our investment decisions and analysis in order to create long term value.

It's been a tremendous three years as your Chairman and the company we see today is in stark contrast with the one that I joined. Of course no journey is ever complete, however what I do know is the foundation that we've built, our ability to deliver results and the potential of this company are tremendous assets for the future.

I leave with tremendous sadness but I do leave knowing Aviva genuinely has the capacity to become one of the world's leading institutions, and that it's in good hands. So thank you.

Now ladies and gentlemen it is now my pleasure to hand over to Mark Wilson our Chief Executive.

**MARK WILSON PRESENTATION**

Well thank you Mark. Ladies and gentlemen it's now over to you. I would now like to give shareholders the opportunity to ask questions. To assist in the proceedings though shareholders wishing to ask a question were requested to register at the question registration desk before entering the auditorium, and I'm aware that many have already done so. For those of you who have not been able to register their question there's still an opportunity to do this at the question registration desk seated at the side of the auditorium to shareholders' right.

So please raise your hand now if you wish to register a question and one of our marshals will assist you.

I'd like to give everyone who wishes to be heard an opportunity. I would also like to ensure that we have an orderly meeting and one that is interesting to all shareholders in the room. And therefore I kindly ask that you please keep your remarks and questions to the point and succinct.

As it's a shareholder meeting I will not take comments or questions relating to personal shareholdings or investments in our funds, policyholder matters or other customer affairs that are unrelated to the business of the meeting. Instead please contact the shareholder or policyholder inquiry desks located in the exhibition area outside the auditorium in the Pickwick Suite. These desks will remain open after the meeting.

Now I know a lot of you who wish to bring forward one of those questions feel appropriate to do so. I know you think it's important and I know it's important to you. You also feel it's important to all shareholders, but my experience in these matters over a very long time is I can assure you in general it's not. And therefore if we could kindly keep to the business of the meeting we'll have a successful outcome.

Now afterwards I and my fellow directors will join you outside when you're having refreshments, and you'll have the opportunity to speak with the directors and to speak to other senior managers then. We have a little surprise for you in the goody bags which I'll refer to later.

Now I propose to take all questions relating to the business of the meeting in one single session, including any AGMs on the AGM resolutions themselves. I would discourage you from asking more than one question, though I realise that some of you will do this. And I ask though that you give way if you're there for a long time so that others have a chance to speak because we have a large number of questions registered, and I'd really like to hear from everyone.

The notice of AGM which sets out the formal resolutions to be put to shareholders today was made available to shareholders either by post or on the Aviva website on 25th March 2015. You'll also find a copy of the resolutions in your shareholder guide, and your poll card which you were given at the registration area. When you come to the microphone please state your name and whether you're a shareholder. If you're attending on behalf of someone else please state the name of the shareholder that you represent.

So thank you.

***Take questions from Question Points A and B alternately***

Thank you very much. Well I think we've seen the last question so ladies and gentlemen well thank you for that and that concludes the questions from shareholders. I now propose that we move to the formal part of today's agenda.

The Notice of Meeting sent or made available to shareholders in late March includes an explanation for each of the resolutions being proposed today. I do hope you've had an ample opportunity to consider the resolutions and how you'd wish to cast your vote in respects of each of these. With your permission I'll take the Notice of Meeting though as red otherwise we will never get to the vote.

I would like to draw your attention to a number of specific items of business though. Firstly there will be two separate resolutions on remuneration; resolution 2 is proposed to approve the directors' remuneration report contained with the annual report. This resolution is advisory only and it's a means for shareholders to provide feedback to the board. Resolutions 3 is proposed to approve the new directors' remuneration policy set out on page

92 to 99 of the director's remuneration report. The fact that it's 99 pages tells you something.

This resolution seeks shareholder approval of a revised policy following the strategic reward review carried out during 2014 and will, if approved take effect from the conclusion of the AGM and is therefore required to be subject to a shareholder vote at least every three years.

