Remuneration Committee report

The Committee assists the Board in its oversight of remuneration policies for directors and the Group ensuring alignment and fairness in decision making

"Remuneration outcomes for the year reflect our strong financial performance and ability to deliver on our 2021 commitments."

Pippa Lambert
Chair of the Remuneration Committee

On behalf of the Remuneration Committee (the Committee), I am pleased to present the Directors' Remuneration Report (DRR), for the year ended 31 December 2021.

The format of the DRR has been refreshed with the use of charts and tables, and is in three parts:

- 'Remuneration at a glance' provides a clear summary of our Remuneration Policy (the Policy), and 2021 performance and outcomes
- The application of the Policy in 2021, the 2021 remuneration outcomes, and how the Policy will be implemented in 2022 are detailed in the 'Annual report on remuneration'
- The Directors' Remuneration Policy

2021 Company performance

Our results show delivery of strong financial performance and demonstrate our ability to deliver on our commitments for stakeholders:

- Growth in the value created in our core markets and in our dividend were seen in the increase in Own Funds Generation (OFG) and cash remittances
- The sales of all previously identified businesses were completed before year-end, enabling us to start share buybacks and give certainty to shareholders on returning capital
- Customer service levels remained strong, although down slightly against 2020; this is reflected in the Relationship Net Promoter Score (RNPS) and Transactional Net Promoter Score (TNPS) outcomes
- Continued improvements in the risk and control environment were evident with a year-on-year increase in Risks inside Tolerance (RIT)
- We were the first major insurance company to set out an ambition to be Net Zero by 2040; taking a leadership position on Environmental, Sustainability and Governance (ESG) issues and are on track to meet this ambition. We have incorporated this strategic ambition in our Long-Term Incentive Plan (LTIP)
- Whilst efforts to drive change across the business saw efficiency improvements, it did cause a degree of uncertainty. This resulted in lower levels of employee engagement, although still higher than the financial services benchmark
- The continued focus on Diversity & Inclusion (D&I) across the whole Group has seen an increase in the proportion of female senior leaders (to 33.7%) and an increase in ethnicity disclosure rates, up to 85.1% from 43.9%

Remuneration outcomes for 2021

Whilst the challenges of COVID-19 continued to be felt across the business, no adjustments to performance measures were made for the 2021 annual bonus or 2019 LTIP awards during the year.

2021 Annual bonus

The Committee determined the final bonus scorecard outcome to be 75.8% of maximum (at 151.6%).

In reaching this decision, the Committee carefully considered Group, business unit and individual performance during 2021, noting that the formulaic outcome against the bonus scorecard, prior to any adjustments, was 151.6%.

The Committee conducted an extensive analysis of the quality of earnings, noting recommendations by the Audit Committee. In addition, the Committee received input from the Risk Committee on the Risk and Control assessment outcomes, and determined that no adjustments were necessary.

During 2021, Amanda Blanc continued to drive a fundamental turnaround of the business. Her outstanding performance included delivery of strong financial performance with growth across all our targeted areas, successful completion of our disposal programme, execution of the Capital Framework, the relaunch of the Aviva brand and our positioning on ESG, and rebuilding the executive team.

As a result, Amanda's annual bonus for 2021 was 88.3% of maximum (at 176.6% of salary).

2019-21 LTIP

As a result of our performance over 2019-21, the 2019 LTIP did not vest. This reflected below threshold performance against both the adjusted operating earnings per share (EPS) and the relative Total Shareholder Return (TSR) targets.

Discretion

No discretion was applied in determining the annual bonus and LTIP vesting outcomes. The Committee agreed that the final remuneration outcomes reflected Group performance over the respective performance periods and was satisfied that the Policy had operated as intended.

Remuneration Committee report continued

Departure of Jason Windsor

As announced, Jason Windsor resigned as Chief Financial Officer (CFO) on 12 January 2022 and his six-month notice period ends in July 2022. During this period, Jason will continue to receive his contractual salary and benefits.

Jason was not eligible for any further awards under the Annual Bonus Plan (ABP) (including for 2021) and LTIP. Deferred awards under the ABP and LTIP will no longer vest and will lapse on departure. Jason will be required to retain his full shareholding requirement for two years following cessation of employment.

Update to LTIP targets

The targets for the 2020 and 2021 LTIP awards were updated to reflect the change in the methodology of Solvency II (SII) Return on Equity (RoE) calculation and the divestment of non-core businesses during the performance period. Further details on SII RoE can be found in the 'Other Information: Alternative Performance Measures' section.

The impact of SII RoE on the targets is + 2% for both awards and of the divestments is -2.5% and -1% for 2020 and 2021 respectively. The new targets are:

Year	2020		2021	
Target	Threshold	Maximum	Threshold	Maximum
Original	11.0%	13.0%	9.0%	11.0%
New	10.5%	12.5%	10.0%	12.0%

The Committee was satisfied that the adjustments were made on a like for like basis.

Shareholder consultation

In addition to the Annual General Meeting (AGM), the Chair and Executive Directors (EDs) meet with institutional shareholders during the year and a shareholder newsletter is published quarterly on aviva.com. Topics raised included Aviva's dividend policy, capital returns, our strategic plan and progress, and climate risk.

Key institutional shareholders were also engaged on the proposal to increase the weighting of non-financial measures in the LTIP from 10% to 20% and minor changes to the ABP measures. Overall, shareholders were supportive of the changes. The final 2022 LTIP and ABP measures are shown in table 19 and reflect the importance of our ambition to be the 'Go to customer brand in the UK' and the increasing magnitude of climate and environmental issues.

I look forward to continued constructive engagement with shareholders this year.

Committee changes during the year

In September 2021, I succeeded Patricia Cross as Chair of the Committee. I would like to thank Patricia, for chairing the Committee so effectively over the past eight years, and the other Committee members, for their support and assistance in helping me discharge my duties as Chair of the Committee. Andrea Blance joined the Committee in February 2022. Andrea brings extensive experience of the financial services industry and an in-depth understanding of customers, risk and regulation.

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 Executive Committee.

Remuneration in 2022

Salary

Amanda will receive a salary increase of 3%, which is in line with other Aviva employees in the UK. Jason will not receive a salary increase.

2022 Annual bonus and 2022-24 LTIP

Award opportunities for 2022:

	Annual bonus		
	Target opportunity	Maximum opportunity	LTIP opportunity
Group CEO	100%	200%	350%

The Committee considers the increased LTIP opportunity will ensure appropriate alignment and incentivisation to deliver the Board's agenda for 2022 and beyond whilst remaining within our Policy. In making this LTIP proposal, the Committee was mindful of the relatively low retention value of Amanda's current deferred awards, given her short tenure and having been internally appointed as Group CEO from a Non-Executive Director (NED) role.

A graphical summary and further details are shown in table 19. The Remuneration Framework will help drive performance against our key financial and non-financial goals.

2022 Focus areas

Ensuring that our remuneration approach, practices and outcomes fully support our strategy is the overarching priority for 2022. This includes transforming performance, our D&I agenda and ESG priorities.

Remuneration has a critical role to play in ensuring we are able to attract, incentivise and retain high performing colleagues; it is our colleagues who will collectively determine our success.

The Committee has to balance the views and priorities of different stakeholders; including colleagues, shareholders, regulators and customers in making decisions. Striking the right balance is key.

Conclusion

Aviva has delivered strong financial results in another challenging year. As a Committee, we have sought to make decisions which effectively drive and support progress, while continuing to align with UK best practice remuneration and governance expectations.

