

Frequently asked questions and answers (“FAQs”) about the Aviva Goodwill Payment Scheme (the “Scheme”)

These questions and answers will be updated during the course of the Scheme.

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Background

- **Why is Aviva making goodwill payments?**

Please refer to Aviva's announcement of the Scheme on 30 April 2018 and launch announcement on 31 July 2018 which can both be accessed [here](#) (www.kpmg.co.uk/aviva-scheme).

- **Was Aviva required to make this payment?**

Please refer to Aviva's announcement of the Scheme on 30 April 2018 and launch announcement on 31 July 2018 which can both be accessed [here](#) (www.kpmg.co.uk/aviva-scheme).

- **Who is eligible to participate in the goodwill payment scheme?**

Eligible shareholders are those who were the beneficial owners of the following preference shares (i.e. the party with the ultimate right to receive the income and the proceeds of sale from the preference shares) who entered into a sale of preference shares with a transaction date of 8 to 22 March 2018 (inclusive):

- Aviva plc 8.375% preference shares (GB0002114154)
 - Aviva plc 8.750% preference shares (GB0002124963)
 - General Accident plc 7.875% preference shares (GB0003692513)
 - General Accident plc 8.875% preference shares (GB0003692737)
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- **If I am an eligible claimant, how much money will I be paid?**

For each eligible shareholder who accepts the offer of a goodwill payment, the amount of the goodwill payment will be calculated as the sum of (i) the Net Basic Goodwill Amount, (ii) any Transaction Costs and (iii) the Additional Amount.

The "**Net Basic Goodwill Amount**" will be calculated as the aggregate "Loss" incurred on sales of preference shares during the period from 8 to 22 March

2018 (inclusive) (the “**Relevant Period**”) less the aggregate of any “Gains” made on investments in preference shares during the Relevant Period.

“**Loss**” means:

- Aviva plc 8.375% preference shares: the amount by which 150.81p exceeds the price at which the preference shares were sold during the Relevant Period
- Aviva plc 8.750% preference shares: the amount by which 158.02p exceeds the price at which the preference shares were sold during the Relevant Period
- General Accident plc 7.875% preference shares: the amount by which 140.01p exceeds the price at which the preference shares were sold during the Relevant Period
- General Accident plc 8.875% preference shares: the amount by which 157.42p exceeds the price at which the preference shares were sold during the Relevant Period

“**Gain**” means:

- Aviva plc 8.375% preference shares: the amount by which 150.81p exceeds the price at which the preference shares were bought during the Relevant Period
- Aviva plc 8.750% preference shares: the amount by which 158.02p exceeds the price at which the preference shares were bought during the Relevant Period
- General Accident plc 7.875% preference shares: the amount by which 140.01p exceeds the price at which the preference shares were bought during the Relevant Period
- General Accident plc 8.875% preference shares: the amount by which 157.42p exceeds the price at which the preference shares were bought during the Relevant Period.

“**Transaction Costs**” are any third party dealing or other transaction costs specifically incurred in respect of the sale of preference shares by an eligible shareholder (excluding any account fees or other fees of a general nature). Any goodwill payment in respect of third party transaction costs will be limited to 50% of the Net Basic Goodwill Amount.

The “**Additional Amount**” is intended as a notional investment yield to recognise that if investors had received the Net Basic Goodwill Amount on 23 March 2018 they would have had the opportunity to re-invest it for income. The Additional Amount will be calculated by applying a rate of 6% per annum to the sum of the Net Basic Goodwill Amount and the Transaction

Costs for the period from 23 March 2018 and 31 October 2018, being the date that is three months after the launch of the Scheme (inclusive). It is expected that tax will in some cases have to be withheld from this element of the goodwill payment.

- **How were the reference prices determined for the purposes of calculating the Net Basic Goodwill Amount?**

The reference price is the volume weighted average price of the relevant series of preference shares over the 5 business days from (and including) 23 March 2018.

- **Why is the calculation of the Additional Amount limited to three months after the Scheme opens?**

All claimants who put in an eligible claim will receive an Additional Amount calculated as 6% per annum from 23 March 2018 to 31 October 2018, being the date that is three months after the Scheme opens, even if their claim is determined earlier, or later, than this. This encourages claimants to submit their claims as early as possible, as they will have the opportunity to reinvest any goodwill payment amount for income in addition to receiving the Additional Amount calculated to 31 October 2018. There is, therefore, a real benefit in claiming early.

