

# Aviva plc

## Risk Committee

### Terms of Reference

#### **A - Purpose**

The purpose of the Aviva plc (the **Company**) Risk Committee (the **Committee**) is to provide oversight and advice to the Board in relation to the current and future risk exposures of the Company and its subsidiaries (the **Group**), by reference to strategic developments and including determination of risk appetite, tolerance, and desired risk culture.

#### **B - Responsibilities**

The Committee will:

##### Risk Appetite

1. Periodically review and recommend the Group's risk appetite and risk tolerances to the Board for approval.
2. Monitor compliance with all agreed risk appetites, risk tolerances, risk policies, and business standards as well as desired risk culture, and review management's actions to remedy any breaches.

##### Risk Management Framework

3. Oversee the development and implementation of the Group's risk management framework, risk function mandate, risk strategy, risk policies and business standards, including the process for identifying, managing and overseeing risk.
4. Satisfy itself that the Group has a satisfactory governance framework to support good customer outcomes.
5. Review and approve the Group risk policies and any material changes to them.
6. Review and approve any relevant Group business standards and any material changes to them.
7. On an annual basis, or in the event of a significant change to the Group's risk profile, review the design and operating effectiveness of the Group's system of internal controls and risk management (excluding financial, climate related and non-financial reporting and related controls which will be considered by the Audit Committee).
8. Monitor any significant issues or weaknesses identified in the systems of internal control, and the actions taken by Management to remediate.

##### Risk Oversight

9. Oversee and advise the Board on the current risk exposures of the Group and future risk strategy, having regard to the Group's strategic objectives, culture and values.
10. Keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative measures are considered in Board decisions.
11. At least annually, assess the current, emerging and potential risks facing the Group and provide advice on the management and mitigation of those risks.
12. Review the due diligence appraisals carried out on strategic or significant transactions and advise the Board on the outcome of the appraisals.
13. Review the risk profile and adequacy of the risk management oversight capability of any material business transformation programme.
14. Consider the risks to the Group arising from sustainability and climate change, including financial, transition, litigation and physical risk and other relevant sustainability risks.

##### Capital and Liquidity Adequacy

15. Approve the annual stress and scenario testing plan and to review the results of the stress and scenario tests.
16. Satisfy itself that risks to the medium-term plan and the capital and liquidity implications are adequately identified and assessed as part of the business planning process and throughout the year, and that appropriate mitigants, management actions and contingency plans are in place.
17. Satisfy itself that the Group's Sustainability Ambition has been appropriately allowed for in Aviva's business planning process and stress testing of the draft business plan.

### Internal Model

18. Review the methodology, assumptions and limitations used in the Group's model for determining its economic and regulatory capital requirements.
19. Approve the scope of the Group's internal model.
20. Review and recommend to the Board all major model changes.
21. Review and approve the internal model independent validation plan.

### Regulation

22. Review and provide oversight of the relationships with and findings of any material examinations by the conduct, competition and prudential regulatory authorities.
23. Monitor the regulatory landscape and assess the impact of and actions required in response to any regulatory developments which may have a material impact on the Group and its customers.
24. Review significant regulatory breaches and the steps taken to remediate and address underlying root causes.
25. Consider and approve the Own Risk and Solvency Assessment (**ORSA**) report.
26. Approve Group Recovery Plan and Liquidity Management Plan.

### Remuneration

27. Provide support to the Remuneration Committee by:
  - a. Making sure risk management is properly considered in setting the overall Group remuneration policy and the remuneration of the executive directors and other senior executives.
  - b. Providing advice in respect of the award and the vesting of any long-term incentives and deferred awards, the application of any performance or other adjustments and clawback and/or malus (including cash awards).
  - c. Setting the Group-wide risk objective for the year and through the alignment of incentives and rewards with desired culture (including risk culture) as part of the Risk & Control Goal Assessment process.

### CRO and the Risk function

28. In conjunction with the Group Chief Executive Officer (**Group CEO**), recommend to the Board the appointment or dismissal of the Group Chief Risk Officer (**Group CRO**).
29. Work with the Group CEO to set the objectives of the Group CRO and the evaluation of his/her level of achievement and, set his/her remuneration.
30. Safeguard and oversee the independence and performance of the Group's Risk function.
31. Consider the remit of the Group's Risk function and whether they have adequate resource and appropriate access to information to enable them to perform their duties effectively and in accordance with relevant professional standards.

