

Aviva plc (“the Company”)
Terms of Reference of the Board Remuneration Committee (“the Committee”)

<p>1. Chair</p>	<p>Recommended by the Board Nomination and Governance Committee and approved by the Board.</p> <p>The Chairman of the Board may be a member of the Committee if he is considered independent on appointment as Chairman, but may not chair the Committee.</p> <p>The Committee Chair should have been a member of a remuneration committee (whether at Aviva plc or elsewhere) for at least a year before being appointed Committee Chair.</p> <p>In the absence of the Committee chair, the Committee members shall elect one of the Committee members present to chair the meeting.</p> <p>The Committee Chair should attend the AGM to answer shareholder questions on the Committee’s activities and responsibilities.</p>
<p>2. Members</p>	<p>Recommended by the Board Nomination and Governance Committee and approved by the Board (in consultation with the Committee Chair).</p> <p>The Committee shall comprise of a minimum of three members and all members shall be Independent Non-Executive directors of the Company (INEDS).</p> <p>Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee.</p> <p>One member shall generally be a member of the Board Audit Committee and one member a member of the Board Risk Committee.</p>
<p>3. In attendance</p>	<p>Only Committee members and other INEDs have the right to attend.</p> <p>Standing invitations (except when their own remuneration is being discussed)</p> <ul style="list-style-type: none"> - Board Chairman (where not already a formal member of the Committee) - Group Chief Executive Officer (CEO) - Chief People Officer (CPO) - Group General Counsel and Company Secretary <p>Members of Management and any advisers appointed by the Committee may attend any meeting of the Committee by invitation. No invited member may be present or involved in the discussion of his or her remuneration.</p>
<p>4. Secretary</p>	<p>Group Company Secretary or a nominee.</p>
<p>5. Quorum</p>	<p>Two members.</p>
<p>6. Meeting Frequency and format</p>	<p>There shall be a minimum of four Committee meetings a year, and at other times as required (at the request of the Committee Chair, two Committee members, the Board Chair, CEO, or CPO).</p>

	<p>Members may attend a Committee meeting in person, via video or telephone. If required, matters may be approved by written resolution and approved electronically.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the meeting.</p> <p>The Secretary shall ensure that a formal record of Committee proceedings and resolutions is maintained, and the minutes once approved by the Chair, shall be circulated to all Committee members and the Board.</p>
7. Conflict of Interest	Each member of the Committee should consider whether they have any conflicts of interest prior to participating in meetings of the Committee and making decisions regarding the business of the Company.
8. Main Responsibilities	<p>The Committee shall assist the Board in its oversight of remuneration by undertaking the following:</p> <ol style="list-style-type: none"> a) Review and recommend the Group’s overall remuneration policy and as it impacts wider workforce remuneration (“Remuneration Policy”); b) Review and recommend the Directors’ Remuneration Policy (“Approved Policy”); c) Review compliance with the Remuneration Policy and the Approved Policy; d) Recommend the remuneration packages for the Board Chair, the Executive Directors, members of the Executive Committee (ExCo) and to members of senior management as the Committee may consider appropriate from time to time; and e) Review the remuneration approach for any individuals who are identified as relevant staff under any of the regulatory regimes to which the Company or its subsidiaries are subject including the Capital Requirements Directive and Solvency II (Remuneration Regulated Employees).
8.1	<p><i>With the Board Risk Committee:</i></p> <ol style="list-style-type: none"> a) ensure that risk management is properly considered in setting the remuneration policy; b) in respect of the award of and vesting of any long-term incentives and deferred awards, the application of any performance or other adjustments, and malus and/or clawback (including cash awards); and c) promote a risk awareness culture for the Group through the alignment of incentives and rewards with culture.
9. Detailed Responsibilities	<p>These duties are carried out in relation to the Company and, where appropriate, the Group as a whole (including Aviva Investors (“AI”) and Aviva Wrap UK Limited).</p>
9.1	<p>Remuneration Policy and Approved Policy:</p> <ol style="list-style-type: none"> a) <i>recommend the Remuneration Policy to the Board for APPROVAL, considering the agreed terms of the Approved Policy in relation to the Board Chair, Executive Directors, ExCo (including the Chief Executive Officer of AI) and senior management as appropriate;</i> b) <i>assess the Approved Policy and recommend its renewal to the Board at least every three years. The Approved Policy includes, but is not limited to, the individual components of remuneration for directors including pension rights and benefits, variable pay awards,</i>