I hope that this report is clear and informative, for you and I look forward to seeing shareholders at the forthcoming AGM.

Pippa Lambert
Chair of the Remuneration Committee
1 March 2022

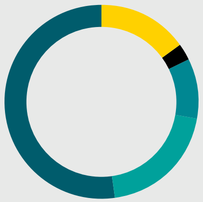
Remuneration at a glance

1. Elements of remuneration

A significant proportion of EDs' remuneration is performance-based, long-term and remains 'at risk' (i.e. subject to malus – forfeiture or reduction before delivery – and clawback – recovery provisions for a period after delivery).

Fixed vs Performance-based
(% weighting)

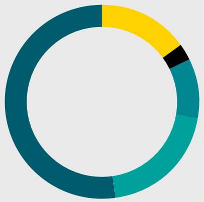
Group CEO



Fixed	**18%**
Salary	15%
Pension and other benefits	3%
Performance-based	**82%**
Bonus-cash	10%
Bonus-deferred	20%
LTIP	52%

Short-term vs long-term
(% weighting)

Group CEO

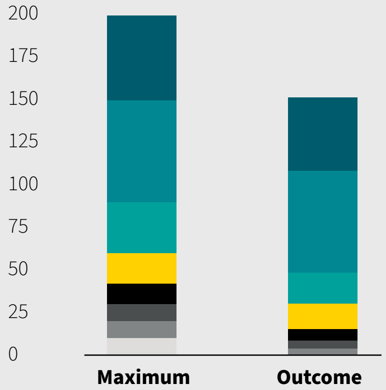


Short-term	**28%**
Salary	15%
Pension and other benefits	3%
Bonus-cash	10%
Long-term	**72%**
Bonus-deferred	20%
LTIP	52%

Based on a payout scenario for the Group Chief Executive Officer (CEO) of a maximum annual bonus award of 200% of salary and full vesting of a LTIP award at 350% of salary

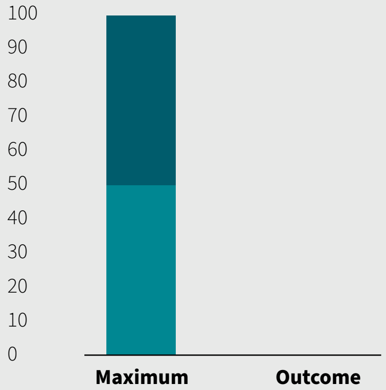
2. 2021 remuneration outcomes

2021 Annual Bonus outcome (%)



	Maximum	Outcome
SII OFG[1]	50.0%	43.0%
Annual cash remittances	60.0%	60.0%
Group adj. operating profit[1]	30.0%	18.5%
% RIT	18.0%	14.9%
Risk Controls quality	12.0%	6.7%
RNPS	10.0%	4.8%
TNPS	10.0%	3.7%
Employee engagement	10.0%	—%
Scorecard outcome[2]	**200.0%**	**151.6%**

2019 – 21 LTIP outcome (%)



	Maximum	Outcome
Operating EPS[3]	50.0%	—%
Relative TSR	50.0%	—%
Total	**100.0%**	**—%**

1 Combined outcome for UK, Ireland, Canada and for Other operations, comprising International investments and discontinued operations
2 ABP Outcome (75.8% of maximum) prior to any individual adjustment
3 Vesting is subject to two gateway hurdles - RoE and SII shareholder cover ratio, both of which were met

Further details are shown in table 2 in the Annual Report on Remuneration

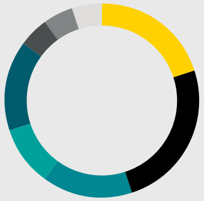
Remuneration at a glance continued

3. Alignment

3.1 With strategy

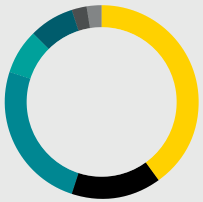
The Committee firmly believes that performance measures used in our incentives should be linked to the Group's Key Performance Indicators (KPIs) and other strategic priorities.

2022 Annual Bonus Plan (% weighting)



Financial	**70%**	**Non-Financial**	**30%**
Operating OFG	20%	Risk balanced scorecard	15%
Annual cash remittances	25%	TNPS	5%
Group adjusted operating profit	15%	MyAviva online experience score	5%
Cumulative cost savings	10%	Employee engagement	5%

2022 LTIP (% weighting)



Financial	**80%**	**Non-Financial**	**20%**
Relative TSR against peer group	40%	Environmental – reduction in carbon intensity of shareholder assets and with-profit funds	7.5%
SII RoE[1]	15%	Customer – RNPS	7.5%
Cumulative cash remittances[1]	25%	D&I in senior leadership roles:	
		– Females	2.5%
		– Ethnically diverse employees	2.5%

1 subject to a SII Shareholder cover ratio.

Annual Bonus & LTIP measure aims

The financial measures in the annual bonus underpin our dividend, measure the value created in the period as well as our profitability, and the non-financial measures complement the delivery of broader strategic goals.

The LTIP measures support delivery of sustained performance and value growth.

3.2 With the wider workforce

	Executive Directors	Executive Committee	Senior Management	Wider Workforce
Salary	Our principle is of pay equity for performing the same, or broadly similar, work, accounting for local market benchmarks and union / collective agreements, where applicable.			
	Salaries are reviewed annually and increases are typically in line with or less than the wider employee population.			Salaries are reviewed annually subject to engagement with employee representatives / unions where applicable. It is important that all colleagues enjoy a reasonable standard of living and we are proud to be both a Living Wage and a Living Hours employer in the UK.
Benefits	Eligible for a range of voluntary benefits and Wellbeing available to all colleagues in respective markets. Colleagues can participate in a share matching plan (Aviva matches two shares for every one bought up to £50 per month) and, in the UK, the Aviva Savings Related Share Option Scheme 2020 (SAYE). UK benefits include 8 times' salary death-in-service. In addition, flexible benefits allow colleagues to add to and/or supplement where Company provisions differ, e.g. private health benefit:			
	Private Medical			Essential health support in lieu of Private Medical.
Pension	Eligible to participate in Aviva's UK defined contribution pension scheme with a 14% contribution (or where applicable receive cash in lieu). Rates in Ireland are 14%, although different rates apply in Canada.			
Bonus *Basis*	Annual performance-related bonus based on Group, business unit (where applicable) and individual performance against goals.			
Deferral	⅔ into shares	½ into shares	⅓ into shares	All paid in cash
Long-Term Incentive	LTIP share awards are subject to strategic performance measures over three years		Eligible for Restricted Share Awards aligned with shareholder interests, long-term Aviva performance and retention of key talent.	Not eligible
	Additional two-year holding period post-vesting applies to EDs.	Additional holding period post-vesting not applicable to Executive Committee (ExCo)		

Remuneration at a glance continued

3.3 With the 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 Remuneration 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

Risk

Our reward structure ensures risk events are reflected in remuneration outcomes through:
- Opinion from Risk on appropriate performance measures and targets; risk, performance management and consequence management inputs are considered before awards are made
- Overarching discretion is retained to adjust formulaic outcomes to properly reflect any risk events
- Deferral of annual bonus (over three years) and LTIP (five years, including an additional two-year holding period), subject to malus and clawback provisions mitigates against future risk
- Our within- and post-employment shareholding guidelines align to the successful delivery of the company's long-term strategy

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

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

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

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

4. Views

Shareholders

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 the development of new proposals. In addition to proposed changes to the ABP & LTIP, shareholders provided feedback on dividend policy, capital returns, our strategic plan and climate risk. The Committee is grateful for their feedback and challenge, as it provided useful context when deliberating on the changes to the ABP and LTIP.