## **C – Authority**

The Committee is authorised to:

1. Investigate any activity within these terms of reference.
2. Have such access to the resources of the Group as it may reasonably require, including advice from the Group Company Secretary.
3. Seek any information required from any employee (all employees must cooperate with requests from the Committee).
4. Secure the attendance of any employee, or third parties with relevant experience/expertise, at Committee meetings.
5. Engage independent legal or other professional advisers and access appropriate funding for relevant fees and expenses.
6. Obtain assurances and/or reports from the subsidiary boards which have separate risk committees.
7. Delegate all or any of its responsibilities to any person, including any members or one or more sub-committees.

## **D – Membership**

### Members

1. Members of the Committee will be appointed by the Board on the recommendation of the Nomination and Governance Committee, in consultation with the Committee Chair.
2. The Committee will have at least three members, who must all be independent Non-Executive Directors (within the meaning of the UK Corporate Governance Code (**Code**)). The Chair of the Board may not be a member of the Committee.

#### Chair

3. The Committee Chair will be appointed by the Board on the recommendation of the Nomination and Governance Committee.
4. In the absence of the Committee Chair, the remaining Committee members present will elect one member to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
5. The Committee Chair should be available, if required, to attend the Company's Annual General Meeting to answer shareholder questions on the Committee's activities. In addition, should there be significant matters related to the Committee's areas of responsibility, the Chair should seek engagement with relevant stakeholders.
6. The Committee Chair will maintain a dialogue with key individuals including the Board Chair, Group CEO, Group Chief Financial Officer, Group CRO, Chief Audit Officer and the Group Company Secretary. In particular, the work of the Committee is closely linked to that of the Audit Committee.

#### Attendees

7. Only members of the Committee and the Chair have the right to attend Committee meetings.
8. The Committee may invite non-members, including other Board members, members of management and any advisers, to attend all or part of a meeting.

### **E - Committee management**

#### Secretary

1. The Committee Secretary will be the Group Company Secretary or their nominee.

#### Frequency

2. The Committee will meet a minimum of four times a year.
3. The Committee Chair will decide on the frequency and timing of the meetings, allowing enough time for each meeting for appropriate discussion.
4. At least once a year, the Committee will meet separately with the CRO.

#### Notice

5. The Committee Secretary will call Committee meetings at the request of the Committee Chair or any of its members, the Group Chief Audit Officer, or the external audit lead partner.
6. The Committee Secretary will circulate the notice, agenda and papers for the meeting to all Committee members, and any other person required to attend, electronically at least five working days before the meeting (or such shorter period agreed by the Committee Chair).

#### Quorum

7. The quorum will be any two members who may attend a meeting in person, via video, or telephone.

#### Voting and written resolutions

8. Voting at meetings and adoption of written resolutions is permitted and should be in accordance with the procedures established for the Board in the Company's Articles of Association.

#### Minutes

9. The Committee Secretary will minute proceedings and decisions of meetings, recording names of those present and in attendance.
10. Committee members must declare conflicts of interest at the beginning of each meeting, to be minuted accordingly.
11. Draft minutes of meetings will be circulated to the Committee Chair for approval in principle and then to all members of the Committee for approval as part of the materials for the Committee's next meeting.
12. Minutes of Committee meetings will be made available to all Board members and the Group Company Secretary unless it would be inappropriate to do so. The minutes may also be circulated to other interested parties.

#### Terms of reference

13. The Committee will review these terms of reference annually and propose any amendments to the Board for approval.

#### Effectiveness

14. The Committee will review its performance and effectiveness annually and make recommendations to the Board for approval.

## **F - Reporting**

The Committee will:

1. Report to the Board on the key information covered at each meeting.
2. Produce a report on its activities, and how it has discharged its responsibilities, to be recommended to the Board for approval and included in the Company's Annual Report and Accounts, in line with legal and regulatory requirements including the Code.
3. Review and approve the disclosures and statements in the Company's Annual Report and Accounts relating to risk management.

The CRO has an additional direct reporting line to the Chair on matters within the Committee's remit.