- **What is KPMG's role and why have they been appointed?**

We have been appointed as an independent administrator of the Scheme. In our role, we will determine whether or not shareholders are eligible for a goodwill payment and, if so, will calculate the amount of the goodwill payment that will be offered to each eligible shareholder. We have prior experience in handling similar processes.

- **I did not sell preference shares during the period from 8 March to 23 March 2018 (inclusive) but I did own preference shares at the time. Why am I not getting a goodwill payment too?**

The Scheme is designed for those shareholders who sold their preference shares during the Relevant Period because they received a sale price that was lower than the price that the preference shares returned to following our announcement on 23 March 2018. The goodwill payment is therefore

intended to put those eligible shareholders into the same position they would have been in had they sold their preference shares following the 23 March 2018 announcement.

Aviva is offering the goodwill payment to those shareholders as a discretionary gesture in recognition of the fact that Aviva's first announcement on 8 March 2018 led to uncertainty as to whether they would seek to cancel the preference shares at par value (a course of action which they later decided against adopting) which may have caused some shareholders to sell their preference shares. This applies to relatively few shareholders; other shareholders did not take any action in respect of their preference shares whilst awaiting Aviva's final decision and, following the 23 March 2018 announcement, the price of the preference shares settled at a price which reflects the market's understanding of the terms of the preference shares and Aviva's current plans.

- **How much is Aviva likely to pay out in total under the Scheme?**

Based on the information currently available, Aviva estimates that goodwill payments will be paid out to up to 2,000 individual preference shareholders and that the total cost of the Scheme should not exceed approximately £14 million.

However, it will only be possible to ascertain for certain how many shareholders will be eligible to receive a goodwill payment and the level of uptake from preference shareholders, and therefore the total amount that will be paid under the Scheme, at the end of the claims period for the Scheme.

Making a claim

- **Who is responsible for deciding whether I receive a goodwill payment and, if so, how much I will receive?**

KPMG has been appointed as an independent administrator to handle the Scheme. We will determine whether or not shareholders are eligible for a goodwill payment and, if so, will calculate the amount of the goodwill

payment that will be offered to each eligible shareholder. Full details of the process for submitting a claim and accepting a goodwill payment are available in the Claims Process Summary document (available on our website).

- **Do I have the ability to appeal against the Administrator's decision?**

You may seek a reconsideration of the Administrator's original determination (the Determination Notice). However, the determination made when considering this reconsideration request (provided in a Further Determination Notice) will be final and no further reconsideration can be sought. The Administrator's decision in respect of claims will be final and there is no additional appeal mechanism. If you do not participate in the Scheme or, if, having claimed, you decide not to accept any goodwill payment offered, your rights against Aviva will not be affected.

- **What does the claims process entail?**

Please see the Claims Process Summary document (available on our website). In summary, to participate in the Scheme a claimant must complete and return a claim form, including providing necessary supporting documents, to the Administrator by no later than 31 January 2019. We will adjudicate the claim and provide the claimant with our determination. If an offer is made and the claimant wishes to accept the offer, they must sign and return the Release document. Once we receive a properly executed Release, we will seek to make the Goodwill Payment within 28 days.

- **How long do I have to make a claim?**

Following the Scheme opening on 31 July 2018, eligible shareholders will have up to six months to make a claim, with the claim submission deadline being 31 January 2019.

- **I incurred dealing costs when I sold my preference shares, can I claim these costs back?**

Eligible shareholders may claim an amount equal to third party transaction costs (e.g. broker commission) specifically incurred in respect of the sale of

preference shares (excluding any account fees or other fees of a general nature). Any goodwill payment in respect of third party transaction costs will be limited to 50% of the Net Basic Goodwill Amount.

Third party documents supporting any costs being claimed must be provided as part of your claim submission.

- **Can I claim for costs incurred in making my claim?**

No. You will need to bear your own costs of claiming. However, the claims process has been designed with the intention that claimants should not need to incur any significant costs. Nor is it expected that there will be any benefit from seeking assistance from claim management companies.

- **I incurred a tax liability I would not otherwise have suffered if I had not sold my preference shares, can I claim this amount back?**

No, Aviva is not offering to compensate investors for any tax that may have become payable as a result of the investor disposing of their preference shares (whether as a result of the investor benefitting from a capital gain or otherwise).

