

## **Aviva Investors Remuneration**

The Aviva Investors Remuneration Committee is comprised of Aviva Investors Non-Executive Directors. This committee considers issues relating to the remuneration policy and structures for Aviva Investors including the terms of annual bonus and long-term incentive plans and individual remuneration packages for all employees to which the Remuneration Code applies. It is also responsible for reviewing and making recommendations on the Reward Policy Statements for Aviva Investors to the Aviva Group Remuneration Committee.

The Aviva Group Remuneration Committee approves the Remuneration Policy Statements for Aviva Investors. It considers alignment between Group strategy and the remuneration of its Directors and Code staff and Material Risk Takers. Our remuneration policy provides market competitive remuneration, thereby protecting against the risk of not having people with the talent needed to maintain and deliver on the strategy, and incentivises Code staff to achieve both the annual business plan and the longer term strategic objectives of the Group as well as promoting sound and effective risk management consistent with the risk profile of the funds. Significant levels of deferral and retention and align the interests of key personnel. As well as rewarding the achievement of objectives, variable remuneration can be zero if performance thresholds are not met.

The creation of long-term wealth for our shareholders is the guiding principle that underpins the work and decisions of the Aviva Group Remuneration Committee. A clear Group strategy has been defined to achieve long-term sustainable growth, based on the three anchors of:

- True Customer Composite
- Digital First; and
- Not Everywhere

Their full objectives are documented in the Directors' remuneration report in the Aviva Annual Report which is included on the Investor Relations web site, found here:

<http://www.aviva.com/investor-relations/corporate-governance/board-of-directors/board-committees/remuneration-committee/>.

### **b) External consultants**

The Aviva Investors Remuneration Committee received independent advice on executive remuneration issues from Deloitte LLP which is a member of the Remuneration Consultants Group and adheres to its Code of Conduct. No individual is involved in decisions relating to his or her own remuneration.

During the year the Aviva Group Remuneration Committee also received advice on executive remuneration matters from Deloitte LLP.

### **c) Role of the relevant stakeholders**

The relevant Remuneration Committees take full account of the company's strategic objectives in setting remuneration policy and are mindful of their duties to shareholders and other stakeholders. The Bodies seek to preserve shareholder value by ensuring the successful retention, recruitment and motivation of employees.

### **d) Remuneration Regulation**

Relevant regulation and/or legislation requires that employees in specific roles are subject to specific requirements around remuneration. Generally, these are individuals who will broadly be defined as having a material impact on the risk profile of Aviva Investors (often referred to as "Key Individuals", "Identified Individuals", "Code Staff" or "Material Risk Takers").

Individuals must be identified using a robust, qualitative and/or quantitative risk-based process involving management, the risk function and, where required, Aviva Investors and/or Group and / or

Local Remuneration Committees, in which significant risks facing Aviva Investors are matched to those individuals responsible for exposure to these risks. Such individuals may include:

- Individuals registered in certain regulated roles, such as significant influence functions;
- Senior managers tasked with management of significant businesses;
- Heads of Control Functions; and,
- Other individuals considered to have a material impact on the risk profile of Aviva Investors, including those identified as in scope under 'Fit & Proper'.

Applicable regulation and/or legislation may require an annual review of the Company's risk profile and of individuals impacting on these risks. This is in order to allow the Aviva Investors and/or Local Remuneration Committee and/or Group Remuneration Committee to agree the identified population and ensure that it is current, and to allow them to review the structure of remuneration to ensure that it meets regulatory/legislative requirements.

#### **e) The link between pay and performance for Code Staff**

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives.

There are four components of pay:

- Basic Salary – set within an appropriate market range, which is sufficient to allow the possibility, where performance so warrants, that an employee may receive no variable pay.
- Annual bonus – a discretionary short term incentive plan where individuals have the opportunity to receive a bonus (which may be subject to 3 year deferral in Aviva products and/or Aviva Group Plc shares, and a further holding period where regulation requires) based on business and individual performance against targets. The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors and the business unit performance against agreed targets.
- Long Term Incentives Schemes (LTIP) – to align reward with delivery of the long term strategy and performance objectives of Aviva Investors, Aviva Group and with shareholder interests, and with the additional intention to help retain key talent.
- Benefits in Kind – standard benefits are provided that are appropriate to the market.

Aviva believes in rewarding strong performance and achievement of our business and individual goals; however, the manner in which these goals are achieved is also important. We do not consider it appropriate to reward people who have engaged in inappropriate behaviour or conduct which is not in line with Aviva's values. All awards are granted subject to the Aviva Malus and Clawback Policy. As such the Aviva Group Remuneration Committee may decide that a Deferred Award which has not vested will lapse wholly or in part if they consider that:

- the participant or their team has, in the opinion of the Directors, engaged in misconduct which ought to result in the complete or partial forfeit or repayment of their award;
- there has been, in the opinion of the Directors, a material failure of risk management by reference to Group risk management standards, policies and procedures, taking into account the proximity of the participant to the failure of risk management in question and the level of the participant's responsibility;
- there is, in the opinion of the Directors, a materially adverse misstatement of Aviva's or the participant's relevant business unit's financial statements for which the participant has some responsibility;

- the participant participated in or was responsible for conduct which resulted in significant, or potentially significant, loss(es) to their relevant business unit, Aviva or any member of the Aviva Group;
- the participant failed to meet appropriate standards of fitness and propriety;
- there is evidence of misconduct or material error that would justify, or would have justified, had the participant still been employed, summary termination of their contract of employment; or
- any other circumstances required by local regulatory obligations to which any member of the Group or business unit is subject.