<p>9.2</p>	<p>malus and clawback, shareholding requirements and relocation and mobility;</p> <p>c) <i>Recommend to the Board that it seek shareholder approval of the Approved Policy upon renewal;</i></p> <p>d) when determining the Approved Policy and the Remuneration Policy, take account of all relevant factors including, where appropriate:</p> <ul style="list-style-type: none"> i. the long-term interests, strategy and risk profile of the Company; ii. the relevant legal and regulatory requirements; iii. the relevant provisions of the UK Corporate Governance Code and any associated guidance for the remuneration of directors of listed companies and those in the financial services sector and those relating to share incentive plans; iv. the requirements of the PRA and FCA Remuneration Codes and other relevant remuneration regulations where applicable; v. requirements deriving from SII; vi. provisions relating to disclosures required for the Directors' Remuneration Report and any Pillar 3 disclosure requirements; vii. the impact on effective risk management; and viii. the pay and conditions and remuneration trends across the Group. <p>e) Ensure compliance with the Approved Policy in accordance with the Companies Act 2006 or seek further shareholder approval for any proposed payments outside the Approved Policy;</p> <p>f) Ensure that remuneration schemes and policies enable the use of discretion to override formulaic outturns, and to exercise independent judgement and discretion when authorising remuneration outcomes, taking into account of Company and individual performance, and wider circumstances;</p> <p>g) <i>With the Board Audit Committee</i>, work with the Finance function to consider any financial implications for the Approved Policy and Remuneration Policy arising from the Group strategy or performance;</p> <p>h) <i>With the Board Risk Committee</i>:</p> <ul style="list-style-type: none"> i. ensure that risk is properly considered in setting the Remuneration Policy and the Approved Policy; ii. ensure that conflicts of interest do not arise and remuneration arrangements are in line with ensuring the ethical behaviour of all employees and do not encourage risk taking which exceeds the Group's risk appetite; and <p>i) regularly assess the appropriateness of the Remuneration Policy and the Approved Policy and ensure reward policies across the Group work:</p> <ul style="list-style-type: none"> i. in an efficient and effective way to deliver the talent requirements of the organisation ensuring there is no reward for failure; ii. to support the strategic objectives of the Group; iii. to promote effective risk management and do not encourage risk-taking that exceeds the Group's risk tolerance limits; and iv. to attract, retain and motivate EDs and senior managers of the required calibre without offering excessive remuneration packages. <p>The Board</p> <ul style="list-style-type: none"> a) following the recommendation from the Board Chair and Executive Directors, <i>recommend the remuneration of the INEDs to the Board for APPROVAL</i>; b) determine the remuneration package of the Board Chair; and c) APPROVE the policy for authorising claims for expenses from the Board Chair, the Group CEO and other directors;
------------	--

<p>9.3</p>	<p>Executive Directors ExCo, and Senior Management</p> <ul style="list-style-type: none"> a) within the terms of the Approved Policy and in consultation with the Chairman of the Board and/or CEO, determine the total individual remuneration package for Executive Directors and the ExCo and other members of senior management, as appropriate; b) <i>make recommendations to the Board for APPROVAL</i> on any termination payments for Executive Directors and ExCo members having regard to the Approved Policy and the overall Group termination policy, the terms of the service contract, the reason for termination and to ensure that any payments are reasonable, failure is not rewarded and the duty to mitigate losses is recognised; c) determine on behalf of the Board and keep under review the shareholding guidelines, including any policies for post-employment shareholding requirements for the Executive Directors; d) monitor and recommend to Management, the level and structure of remuneration for senior management within the agreed overall policy. Review aggregate awards on an annual basis and review and monitor remuneration on an individual basis for employees whose total remuneration exceeds £750,000 per annum; e) assess whether any adjustments to awards (pre or post vesting) should be made in relation to an Executive Director, ExCo member or Remuneration Regulated Employee (including AI) in accordance with the Malus and Clawback Policy; f) assess reports of any adjustments of awards in relation to any senior manager; g) APPROVE any performance related pay schemes approved by shareholders including the total annual payments under these schemes and the application of performance criteria; and h) in determining all of the above, take account of the Group's financial position, future prospects, market practice and other relevant factors.
<p>9.4</p>	<p>Remuneration Regulated Employees:</p> <ul style="list-style-type: none"> a) as required under the Solvency II Directive (SII) and associated guidance, have oversight of the design and implementation of remuneration policies and practices for Remuneration Regulated Employees. This includes (but is not limited to) annual APPROVAL of the Remuneration Policy and general principles for Remuneration Regulated Employees; b) oversee remuneration decisions relating to Remuneration Regulated Employees to ensure they are aligned to the Remuneration Policy. This includes an annual review of departure remuneration arrangements from the Group to ensure that they are designed and operated in a way that does not reward failure; c) assess aggregate awards on an annual basis and monitor remuneration on an individual basis for Remuneration Regulated Employees; and d) annually APPROVE the list of in scope staff in respect of the different regulatory regimes to which the Company and its subsidiaries are subject ensuring that a full record of the assessment criteria and the list is retained for each performance year.
<p>9.5</p>	<p>Others:</p> <ul style="list-style-type: none"> a) assess and APPROVE the Group's reward governance framework and its application; b) APPROVE any exceptional remuneration activity for employees (not Board members) outside the agreed Remuneration Policy. This specifically includes any buy-outs of existing arrangements/guaranteed bonuses for new hires;