- **How long will I have to wait for payment?**

Once a claim is agreed and we have received a properly executed Release, we will seek to make the relevant goodwill payment within 28 days.

- **An entity which may have a claim has been dissolved. Can a former director/beneficial owner lodge the claim?**

No, under the Scheme Terms and Conditions, the entity who performed the relevant transactions must make the claim and execute the Release. Should an entity have been dissolved, it will need to be restored before being able to participate in the Scheme.

- **The claimant is deceased. Can a claim still be made?**

Yes, the executor of the deceased claimant's estate is able to make the claim. When submitting the claim they will need to provide a copy of the death

certificate for the deceased claimant, the probate document under which they are appointed to be the executor and identification documents (driving licence, passport or national identity card) for themselves.

- **The trade was made in a jointly held account. Who should claim?**

All parties in the jointly held account should be named in a single claim. One of the parties will need to be identified as the main contact for the purposes of the claim. Identification documents will need to be provided for each of the account holders when submitting the claim and they will all need to sign the Release. Payment can be made to a bank account in the name of either one of the account holders or to a bank account in the name of all the account holders.

- **I want to make multiple claims as I represent a number of parties. How should this be done?**

A representative can download multiple claim forms and fill out a claim form on behalf of each claimant.

- **The transactions which give rise to my claim were through a Stocks and Shares ISA. Who should submit the claim?**

Under the terms of the Scheme the beneficial owner is the holder of the ISA and is the correct party to submit the claim.

- **What are the tax implications of such a payment for eligible shareholders?**

Eligible shareholders will need to take their own advice on the tax treatment applicable to receipt of the goodwill payment. However, Aviva has discussed the proposed payment with HMRC and, based on these preliminary discussions, understands that the Net Basic Goodwill Payment and the Transaction Costs should be characterised as capital for UK tax resident recipients and the Additional Amount should be characterised as income for UK tax resident recipients.

- **What are the tax implications of such a payment for eligible shareholders who held the shares in an ISA or JISA?**

The Administrator will withhold tax at a rate of 20% on the Additional Amount (interest portion) of any Goodwill Payment Amount. HMRC has advised that it

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classifies the Basic Goodwill Amount and Transaction Costs as a compensation payment for the purposes of tax and provides guidance in relation to compensation payments made to ISAs which can be found in "ISAs: guidance notes for managers", sections 6.57 to 6.62 (please find the guidance [here](#) – assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/375474/isa-guidance-notes.pdf).

Note that the Administrator does not provide legal or tax advice to claimants and will not be assuming any duty of any kind, including a duty of care, to potential claimants when responding to any questions.

- **I hold a self-invested personal pension (SIPP) which undertook transactions in relation to which I believe I may have a claim. Can I submit a claim?**

No, the SIPP trustee is the only party with the authority to submit a claim. If you submit a claim yourself it will be rejected. Please note that if a goodwill payment amount was paid out to the beneficiary of a SIPP (i.e. to you, rather than to the SIPP trustee), it may result in you having to pay penalties to HMRC for making a withdrawal from your SIPP.

- **What are the tax implications of such a payment for eligible shareholders who held the shares in a SIPP?**

As a SIPP is a UK registered pension scheme, the Administrator will not withhold tax against any portion of the goodwill payment. HMRC has advised that it classifies the Basic Goodwill Amount and Transaction Costs as a compensation payment for the purposes of tax and provides guidance in relation to compensation payments made to SIPPs in its [Pensions Tax Manual](#), under the heading 'Compensation that qualifies as a pension contribution' (www.gov.uk/hmrc-internal-manuals/pensions-tax-manual).

Note that the Administrator does not provide legal or tax advice to claimants and will not be assuming any duty of any kind, including a duty of care, to potential claimants when responding to any questions.

- **How can I get an update on the status of my claim?**

Please call our helpline in order to get an update on the status of your claim. However, please note that whilst the Administrator will process claims as quickly as possible, the time required to process claims will vary based on a

number of factors such as the volume of claims submitted and the complexity of those claims.

- **Can I amend my claim once it has been submitted?**

No, you will have agreed to the confirmations within the Claim Form which require you to declare that the claim form was true and correct. However, if you have noticed an error or omission in your submitted claim, then please contact our helpline to discuss this.