Secondly, in relation to resolution 4 the directors are recommending a final dividend for the year ending the 31st of December 2014 of 12.25p per share as was set out in the 2014 Annual Report and Accounts. The dividend is payable on the 15th of May to ordinary shareholders whose names were on the register of members at the close of business on the 9th of April.

Thirdly, I know that shareholders have read concerns in the past about the company seeking authority in relation to political donations, that's dealt with in resolution 16. Again, I'd like to make it very clear it is not our policy to make political donations or incur political expenditure and we have no intention of doing so. However the Company's Act is so widely drafted that acts such as lobbying on law reforms are representing the financial services community on forums could be regarded as political expenditure.

The purpose of resolution 16 is therefore to ensure that the company does not take any action which may inadvertently breach the Act. However the company will not make political donations within the normal meaning of that expression.

And then I would like to draw your attention to resolutions 23 to 28, the first four of these relate to the renewal of directors' authority to allot sterling and dollar denominated preference shares. And resolution 27 to 28 the grant of authority to the directors to allot ordinary shares or convert other securities into ordinary shares in connection with the potential issue of Solvency 2 tier 1 instruments. Now the board believes that it's prudent to have these authorities in place although there is no present intention of exercising them.

And then lastly resolution 29 seeks your approval for the adoption of new articles of association for the company, these articles include amendments to reflect developments in

the UK corporate governance code and market practice and provide clarification on certain aspects contained in the current articles.

Now in respect of the resolutions to be put to the meeting as noted in the notice and inline with best practice I'm exercising the authority contained in the company's articles of association to call for a poll to be taken on each of the resolutions. So any shareholder, proxy holder or corporate representative who's entitled to vote will have been given a poll card at registration.

We have again included a vote withheld option on the poll cards for those shareholders who wish to abstain from voting on a particular resolution. However, I must remind you that a vote withheld is not a vote in law and will not be counted for the calculation of the votes for or the votes against the relevant resolution.

So if you've already submitted your votes prior to the meeting by proxy and don't wish to change the way you voted you do not need to complete a poll card. So if there's anyone present who is entitled to vote but who doesn't have a poll card could you please now raise your hand and the marshal will pass you a card and keep your hand up while he does so, just keep your hands up and we'll make sure somebody gets it to you.

Okay I think we're satisfied here now I don't intend to read each resolution, however I do propose formally that each resolution set out in the Notice of Meeting and listed on the poll card to be put to the meeting as a separate resolution. And that resolutions 18, 19, 20, 21, 22, 24, 26, 28 and 29 be put as special resolutions.

So would you now complete the poll card to register the way in which you wish to cast your votes on each separate resolution by putting a cross in one of the boxes marked for, against or vote withheld. And please ensure that you've filled in your full name and address or the full name and address of the shareholder you represent if you're attending as a proxy or corporate representative.

Once completed and signed the poll card should be placed in one of the black ballot boxes marked poll cards immediately outside the auditorium as you leave. Those shareholders

who cannot attend today have been voting on the resolutions and the indicative results of those votes will shortly be shown on the screen. The final results of the voting will be announced to the London Stock Exchange and posted on the company's website as soon as possible.

So before I bring the meeting to a close I would like to say once again thank you, you as shareholders have been very kind in your comments to me and it's been an honour for me to serve as your Chairman. I am confident of the potential of the company going forward and I'm also secure in the knowledge that the company is in excellent hands under Sir Adrian.

**(SIR ADRIAN MONTAGUE)**

Well ladies and gentlemen that concludes today's meeting. I would like to thank you for attending and would remind you to place completed and signed poll cards in the marked boxes outside the auditorium.

I also want to wish Sir Adrian every success in taking over the chairmanship of this fine company and I can assure you the best is yet to come.

So I would be pleased if you would now join me and your directors in the exhibition area in the Pickwick Suite where refreshments will be served. If you've not already done so you will each be able to pick up a gift bag with Aviva's compliments.

Now we've made a change to it this year, in it you will find an application form for a complimentary pair of tickets to the premiership rugby London double header to be held at Twickenham later this year. As you know we are sponsors of the league. So I hope you take advantage of it and so again thank you, au revoir and best wishes to you all.