

# How we are governed

## Board and Committee structure

The Board is collectively responsible for promoting the long-term, sustainable success of the Company through seeking to generate value for shareholders while fulfilling its responsibilities to all of our stakeholders and contributing positively to the societies in which we operate. One of the Board's key roles is to determine our shared purpose and to set and uphold the Group's values, standards and ethics which combine to create our corporate culture. We recognise that there is a clear link between our culture and our conduct, both with regards to our customers and to the way in which governance operates across the Group.

## Governance framework



## How we are governed continued

In order to ensure there is a clear division of responsibilities between the running of the Board and the running of the business, the Board has identified certain reserved matters for its approval. In relation to other matters, unless they are specifically reserved for shareholder approval in a general meeting, the Board delegates responsibility for these to our Group CEO, who then delegates responsibility for specific operations to members of the Group Executive Committee.

The Board has established committees to assist in fulfilling its oversight and other responsibilities, providing dedicated focus in these areas.

### The Board

As at the date of this report the Board is comprised of a Non-Executive Chair, two Executive Directors, seven independent Non-Executive Directors and two Non-Executive Directors who are not considered independent. Details of the role of the Board and its committees are described in this section and the duties of the Board and of each of its committees are set out in their respective Terms of Reference (ToR). The committees' ToR can be found on the Company's website at [www.aviva.com/committees](http://www.aviva.com/committees) and are also available on request from the Group Company Secretary.

The ToR list both matters that are specifically reserved for decision by our Board and those matters that must be reported to it.

The Board delegates clearly defined responsibilities to its committees and reports from the Audit, Customer and Sustainability, Nomination and Governance, and Risk Committees are contained in this section. A report from the Remuneration Committee is included in the Directors' Remuneration report.

### Division of responsibility

Consistent with the Code and the Senior Managers and Certification Regime (SMCR), role profiles for the Non-Executive Chair, Senior Independent Director (SID), Group CEO and Non-Executive Directors are all available at [www.aviva.com/about-us/roles](http://www.aviva.com/about-us/roles).

The Chair is tasked with leadership of the Board, setting its agenda, ensuring its effectiveness, and enabling the constructive challenge of the performance and strategic plans of the Executive Directors by the Non-Executive Directors. The Chair also plays a key role in working with the Board to establish our culture, purpose and values. The Group CEO is the senior executive of the Company and has overall accountability for the development and execution of the Group's strategy in line with the policies and objectives agreed by the Board.

The role of the SID is to provide a sounding board for the Chair and to serve as an intermediary for the other directors where necessary. The SID should be available to shareholders should they have concerns they have been unable to resolve through normal channels, or when such channels would be inappropriate.

Throughout the year the Chair held several meetings with the Non-Executive Directors without management present. Additionally, the SID met with the other Non-Executive Directors without the Chair present to discuss any matters they wished to raise and to review the Chair's performance.

### Board independence

During the year the Nomination and Governance Committee assessed the independence of the Non-Executive Directors to ensure that they are able to properly fulfil their roles on the Board and provide constructive challenge to the Executive Directors. The independence criteria set out in the Code was taken into account as part of the selection process for the two Non-Executive Directors who joined Aviva during 2022.

During 2022, the Committee determined that all Non-Executive Directors were free from any relationship or circumstances that could affect, or appear to affect, their independent judgement except Mike Craston and, for part of the year, Michael Mire. Mike Craston was appointed to the Board on 17 May 2022, and was not considered to be independent due to his previous executive role within Aviva Investors terminating within the five year period stipulated in the Code.

The Committee also carefully considered the continued independence of Michael Mire, who reached nine years tenure on 12 September 2022. As a result, and with effect from that date, Michael was no longer considered to be independent and stood down from the Risk and Remuneration Committees. The Nomination and Governance Committee reviewed the Board's tenure profile and the recent refreshment activity that had been undertaken.

Following careful consideration, the Committee considered that Michael continues to provide constructive challenge and robust scrutiny of matters that are brought to the Board for consideration. Accordingly, while no longer considering Michael to be independent, the Committee recommended that Michael remain on the Board to provide continuity while the newer Board appointees fully embed in their roles. In line with the Code, over half of our Board members, excluding the Chair, are independent Non-Executive Directors.