Our colleagues

The Committee has sight of colleague views on remuneration through the colleague opinion survey (Voice of Aviva), input from the People function during Committee meetings, colleague forums and the Evolution Council, chaired by the Board Chair. Specifically for the last two channels:

- The Committee Chair met with Your Forum (a fully elected employee forum representing UK colleagues) in October 2021. Discussion included key priorities for 2022 and how to balance the need for a sustainable Remuneration Framework whilst retaining key talent.
- 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 12. Other considerations include:
  - Changes in remuneration (salary, benefits and bonus) of UK employees compared with that of directors (see table 8);
  - The ratio of CEO pay to that of employees (see tables 11 and 12);
  - Spend on pay compared with, for example operating profit and dividends (see table 13); and
  - Gender and ethnicity pay gaps. We released our UK Pay Gap Report 2021 in February 2022. This was the fifth year that we published our gender pay gap and first time for our ethnicity pay gap. The report also included details of actions we are taking to drive change and close the gap. The report can be found at www.aviva.com/about-us/uk-pay-gap-report.
- Any material changes to benefit and pension provision for colleagues more widely.

Annual report on Remuneration

This section of the report sets out how Aviva has implemented its Policy for EDs during 2021.

This section of the report sets out how Aviva has implemented its Policy for EDs during the course of 2021. 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/about-us/remuneration-committee/ and are also available from the Group General Counsel and Company Secretary.

Committee membership

The members of the Committee are shown below. Pippa Lambert joined the Committee in January 2021 and was appointed as Chair in September.

	Member Since	Years on the Committee
Pippa Lambert[1]	01/01/2021	1
Patricia Cross[2]	01/12/2013	8
Michael Mire	14/05/2015	6
Patrick Flynn	15/06/2020	2

1 Chair from 14 September 2021
2 Chair from 19 February 2014 and stepped down on 14 September 2021

The Committee met 10 times during 2021, of which six were scheduled meetings and four 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 Group 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 Deloitte LLP is a member of the Remuneration Consultants Group and adheres 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 £169,450 and Tapestry Compliance Limited were paid fees totalling £14,000 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.

Committee performance and effectiveness

During 2021, the effectiveness of the Committee was considered alongside the Board evaluation. 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 2021

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
- Refined the measures in the remuneration policy to align with Aviva's overall strategy and ambitions
- Engaged key shareholders on financial and non-financial measures for the 2021 and 2022 annual bonus and the 2021-2023 and 2022-2024 LTIP
- 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, pay decisions and bonus and LTIP target setting

- Determined appropriate levels of discretion to be applied to ED and ExCo remuneration outcomes, taking into account the global pandemic, shareholder experience and the risk and control environment
- Reviewed engagement with shareholders on 2021 annual bonus and LTIP measures, including climate, customer and risk as strategic measures
- Discussed and approved the annual bonus targets for 2021 taking into account expected disposals
- Reviewed and approved the proposed individual remuneration for each member of the ExCo in relation to their performance

Annual Report on Remuneration continued

- Agreed an appropriate approach to remuneration packages for incoming and outgoing ExCo members in line with policy
- Reviewed wider workforce pay and employment terms and conditions
- Concluded its review of 2020 performance:
  - 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 measures 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 2021 LTIP awards
- Approved vesting outcomes for the 2018 LTIP and noted the interim testing for the 2019, 2020 and 2021 awards
- Approved proposed changes to the LTIP and ABP, All Employee Share Ownership Plan (AESOP) and Global Matching Share Plan plan rules ahead of the 2021 AGM
- Reviewed the proposed changes to future LTIP grants
- Reviewed and approved any application of malus and clawback
- Approved the terms of the SAYE, the Aviva Ireland Save as You Earn Scheme, the Ireland Profit Share Scheme, and the invitation terms for eligible employees

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 right.

Reward Governance Framework

Terms of reference, policies and guidelines

Terms of Reference	**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		
	Subsidiary board remuneration committee terms of reference Sets out the subsidiary remuneration committee's scope and responsibilities		
Overarching policy	**Aviva Remuneration Policy** Approved by the Committee, applies to all employees in entities within Aviva Group	**Director's Remuneration Policy** Approved by shareholders, applies to directors of Aviva Group plc	
Supporting policies	**Identification of remuneration regulated employees**	**Variable pay and risk adjustment** (includes bonus, LTIPs, buy-out, retention, recognition awards and funding)	**Malus and clawback**
Internal guidelines and non-Remuneration Committee approved policies (examples)	**Benchmarking**	**Bonus deferral**	**Buyouts and guarantees**
	Global mobility	**Retention awards**	**Specialist incentive schemes**

Control and assurance

Remuneration business standard Assurance framework to attest reward operations are conducted within the Global Remuneration Policy, Directors' Remuneration Policy and supporting policies	**Reward Approvals framework** Approval requirements to ensure Reward operations are conducted within the Global Remuneration Policy, Directors' Remuneration Policy and supporting policies

Key

Element of the Reward Governance Framework managed as part of the business of the Committee

Element of the Reward Governance Framework managed mainly under delegated authority from the Committee

Annual Report on Remuneration continued

Single total figures of remuneration for 2021

The table below sets out the total remuneration for 2021 and 2020 for each of our EDs.

Table 1 Total 2021 remuneration – Executive Directors (audited information)

	Executive Directors				Total emoluments of Executive Directors[8]	
	Amanda Blanc[6]		Jason Windsor[7]			
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Basic Salary[1]	**1,000**	489	**675**	675	**1,675**	1,164
Benefits[2]	**121**	78	**7**	42	**128**	120
Pension[3]	**123**	51	**83**	83	**206**	134
Total Fixed Pay	**1,244**	618	**765**	800	**2,009**	1,418
Annual bonus[4]	**1,766**	587	**—**	675	**1,766**	1,262
LTIP[5]	**—**	—	**—**	—	**—**	—
Total Variable Pay	**1,766**	587	**—**	675	**1,766**	1,262
Total	**3,010**	1,205	**765**	1,475	**3,775**	2,680

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. All numbers disclosed include the tax charged on the benefits, where applicable. Amanda's benefits include the balance of her taxable relocation assistance (£48,000), car benefits (£54,000) and subscriptions (£9,000).
3 Pension contributions consist of employer defined contribution benefits, excluding salary exchange contributions made by the employees, plus cash payments in lieu of pension. Amanda and Jason received cash payments totalling 12.34% of basic salary (pension contribution of 14% which is reduced for the effect of employers' National Insurance contributions when paid as cash). No ED has a 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 share 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. No discretion was exercised in determining the 2021 annual bonus outturn.
5 The nil LTIP amount reflects the fact that neither Amanda nor Jason received an LTIP award in 2019, which had a three-year performance period ending 31 December 2021. 0% of the award will vest in March 2022
6 Amanda was appointed as Group CEO on 6 July 2020; the figures for 2020 reflect the period since her appointment
7 Deferred awards under the ABP and LTIP will no longer vest and will lapse on departure
8 Year-on-year increase is primarily due to 2020 figures only reflecting part-year remuneration for Amanda

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.

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.

Annual Report on Remuneration continued

2021 Annual bonus outcomes

The chart below summarises how our annual bonus operates for 2021.