- **In what currency and how will the goodwill payment be made?**

All goodwill payments will be paid in GBP only. The Administrator is unable to perform foreign exchange services and the claimant should ensure they provide bank account details which are able to accept a payment in GBP

Accounts held with a broker

- **I sold preference shares via a broker or other nominee account – will I still be able to apply for a goodwill payment?**

We have liaised with certain brokers and nominees who executed transactions during the Relevant Period to assist them submitting and agreeing claims on behalf of their clients who are eligible shareholders. Therefore if your broker has been in contact and you have given them your authority to claim on your behalf, no action is required. This only relates to clients of the following UK based, FCA regulated brokers: Alliance Trust Savings Ltd, Equiniti Shareview, Selftrade, Barclays Smart Investor, Halifax Share Dealing, Bank of Scotland Share Dealing, iWeb Share Dealing, Lloyd Bank Direct Investments, Redmayne Bentley LLP, Brewin Dolphin Ltd, Hargreaves Lansdown, Interactive Investor, Interactive Investor Services Ltd, Investec Wealth & Investment Ltd and Walker Crips Stockbroker Ltd.

If you were not contacted by your broker or intermediary, or you did not give authority to your broker to claim on your behalf within the necessary timeframe, you should submit your claim directly.

- **Will my broker or intermediary assist in the claim process?**

We have written to registered holders who we have identified as potentially having sold preference shares during the period from 8 to 22 March 2018 (inclusive) notifying them of the launch of the Scheme. We have requested that, if the registered holder was not the beneficial owner of the preference shares sold, that they pass our notice regarding the launch of the Scheme to their client(s) who those transactions relate to. As a result, you may receive notice of the Scheme from either ourselves directly, or through your custodian.

Your broker should be able to assist in confirming whether you have any eligible transactions and providing certain supporting documents required to complete your Claim Form.

- **My broker contacted me regarding the preference shares I sold, do I need to now make a claim myself?**

Please note that if you gave authority within the necessary timeframe to your broker for them to submit your claim on your behalf (as part of the broker-facilitated process announced by Aviva on 1 June 2018), then you do not need to submit a claim directly to us and instead should await further correspondence from your broker. If you are unsure, please contact your broker.

- **Why did KPMG write to certain brokers about the Scheme ahead of the launch date of 31 July 2018?**

KPMG invited certain brokers who were identified as making a large number of sale transactions of preference shares during the period from 8 to 22 March 2018 (inclusive) to begin gathering the information required to submit claims on behalf of their clients (where they are eligible shareholders) in advance of the Scheme. As part of this, the broker will have requested authority from its

clients to submit the claim on their behalf. However, the timeframe to provide that authority was in advance of the Scheme launch and has now expired.

Legal Rights

- **Will I give up any legal rights against Aviva by submitting a claim?**

No, you do not give up any rights against Aviva by submitting a claim in the Scheme. However, if you subsequently decide to accept an offer of a goodwill payment made by the Administrator, you will then be required to sign the Release. In broad terms, this will release Aviva and any member of the Aviva Group from any claims in relation to the preference shares (including any claims arising out of or in any way connected with Aviva's announcements on 8 March 2018 and 23 March 2018), other than any claims arising out of any material new information that was not publicly disclosed (for example, any enforcement action by the FCA). It will also release us, Aviva and General Accident plc in relation to the administration of the [Scheme](#).

- **Will I give up any legal rights against Aviva by accepting a goodwill payment and returning a signed Release?**

Yes, if you are an eligible shareholder and wish to accept any offer of a goodwill payment, you will be required to sign the Release. If you have authorised your broker or intermediary to make a claim on your behalf, you will have provided them with the authority to enter this Release on your behalf. In broad terms, this will release Aviva and any member of the Aviva group from any claims in relation to the preference shares (including any claims arising out of or in any way connected with Aviva's announcements on 8 March 2018 and 23 March 2018), other than any claims arising out of any material new information that was not publicly disclosed (for example, any enforcement action by the FCA). It will also release us, Aviva and General Accident plc in relation to the administration of the [Scheme](#).

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- **I am under 18 with a Junior Stocks and Shares ISA. Who should make the claim and sign the Release?**
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Only the registered contact for the Junior Stocks and Shares ISA or CTF has the authority to make the claim and sign the Release. If the child is under 16, this will be a person who has parental responsibility for the child. Appropriate documentation should be provided to confirm the authority of the person who executes the Release.