<p>9.6</p>	<ul style="list-style-type: none"> c) for AI, APPROVE the reward strategy (including any share and incentive plans or changes to them), approve the total annual bonus pool based on the AI target setting process (or approve any exceptions) and review remuneration details including share and incentive plans of AI “material employees”; d) to help fulfil its obligations, obtain reliable information about remuneration in other companies of comparable size and complexity; e) appoint and agree the terms of reference of independent remuneration consultants to advise the Committee and in doing so, take account of any other relationships such remuneration consultants may have with the Group; f) APPROVE any relevant Group policies relating to remuneration and any material amendments; g) annually APPROVE the Group Remuneration Business Standard; and h) following the review of the talent management programmes (excluding Executive Directors) by the Board Nomination and Governance Committee, and the review of the career and development plans for the senior management, consider any associated remuneration issues, ensuring appropriate reward for performance, and work with the Board Nomination and Governance Committee in this respect. <p>Share Schemes:</p> <ul style="list-style-type: none"> a) <i>assess the design and establishment of all share incentive plans for APPROVAL by the Board and, where appropriate, shareholders including any amendments to existing plans in accordance with the relevant scheme rules;</i> b) for all share and incentive plans including the Long-Term Incentive Plans, Restricted Share Awards, Executive Share Option Plans and Annual Bonus Plans, the Group’s SAYE schemes and Group’s All Employee Share Ownership Plan, to exercise all powers of the Board in relation to their operation. This includes the exercise of discretions on behalf of the Board as permitted under the rules of the plans and any material amendments to the plans not requiring shareholder approval. Any administrative amendments are delegated to management pursuant to the terms of the various plan rules; c) on an annual basis, determining whether awards will be made; the total value of such awards; awards to Executive Directors and members of the ExCo and the performance targets used; d) the assessment of performance against performance targets at the end of the performance period and determining vesting amounts; and e) consult with the Risk Function and Board Risk Committee in respect of the vesting of any long-term incentives and deferred awards, the application of any performance adjustment and clawback (including cash awards).
<p>10. General</p>	<p>The Committee may delegate its duties as appropriate, other than relating to awards of Executive Directors and ExCo members, including:</p> <ul style="list-style-type: none"> a) the treatment of participants under the Group’s share and incentive plans, including “good leavers”; and b) any adjustments to awards (either pre or post vesting). <p>Any such delegations and actions taken thereunder should be reported to the Committee on an annual basis or more frequently as required.</p>

11. Reporting Procedures and Governance

- a) the Committee Chair shall report to the Board as soon as practicable on matters reviewed, making recommendations when requested or appropriate;
- b) The Committee shall produce:
 - i. an annual report of its duties and activities for inclusion in the Company's Annual Report and Accounts;
 - ii. an annual report of how the Company's remuneration policy as it applies to directors has been applied during the year as well as the Committee's duties and activities during the year, and;
 - iii. a policy report in respect of directors' remuneration at least every three years;These will form part of the Company's Annual Report and Accounts and approval will be sought from shareholders as required under the Companies Act 2006. The Committee will ensure that all regulatory disclosure requirements are met.
- c) the Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations and the UK Corporate Governance Code, are fulfilled;
- d) *the Committee shall consider and make recommendations to the Board* concerning disclosures of details of remuneration packages and structures in addition to those required by law, the UK Listing Authority of the London Stock Exchange; and
- e) through the Committee Chair, the Committee should ensure contact is made in respect of remuneration with its principal shareholders
- f) Committee members shall undertake a review of the Committee's performance as part of the annual Board Evaluation process;
- g) The Committee shall review its Terms of Reference annually *making recommendations to the Board for **APPROVAL*** as necessary.