Step I – Bonus scorecard

Financial measures

- **15% IFRS Operating Profit**
- **30% Cash remittances**
- **25% SII OCG**

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

Strategic measures

- **5% RNPS**
- **5% TNPS**
- **5% Employee engagement**
- **9% RIT[1]**
- **6% Risk controls quality[1]**

Performance is assessed against defined minimum, target and maximum targets

1 A risk and control assessment is conducted to capture any wider considerations and may result in an adjustment to the scorecard outcome.

Step II – Individual performance

The bonus scorecard outcome coming out of step I 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 EDs, as applicable.

Table 2 2021 performance against bonus scorecard for Executive Directors' bonuses (audited information)

Measure	Weighting	Minimum[1] (50%)	Target[1] (100%)	Maximum[1] (200%)	Actual	Outcome
Financial measures (70% of total)						
Adjusted operating profit - UK, Ireland & Canada	10.0%	£1,383m	£1,496m	£1,608m	**£1,540m**	**14.0%**
Adjusted operating profit - Other operations[2]	5.0%	£680m	£735m	£790m	**£725m**	**4.5%**
Cash remittances - UK, Ireland & Canada	30.0%	£1,415m	£1,530m	£1,645m	**£1,651m**	**60.0%**
SII OFG - UK, Ireland & Canada[3]	20.0%	£784m	£848m	£912m	**£1,082m**	**40.0%**
SII OFG - Other operations[3]	5.0%	£516m	£558m	£600m	**£525m**	**3.0%**
Total financial measures	70.0%					**121.5%**
Strategic measures (30% of total)						
RNPS[4]	5.0%	6.0	11.0	16.0	**10.6**	**4.8%**
TNPS	5.0%	41.0	44.0	47.0	**42.5**	**3.7%**
Employee engagement	5.0%	76.0%	80.0%	83.0%	**72%**	**0.0%**
RIT[5]	9.0%	94.0%	96.0%	98.0%	**97.3%**	**14.9%**
Risk controls quality[5]						
% Overdue internal audit	1.5%	6.0%	3.0%	—%	**3.5%**	**1.4%**
% Overdue non-internal audit issues	1.5%	15.0%	5.0%	—%	**14.6%**	**0.8%**
% Ineffective controls from quality assurance testing	3.0%	15.0%	5.0%	—%	**2.4%**	**4.5%**
Total strategic measures	30.0%					**30.1%**
Scorecard outcome	100.0%					**151.6%**

1 Targets take into account planned divestments and expected lower contribution from management actions & other
2 Other operations include international investments and discontinued operations
3 Total SII OFG is net of £38m preference share interest costs
4 RNPS on a relative basis
5 Input received from the Risk Committee indicated improvements made from the prior year in strengthening risk and control in core markets. The Committee determined that no adjustment to the bonus scorecard was required

Annual Report on Remuneration continued

Step II – Individual performance

The Committee assessed Amanda on her individual performance in the year which is set out below. As a result of his resignation, Jason Windsor was not eligible for an annual bonus in respect of 2021.

Amanda Blanc

The Aviva Group had a strong year under Amanda's leadership building on her first six months in 2020. Key achievements include:

- Delivery of strong and broad financial performance with robust growth across targeted areas (£10 billion net flows in S&R, record Commercial Lines growth, £6.2 billion of BPA volumes) and solid underlying performance across continuing operations with progress towards efficiency targets
- Completion of our divestment programme at pace with the sale of businesses in continental Europe (France, Poland, and the remaining Italian businesses) and Asia (Vietnam)
- Successful completion of the disposals has allowed the commencement of £1 billion share buyback and the announcement of a total capital return of £4.75 billion to shareholders
- £1.9 billion debt reduction delivered in the year, bringing the debt leverage ratio below 30%
- Gained support from investor community for Group strategy
- Driven Aviva's leadership position on ESG, including announcement on Net Zero ambition by 2040, leading two key workstreams at COP26, Women in Finance Champion
- Delivered step change in Risk & Control Environment and improved relationship with principal regulators
- Continued to build senior leadership team, through appointments of Chief Customer & Marketing Officer, and Chief Information Officer, to deliver strategy

The Committee carefully considered Amanda's performance and details of the individual adjustments are reflected in table 3.

Table 3 2021 bonus outcomes for Executive Directors[1]

	Amanda Blanc
Bonus scorecard (0% – 200%)	151.6%
Committee discretion	-%
Sub total	**151.6%**
Individual adjustment	25.0%
Final outcome	**176.6%**
Target opportunity (% of salary)	100.0%
Maximum opportunity for 2021[1] (% of salary)	200.0%
Final bonus outcomes	
% of salary[2]	**176.6%**
% of maximum	**88.3%**
£ amount	**£1,766,000**

1 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)

2 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.

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, the Committee is of the view that these outcomes appropriately reflect the overall performance of Aviva during the year and align with the experience of shareholders and no discretion was exercised.

Annual Report on Remuneration continued

2019 LTIP vesting in respect of performance period 2019-2021

The Operating EPS and TSR outcome for the 2019 LTIP are detailed in the table below. 0% of the award will vest in March 2022. No discretion regarding the vesting outcome of the 2019 LTIP was exercised by the Committee.

Table 4 2019 LTIP award – performance conditions

Metric and Weighting	Actual	Threshold (10% vest)	Maximum (100% vest)	Vesting (% of maximum)
Operating EPS – 50%	Actual (7.9)%	4.0% p.a.	10.0% p.a.	0.0%
Relative TSR[1] Performance – 50%	Actual 10th of 14	Median	Upper quintile and above	0.0%

1 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 – 2021 remuneration decisions

The Committee discussed those items that impacted the overall results in 2021 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 5 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	27 May 2021	LTIP	300%	£3,000,000	20%	100%	31 Dec 2023	22 Mar 2026
	27 May 2021	ABP	39%	£391,304	N/A			22 Mar 2024
Jason Windsor[3]	27 May 2021	LTIP	225%	£1,518,750	20%	100%	31 Dec 2023	22 Mar 2026
	27 May 2021	ABP	67%	£450,000	N/A			22 Mar 2024

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 two-thirds of the 2020 bonus which is deferred into shares and vests in three equal annual 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 27 May 2021 have 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 date of the main grant for other employees, 22 March 2021, of 395.00 pence
3 Deferred awards under the ABP and LTIP will no longer vest and will lapse on departure

Targets for LTIP awards made in 2021

Three-year targets are set annually within the context of the Company's strategic plan. The 2021 targets are provided below.

Table 6 2021 LTIP performance targets (audited information)

Measure and weighting	Vesting: Below threshold 0%	Threshold 20%	20-100%	Maximum 100%	Above maximum 100%
SII RoE[1,2] – 22.5%		10%		12%	
Cumulative Cash Remittances[1] – 22.5%		£5.1bn		£5.6bn	
TSR[3] – 45%		Median		Upper Quintile	
Reduction in CO_2 intensity of shareholder assets[4] – 5%		10%		15%	
Females in senior leadership roles[5] – 2.5%		36%		40%	
Ethnically diverse employees in senior leadership roles[6] – 2.5%		7.50%		12.50%	

1 Any vesting of the SII RoE and Cumulative Cash Remittances elements of the LTIP are subject to a SII shareholder cover ratio that meets or exceeds the minimum of the stated working range (in 2021, this was 160% to 180%)
2 Threshold and Maximum target range adjusted to reflect the change in the methodology of SII RoE calculation and the divestment of non-core businesses during the performance period
3 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 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.
4 Reduction in CO_2 intensity of shareholder assets over the three-year performance period is aligned to Aviva Group's target of being Net Zero by 2040.
5 Calculated as the percentage of colleagues in senior leadership roles in the UK, Ireland, Canada and Group functions who identify as female
6 Calculated as the percentage of colleagues in senior leadership roles in the UK who identify their ethnicity as anything other than 'white'

Payments to past directors (audited information)

There were no payments made to past directors during the year.