Documentary Evidence

- **What information do I need to provide with my claim?**
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You will be required to provide: i) Proof of identification, being passport, driving licence or national identity card (for individuals), or an authorised signatory list on letterhead (for entities); ii) Proof of transactions during the Relevant Period, e.g. broker statements showing your transaction history for the period or exchange reports. You should also provide information specific to the relevant trades and transaction costs being claimed; and iii) A copy of a bank account statement for the bank account into which payment of any goodwill amount is to be paid. Additional information may be requested depending on your circumstances.

- **Do I need to provide the originals of my supporting documents?**
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No, copies of documents are sufficient. Please do not provide original documents as we cannot guarantee their safe return and any risk is borne by the claimant. You will be required to make certain confirmations that any documents provided are genuine. If the Administrator so requests, you may be required to obtain certified copies of documents.

- **Why am I required to provide a copy of my bank statement?**
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A bank statement is required so that we can verify the bank account into which payment of any goodwill amount is being requested. The Administrator may also use a third party supplier to verify bank account details provided by a claimant.

- **My document has personal information not related to the claim. May I redact this personal information?**
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Yes, information which is not relevant to your claim can be redacted. However, sufficient information is required to allow the Administrator to confirm the completeness of any transaction history provided and the name and contact details of the holder of the account. For example, in relation to a broker statement showing a transaction history, the value and number of shares transacted in a non-Aviva share transaction can be redacted. However the name of the stock should not be redacted in order to allow the Administrator to confirm that it is not a relevant trade. In relation to a bank statement, transactions may be redacted; however, the bank account and personal details should not be redacted.

- **Which formats of document can be provided by email?**

Documents in the following formats can be provided: PDF, JPEG. The total size of attached files should be no greater than 13Mb.

You may wish to consider providing documents within an encrypted winzip folder and providing the password under a separate email.

File share websites, such as Dropbox or Google Drive, cannot be used.

Further Information

- **I have further queries. Who do I contact?**

The details of the Scheme process and Frequently Asked Questions ("FAQs") are provided on KPMG's website at www.kpmg.co.uk/aviva-scheme. Should further assistance be required, you can contact our helpline or write to us at Aviva Goodwill Scheme co KPMG LLP, PO Box 75213, LONDON E1W 9PR. Helpline: UK Freephone – 0808 169 7987 International - +44 (0) 203 805 2559. Our helpline is available 9am to 5pm (UK time), Monday to Friday (excluding UK public holidays).

- **What can I do if I am not happy with the Scheme or the handling of my claim?**

The Scheme is voluntary, therefore there is no obligation to participate. Unless you accept an offer of a goodwill payment by signing the Release, you will retain any rights you have against Aviva. If you are unhappy with the handling of your claim and feel the Administrator has not acted in accordance with the

Scheme Terms and Conditions, you may lodge a complaint by calling our helpline or writing to us (see question above for contact details). We will endeavour to respond to your complaint as soon as reasonably possible.

- **What happens if I am subject to an insolvency procedure or have been since the sale of my preference shares?**

If you are currently in a formal insolvency process (e.g. IVA, bankruptcy, debt relief orders, sequestration, CVA, liquidation, administration) or entered into one after you sold the preference shares, you must consider the conditions of the specific insolvency process. If you are or have been subject to a bankruptcy or sequestration, or the entity which has a claim is, or has been subject to an administration or liquidation, then only the appointed Insolvency Practitioner/Official Receiver will have the right to make the claim and accept any offer made. If you are subject to such an insolvency process and sign and return the Release, it will be deemed invalid. Please advise the appointed Insolvency Practitioner/Official Receiver should you believe you (or an insolvent company which you have an interest in) sold preference shares during the Relevant Period. If you are or have been subject to an individual voluntary arrangement (IVA), or the entity is or has been subject to a Company Voluntary Arrangement (CVA), then you should consider whether any goodwill payment will need to be declared to the supervisor of the voluntary arrangement per the terms of the arrangement. Similarly, if you are or have been subject to a debt relief order (DRO) and the offer is in excess of £1,000 you should consider whether you need to contact the Insolvency Service.

- **Can I receive communications/a claim pack in a language other than English?**

No, the documents are only available in English. Claimants will need to arrange their own translations should they be required.