Payments for loss of office (audited information)

There were no payments for loss of office made during the year.

Jason Windsor resigned as CFO on 12 January 2022 and his six-month notice period ends in July 2022.

- During this period, Jason will continue to receive his contractual salary and benefits, which are expected to be £408,000 for the time employed during 2022.
- Jason was not eligible for further awards under the ABP (including for 2021) and LTIP. Following his resignation, and in line with the relevant plan rules, deferred awards under the ABP and LTIP will no longer vest and will formally lapse on departure. Jason will be required to hold his full shareholding requirement for two years following cessation of employment.

Annual Report on Remuneration continued

Table 7 Total 2021 remuneration for Non-Executive Directors (audited information)

The table below sets out the total remuneration earned by each NED who served during 2021 for Group-related activities.

	Fees		Benefits[1]		Aviva plc total		Subsidiaries fees		Group total	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Chair										
George Culmer[2]	**550**	392	**8**	5	**558**	397	**—**	—	**558**	397
NEDs										
Patricia Cross[3]	**141**	141	**—**	—	**141**	141	**—**	60	**141**	201
Patrick Flynn	**210**	171	**1**	2	**211**	173	**—**	—	**211**	173
Belén Romana García	**175**	165	**—**	8	**175**	173	**—**	44	**175**	217
Shonaid Jemmett-Page[2]	**3**	—	**—**	—	**3**	—	**—**	—	**3**	—
Mohit Joshi[2]	**105**	9	**1**	—	**106**	9	**—**	—	**106**	9
Pippa Lambert[2]	**124**	—	**—**	—	**124**	—	**—**	—	**124**	—
Jim McConville[2]	**170**	15	**1**	—	**171**	15	**—**	—	**171**	15
Michael Mire	**135**	128	**1**	1	**136**	129	**—**	—	**136**	129
Martin Strobel[2]	**23**	—	**—**	—	**23**	—	**—**	—	**23**	—
Total emoluments of NEDs	**1,636**	1,021	**12**	16	**1,648**	1,037	**—**	104	**1,648**	1,141

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 was appointed as Chair on 27 May 2020, Mohit and Jim were appointed to the Board on 1 December 2020, Pippa on 1 January 2021, Martin on 22 October 2021 and Shonaid on 20 December 2021
3 Patricia stepped down from the board of Aviva Investors Holdings Limited on 31 December 2020

The Aviva plc total amount paid to NEDs in 2021 was £1,648,000 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, no NEDs were appointed as directors of subsidiary companies.

Percentage change in remuneration of the Directors

Table 8 sets out the change 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 8 Percentage change in remuneration of the Directors

	2020-21			2019-20		
	Salary/Fees	**Bonus**	**Benefits[6]**	Salary/Fees	Bonus	Benefits
Group CEO[1]						
Amanda Blanc	**0.0%**	**47.2%**	**(23.9)%**	—	—	—
CFO[1]						
Jason Windsor	**0.0%**	**(100.0)%**	**(82.6)%**	0.0%	(0.6)%	11.1%
Chair[1]						
George Culmer	**0.0%**	**—**	**57.7%**	263.6%	—	(26.3)%
Non-Executive Directors[2]						
Patricia Cross	**(0.2)%**	**—**		10.4%	—	—%
Patrick Flynn[1,3]	**5.0%**	**—**	**(75.0)%**	44.8%	—	(39.4)%
Belén Romana García	**6.1%**	**—**	**(98.0)%**	18.9%	—	(47.9)%
Shonaid Jemmett-Page[4]	**—**	**—**	**—**	—	—	—
Mohit Joshi[1]	**0.0%**	**—**	**—**	—	—	—
Pippa Lambert[4]	**—**	**—**	**—**	—	—	—
Jim McConville[1]	**0.0%**	**—**	**—**	—	—	—
Michael Mire	**4.9%**	**—**	**10.5%**	9.6%	—%	(82.8)%
Martin Strobel[4]	**—**	**—**	**—**	—	—	—
All UK-based employees[5]	**3.8%**	**47.4%**	**34.8%**	3.3%	0.5%	10.7%

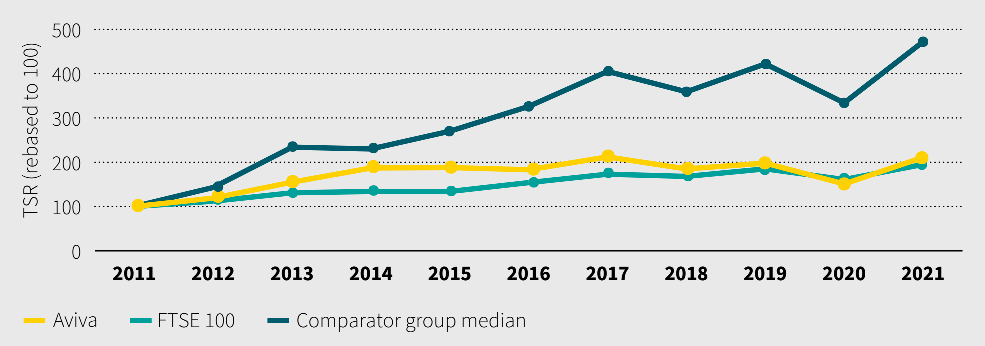
1 Salary/fees, annual bonus and benefit amounts for the EDs, the Chair and Patrick, Mohit and Jim have been annualised where applicable to reflect what they would have been over a full 12-month period to aid comparison. The decrease in benefits for EDs reflects lower relocation and taxable travel and subsistence
2 The increase in fee levels for NEDs are mainly driven by increases in fees effective July 2020, as set out in table 18
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 Pippa was appointed to the Board on 1 January 2021, Martin on 22 October 2021 and Shonaid on 20 December 2021 therefore no comparisons are available
5 The increase in taxable benefits for UK based employees has been mainly driven by the one-off recognition of colleagues for their hard work during the pandemic and an increase in the cost of private medical insurance. Without these items, benefits would have increased by 8.4% reflecting greater use of our online recognition platform.
6 The reduction in benefits for NEDs compared to 2020 is largely reflective of reduced taxable travel and subsistence costs due to the pandemic continuing into 2021

Annual Report on Remuneration continued

Historical TSR performance and Group CEO remuneration outcomes

The table below 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 2021 LTIP comparator group for TSR purposes are listed below table 6.

Table 9 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 10 Historical Group CEO remuneration outcomes

	Group CEO	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Annual bonus payout (as a % of maximum opportunity)	Amanda Blanc[1]	—	—	—	—	—	—	—	—	60.0%	**88.3%**
	Maurice Tulloch[2]	—	—	—	—	—	—	—	48.1%	0.0%	**—**
	Mark Wilson[3]	—	75.0%	86.7%	91.0%	91.0%	94.0%	42.0%	—	—	**—**
	Andrew Moss[4]	—	—	—	—	—	—	—	—	—	**—**
LTIP vesting (as a % of maximum opportunity)	Amanda Blanc	—	—	—	—	—	—	—	—	—	**—**
	Maurice Tulloch	—	—	—	—	—	—	—	50.0%	0.0%	**—**
	Mark Wilson	—	—	—	53.0%	41.3%	36.9%	—	—	—	**—**
	Andrew Moss	—	—	—	—	—	—	—	—	—	**—**
Group CEO single figure of remuneration (£000)	Amanda Blanc	—	—	—	—	—	—	—	—	1,205	**3,010**
	Maurice Tulloch	—	—	—	—	—	—	—	2,352	1,030	**—**
	Mark Wilson	—	2,615	2,600	5,438	4,523	4,318	1,836	—	—	**—**
	Andrew Moss	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

Annual Report on Remuneration continued

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, bonus, pension, and value received from incentive plans.

Table 11 CEO Pay ratio table

Year	Method	P25 (lower quartile)	P50(median)	P75 (upper quartile)
2021	**Option A**	**102:1**	**70:1**	**42:1**
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 ratio for 2020, the single figure for both Amanda and Maurice Tulloch in respect of their services as Group CEO were aggregated
- In 2019, the single figure for Maurice was aggregated with the pro-rata fees for Sir Adrian Montague as Executive Chairman
- The P25, P50 and P75 employees were calculated based on full-time equivalent data as at 31 December of the relevant years
- Out of the three alternatives available for calculating the ratio, we chose to use Option A as it is considered to be the most accurate way of identifying employees at P25, P50 and P75, and is aligned with 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 increase in the ratio reflects the fact that Amanda was Group CEO for the whole of 2021 and consequently received a full-year bonus, compared to a pro-rated bonus in 2020 and Maurice Tulloch did not receive a bonus for the period that he was CEO in 2020.

Although the CEO pay ratio has increased, the salary and total remuneration for each quartile employee has increased. This reflects the salary increases and salary progression in place for frontline colleagues and higher bonuses for 2021 across the wider population.

Table 12 provides further information on the total remuneration figure for each quartile employee, and the salary component within this.

Table 12 Salary and total remuneration used in the CEO pay ratio calculations

Year	Pay element	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
	Salary	£23,785	£34,529	£54,383
2021	Total remuneration	£29,406	£42,836	£71,952

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.

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 and a Living Hours employer since October 2020. We have recently increased minimum salary levels so that all colleagues can continue to receive the real Living Wage, whilst fully participating in pension arrangements in the most tax effective manner.
- 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 65% participating in the SAYE and over 75% in the AESOP.

Annual Report on Remuneration continued

Relative importance of spend on pay

Table 13 outlines Group adjusted operating profit, dividends paid to shareholders and share buybacks, 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 13 Relative importance of spend on pay

	2021 £m	2020 £m	% change between 2020 – 2021
Group adjusted operating profit	**2,265**	3,161	(28)%
Ordinary dividends paid to shareholders	**1,110**	236	370%
Share buybacks[1]	**663**	—	100%
Total staff costs[2]	**1,580**	1,542	2%

1 On 12 August 2021, the Group announced a share buyback of ordinary shares for an aggregate purchase price of up to £750 million. On 16 December 2021 Aviva announced the increase and extension of the share buyback programme to £1 billion. In the year ended 31 December 2021, £663 million of shares had been purchased and shares with a nominal value of £42 million have been cancelled, giving rise to an additional capital redemption reserve of an equivalent amount. See note 32 for further details
2 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 22,312 (2020: 22,905)

Statement of directors' shareholdings and share interests

EDs share ownership requirements

Under our Shareholding Policy applicable to 2021, 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 225% 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. This is at the same level as the current (within employment) guideline. The Committee retains 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 the ability to enforce the post-cessation guidelines in practice and helps with the enforcement of malus and clawback

Table 14 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	1,401,414	99,064	—	—	300	145%	No
Jason Windsor[6]	584,799	1,047,702	272,681	6,338	—	225	356%	Yes

1 Directors' beneficial holdings in the ordinary shares of the Company. This information includes holdings of any connected persons
2 Awards granted under the Aviva LTIPs which vest only if the performance conditions are achieved
3 Awards arising through the ABP. Under this plan, some of the earned bonuses are paid in the form of conditional shares which are deferred for three years and released in three equal annual tranches. 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 16.
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 2021 of 410.4 pence. The closing middle-market price of an ordinary share of the Company during the year ranged from 325.2 pence to 426.2 pence.
6 Deferred awards under the ABP and LTIP will no longer vest and will lapse on departure

There were no changes to the EDs interests in Aviva shares during the period 1 January 2022 to 1 March 2022.

Table 15 Non-Executive Directors' shareholdings[1] (audited information)

	1 January 2021	31 December 2021
George Culmer	31,276	130,922
Patricia Cross	31,192	32,903
Patrick Flynn	—	10,000
Belén Romana García	19,418	27,509
Shonaid Jemmett-Page	—	—
Mohit Joshi	—	7,618
Pippa Lambert	—	2,903
Jim McConville	—	18,667
Michael Mire	50,000	50,000
Martin Strobel	—	40,000

1 This information includes holdings of any connected persons

There were no changes to the NEDs interests in Aviva shares during the period 1 January 2022 to 1 March 2022.

Annual Report on Remuneration continued

Share awards and share options

Details of the EDs who were in office for any part of the 2021 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 the table below. EDs are eligible to participate in the Company's broad-based employee share plans on the same basis as other eligible employees. Details of awards and options granted to EDs under these plans are also included in tables 1, 5 and 14 (and SAYE options are included in table 16). More information around HMRC tax-advantaged plans can also be found in note 33. 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 16 LTIP, ABP and options over Aviva shares (audited information)

	At 1 January 2021 (number)	Options/awards granted during year[1] (number)	Options/awards exercised/vesting during year (number)	Options/awards lapsing during year (number)	At 31 December 2021 (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
Amanda Blanc									
LTIP[3,4]									
2020	641,921	—	—	—	641,921	297.50	—	—	Mar-23
2021	—	759,493	—	—	759,493	412.50	—	—	Mar-24
ABP									
2021	—	99,064	—	—	99,064	412.50	—	—	Mar-24
Jason Windsor[8]									
LTIP[3,4]									
2018[5]	83,333	—	99,020[7]	—	—	494.10	—	401.20	Mar-21
2019[5]	73,634	—	—	—	73,634	409.00	—	—	Mar-22
2020	663,209	—	—	—	663,209	211.00	—	—	Mar-23
2021	—	384,493	—	—	384,493	412.50	—	—	Mar-24
ABP									
2018	11,111	—	13,202[7]	—	—	494.10	—	401.20	Mar-21
2019	21,540	—	12,094[7]	—	10,770	409.00	—	401.20	Mar-22
2020	127,684	—	44,387[7]	—	85,123	211.00	—	401.20	Mar-23
2021	—	113,924		—	113,924	412.50	—		Mar-24
SAYE[6]							—		
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 £5.4 million (2020: £6.8 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 2018: 504 pence, 2019: 421 pence, 2020: 229 pence and 2021: 395 pence.
3 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. For the 2021 LTIP, the TSR comparator group is: Aegon, Allianz, Axa, Direct Line, Generali, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix and Zurich.
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 will be forfeited when he leaves service.
6 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.
7 The shares comprised in these vested awards include shares issued in lieu of dividends accrued during the deferral period
8 Deferred awards under the ABP and LTIP will no longer vest and will lapse on departure. Any options under the SAYE will also lapse

Annual Report on Remuneration continued

Dilution

Awards granted under Aviva employee share plans are primarily satisfied through shares purchased in the market. Shares are held in employee trusts, details of which are set out in note 34.

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 3.13% and 1.27% respectively on 31 December 2021.

Governance Regulatory Remuneration Code

In 2021 Aviva Investors Global Services Limited and a number of small 'firms' (as defined by the FCA) within the UK Life Insurance business were subject to the Capital Requirements Directive IV (CRD IV), the FCA Remuneration Code (SYSC 19A) and the Markets in Financial Instruments Directive II (MiFID II). From 1 January 2022 these firms became subject to the Investment Firms Prudential Regime (IFPR) instead.

Additionally, Aviva Investors UK Funds Services Ltd is subject to the Alternative Investment Fund Management Directive (AIFMD) and the Undertakings for Collective Investments in Transferable Securities (UCITS V) directive.

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. For CRD IV requirements the most recent Aviva Investors disclosure can be found in Section 5 of the Pillar 3 Disclosure available at www.avivainvestors.com/en-gb/capabilities/regulatory/ and a link to the disclosure for the UK Insurance firms can be found at www.aviva.com/about-us/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 is approved annually by the Group Remuneration Committee.

The SII reporting requirements for the year ended 31 December 2021 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.

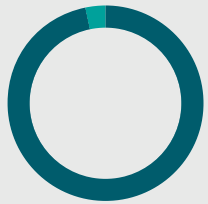
Statement of voting at AGM

The result of the shareholder vote at the Company's 2021 AGM in respect of the 2020 Directors' Remuneration report is set out in table 17. The Committee was pleased with the level of support received from shareholders for the resolution.

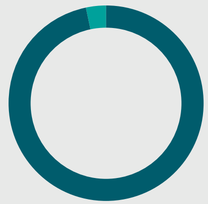
Table 17 Results of votes at 2021 AGM

	Percentage of votes cast		Number of votes cast		
	For	Against	For	Against	Votes withheld
Directors' Remuneration Policy	96.93%	3.07%	2,374,520,911	75,190,042	2,529,266
Directors' Remuneration Report	96.73%	3.27%	2,366,743,575	79,935,463	5,559,198

Directors' Remuneration Policy



Directors' Remuneration Report



Approach to NED fees for 2021

NED fees are reviewed annually and were last increased with effect from 1 July 2020, the first such increase since 1 April 2014.

Table 18 Non-Executive Directors' fees

Role	Fee from 1 January 2022	Fee from 1 January 2021
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	£55,000
Customer, Conduct and Reputation	£45,000	£45,000[2]
Remuneration	£45,000	£45,000[2]
Risk	£55,000	£55,000
Committee membership:		
Audit	£20,000	£20,000
Customer, Conduct and Reputation	£15,000	£15,000
Nomination and Governance	£10,000	£10,000
Remuneration	£15,000	£15,000
Risk	£20,000	£20,000

1 Inclusive of Board membership fee and any committee membership fees, and committee chair of the Nomination and Governance Committee
2 The fees for the Chair of the Customer, Conduct and Reputation Committee and the Remuneration Committee were incorrectly stated as £40,000 in last year's report

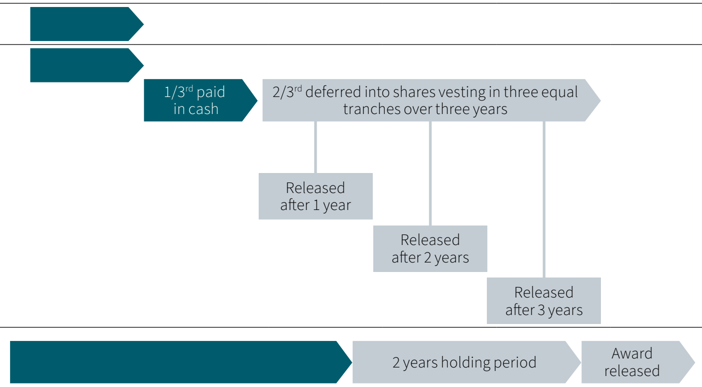
Annual Report on Remuneration continued

Table 19 Implementation of Policy in 2022

The implementation of the Policy will be consistent with that outlined in table 20.

Key Element

Phasing 2022 2023 2024 2025 2026 2027 — **Implementation in 2022**



Salary[1]

- Group CEO – £1,030,000 per annum
- CFO – £675,000 per annum

Annual Bonus[2]

- Group CEO – 200% of salary
- One-year performance assessed against financial and non-financial performance measures
  - Financial measures (70% of total)
    - 15% – Group adjusted operating profit
    - 25% – Annual cash remittances
    - 20% – SII OFG
    - 10% – Cost reduction
  - Non-financial strategic measures (30% of total)
    - 15% – Risk scorecard
    - 5% – TNPS
    - 5% – MyAviva online experience score
    - 5% – Employee engagement
- 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
- Personal performance during the year will be taken into account

LTIP

- Group CEO – 350% of salary
- Performance assessed over three years against financial (80%) and non-financial (20%) performance measures

Performance measures

- 15% – SII ROE subject to a SII shareholder cover ratio
- 25% – Cumulative cash remittances, subject to a SII shareholder cover ratio
- 40% – relative TSR against a comparator group[3]
- 20% – Environmental, customer and diversity and inclusion measures

For 2022 awards, the SII shareholder cover ratio is to meet or exceed the minimum of the stated working range (currently 160% to 180%).

LTIP measures and weightings

Measure and weighting (Vesting)	Below threshold 0%	Threshold 20%	20-100%	Maximum 100%	Above maximum 100%
SII RoE – 15.0%		11.0%		13.0%	
Cumulative Cash Remittances – 25.0%		£5.3bn		£5.8bn	
TSR – 40.0%		Median		Upper Quintile	
Reduction in CO_2 intensity of shareholders' assets and with-profit funds – 7.5%		25.0%		27.5%	
RNPS – 7.5%		11.0		14.0	
Females in senior leadership roles[4] – 2.5%		37.0%		40.0%	
Ethnically diverse employees in senior leadership roles[5] – 2.5%		10.0%		13.0%	

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 Group CEO's salary will be effective from 1 April 2022 and there is no change in the CFO's salary
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 2022 DRR
3 2021 LTIP Comparator Group: Admiral, Allianz, Axa, Direct Line Group, Hargreaves Lansdown, Hiscox, Intact, Legal & General, Lloyds Banking Group, M&G, Phoenix, Quilter and Zurich Insurance Group
4 Senior leadership in the UK, Ireland, Canada and Group Functions
5 Senior leadership in the UK

Approval by the Board

This Directors' Remuneration report was reviewed and approved by the Board on 1 March 2022.

Pippa Lambert
Chair, Remuneration Committee

Directors' Remuneration Policy

Our Remuneration Policy was approved by shareholders at our AGM on 6 May 2021 and will apply for a period of up to three years.

The full and definitive Policy is set out in our 2020 Annual report and accounts, which can be found on our website at www.aviva.com/reports/

Although reproduced here for convenience, the 2021 Policy is our formally approved Policy and should be consulted where required. Please note the updates to the scenario charts to reflect 2022 remuneration arrangements for our EDs, as well as appointment end dates for NEDs.

Alignment of Group strategy with executive remuneration

The Committee considers that alignment between Group strategy and ED remuneration is critical. The Policy provides market competitive remuneration, and incentivises EDs to achieve the annual business plan and the Group's longer-term strategic objectives. Significant levels of deferral and shareholding requirements align EDs' interests with those of shareholders and aid retention of key personnel. 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 20 provides an overview of the Policy for EDs. The Policy for NEDs is in table 22.

Table 20 Key aspects of the Remuneration Policy for Executive Directors

Element		
Basic salary	**Purpose** To provide core market related pay to attract and retain the required level of talent. **Operation** Annual review, with changes normally taking effect from 1 April each year. The review is informed by: • Individual and business performance • Levels of increase for the broader employee population • Relevant pay data including market practice among relevant FTSE listed companies of comparable size to Aviva in terms of market capitalisation, large European and global insurers, and UK financial services companies	**Maximum opportunity** There is no maximum increase within the Policy. However, basic salary increases take account of the average basic salary increase awarded to the broader employee population. Different levels of increase may be agreed in certain circumstances at the Committee's discretion, such as: • An increase in job scope and responsibility • Development of the individual in the role • A significant increase in the size, value or complexity of the Group **Assessment of performance** Any movement in basic salary takes account of the performance of the individual and the Group.
Annual bonus	**Purpose** To reward EDs for achievement against the Company's strategic objectives and for demonstrating the Aviva values and behaviours. Deferral provides alignment with shareholder interests and aids retention of key personnel. **Operation** Awards are based on performance in the year. Targets are 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 measures. Threshold performance against a single measure 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.

Directors' Remuneration Policy continued

Element		

Long-term incentive plan	**Purpose**
	To reward EDs for achievement against the Company's longer-term objectives; to align EDs' interests with those of shareholders and to aid the retention of key personnel and to encourage focus on long-term growth in enterprise value.
	Operation
	Shares are awarded annually which vest dependent on the achievement of performance conditions. Vesting is subject to an assessment of quality of earnings, the stewardship of capital and risk review.
	Performance period
	Three years. Additional shares are awarded at vesting in lieu of dividends on any shares which vest.
	Additional holding period
	Two years.
	Malus and clawback
	Awards are subject to malus and clawback. Details of when these may be applied are set out in the notes below.
		Maximum opportunity
		350% of basic salary.
		Performance measures
		Awards will vest based on a combination of financial, TSR and strategic performance measures. The Policy provides for a minimum aggregate weighting of 80% for financial measures and TSR and for up to 20% to be based on strategic performance measures. We would engage with shareholders before changing measures or weighting in future years.
		For the 2022 awards the measures and weightings will be:
		• 15% Solvency II RoE
		• 25% Cumulative cash remittances
		• 40% TSR against a comparator group
		• 20% Non-financial measures
		  • 7.5% Environment
		  • 7.5% Customer
		  • 5% D&I
		Vesting at threshold
		Threshold vesting for all measures is 20%.
		Discretion
		See notes to this table.

Pension	**Purpose** To give a market competitive level of provision for post-retirement income. **Operation** EDs are eligible to participate in a defined contribution plan up to the annual limit. Any amounts above annual or lifetime limits are paid in cash.	**Maximum opportunity** If suitable employee contributions are made, the Company contributes 14% of basic salary for all EDs, aligned to the rate available to the majority of the UK workforce.

Element		
Benefits	**Purpose** To provide EDs with a suitable but reasonable package of benefits as part of a competitive remuneration package. This involves both core executive benefits, and the opportunity to participate in flexible benefits programmes offered by the Company (via salary sacrifice). This enables us to attract and retain the right level of talent necessary to deliver the Company's strategy. **Operation** Benefits are provided on a market related basis. The Company reserves the right to deliver benefits to EDs depending on their individual circumstances, which may include a cash car allowance, life insurance, private medical insurance and access to a company car and driver for business use. In the case of non-UK executives, the Committee may consider additional allowances in line with standard relevant market practice. EDs are eligible to participate in the Company's broad based employee share plans on the same basis as other eligible employees.	**Maximum opportunity** Set at a level which the Committee considers appropriate against comparable roles in companies of a similar size and complexity to provide a reasonable level of benefit. Costs would normally be limited to providing a cash car allowance, private medical insurance, life insurance, and reasonable travel benefits (including the tax cost where applicable). In addition, there may be one-off or exceptional items on a case by case basis, which would be disclosed in the DRR.
Relocation and mobility	**Purpose** To assist with mobility across the Group to ensure the appropriate talent is available to execute strategy locally. **Operation** 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.

Directors' Remuneration Policy continued

Element	
Shareholding requirements	**Purpose** To align EDs' interests with those of shareholders. **Operation** A requirement to build a shareholding in the Company equivalent to 300% of basic salary for the Group CEO and 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 measures 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 measure 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.

Directors' Remuneration Policy continued

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 22, including fees and travel benefits.

Directors' Remuneration Policy continued

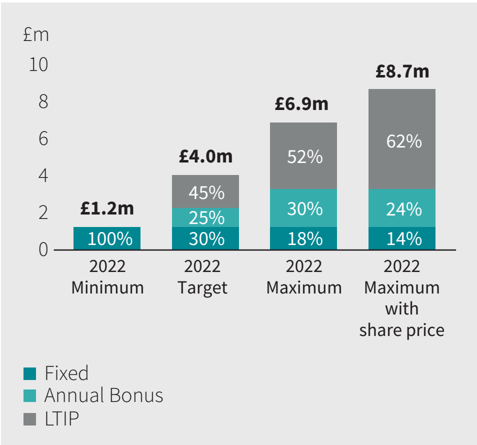
Illustration of the Policy

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 350% of basic salary (with notional LTIP vesting at 50% of maximum) for the Group CEO
- Maximum – basic salary, pension or cash in lieu of pension, benefits, and:
  – A bonus of 200% and an LTIP of 350% of basic salary (with notional LTIP vesting at maximum) for the Group CEO
- 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



Notes to the charts
1 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
2 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.
3 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 accrue during the vesting period
4 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 accrue during the vesting period
5 The LTIP is as proposed to be awarded in 2022, which would vest in 2024, 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 2022 AGM on 9 May from 12.45pm 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 21 Executive Directors' key conditions of employment

Provision	Policy
Notice period **By the ED** **By the Company**	6 months. 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 nine months (for Amanda) and six months (for Jason) 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 — 1 January 2022

Directors' Remuneration Policy continued

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.
- 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.

Directors' Remuneration Policy continued

Non-Executive Directors

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

Table 22 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 23 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 18.
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.

Director	Appointment date[1]	Appointment end date[2]	Committee
George Culmer	25 September 2019	AGM 2022	C
Andrea Blance	21 February 2022	AGM 2022	
Patricia Cross	1 December 2013	AGM 2022	
Patrick Flynn	16 July 2019	AGM 2022	C
Belén Romana García	26 June 2015	AGM 2022	C
Shonaid Jemmett-Page	20 December 2021	AGM 2022	
Mohit Joshi	1 December 2020	AGM 2022	
Pippa Lambert	1 January 2021	AGM 2022	C
Jim McConville	1 December 2020	AGM 2022	C
Michael Mire	12 September 2013	AGM 2022	
Martin Strobel	22 October 2021	AGM 2022	

1 The dates shown reflect the date the individual was appointed to the Aviva plc Board.
2 All appointment end dates are the 2022 AGM, in accordance with the NEDs' letters of appointment.

Key

- Customer, Conduct and Reputation Committee
- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination and Governance Committee
- C Chair