## How we are governed continued

### Time commitment

It is vital to the proper functioning of our Board and committees that each Non-Executive Director is able to commit sufficient time to their role in order to discharge their responsibilities effectively. In January 2023 the Nomination and Governance Committee assessed the Non-Executive Directors' time commitment considering both the time required for the Aviva Board and Committee appointments and the number and nature of the Directors' external commitments and reported the outcome to the Board.

In particular the Nomination and Governance Committee carefully considered the time commitments for Shonaid Jemmett-Page, taking into account investor guidelines and voting policies and their application to Shonaid's current directorships.

The Committee also reviewed in detail her portfolio, her overall capacity and her Chair roles on two investment trusts, which have a lesser time commitment than other listed company roles. In addition, the Committee noted that on 24 October 2022 it was announced that Shonaid would retire from the board and as Chair of Greencoat UK Wind Plc at its 2023 AGM. Following its review, and noting her retirement from the Board of Greencoat UK Wind Plc, the Committee considered Shonaid to have sufficient time to dedicate to her role as an Independent Non-Executive Director of Aviva.

The Board also considered and approved a number of additional external director commitments. On 12 May 2022, George Culmer was appointed as Senior Independent Director at Rolls Royce plc, having previously served as a Non-Executive Director since January 2020.

In February 2022, Amanda Blanc was appointed Co-Chair of the UK Transition Taskforce, an organisation seeking to assist in the development of 'gold standard' private sector climate transition plans.

On 2 August 2022, Amanda was appointed as an Independent Non-Executive Director of BP plc with effect from 1 September 2022, supporting BP as it transforms into an integrated energy company. Amanda was also appointed to the Remuneration Committee and the People and Governance Committee of BP plc from 1 January 2023.

On 4 July 2022, Mike Craston was appointed as Non-Executive Chair of ThomasLloyd plc.

The time commitment involved in these appointments were assessed by the Board who determined that George, Amanda and Mike all continued to have sufficient time to commit to the Aviva Board and their committee appointments. The SID reviewed the time commitment of the Chair as part of his annual review of the Chair's performance.

During the year, all Non-Executive Directors have continued to demonstrate that they have sufficient time to devote to their present role within Aviva, including during any potential periods of corporate stress.

### Conflicts of interest

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as are deemed necessary. The decision to authorise a conflict of interest can only be made by non-conflicted directors (those who have no interest in the matter being considered) and in making such a decision the directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Board continues to monitor and note any potential conflicts of interest that each Director may have and recommends to the Board whether these should be authorised and whether conditions should be attached to any such authorisation.

The directors are regularly reminded of their continuing obligations in relation to potential or actual conflicts of interest and are required to bi-annually review and confirm their external interests, which helps to determine whether they can continue to be considered independent.

The Board carefully considered any potential conflicts of interest in relation to the appointment of Amanda Blanc as an Independent Non-Executive Director of BP plc and Mike Craston as Non-Executive Chair of ThomasLloyd plc.

It determined that no actual conflicts existed at the time of the appointments, and that any conflicts that may later arise would be managed in accordance with the Group Conflicts of Interest Policy.

### Independent advice

All directors have access to the advice and services of the Group Company Secretary in relation to the discharge of their duties on the Board and any committees they serve on. Furthermore, any directors may take independent professional advice at the Company's expense. During the year, no directors sought to do so.

The Company arranges appropriate insurance cover in respect of legal actions against its directors and has also entered into indemnities with its directors as described in the Directors' Report section of this report.

### Induction, training and development

A commitment to support the continuing development of all employees is a central part of Aviva's culture. Our directors are highly supportive of this and are committed to their own ongoing professional development. During 2022, the directors participated in internal training sessions on subjects including whistleblowing, climate change and sustainability, Consumer Duty regulation and IFRS 17. Further training sessions have been incorporated into the Board and Committee plans for 2023.

## How we are governed continued

The Board also receives regular briefings on a range of strategically important matters to ensure they are informed of developments in these areas.

A structured and tailored induction programme was prepared for each of our newly appointed Non-Executive Directors and Group CFO. This covered, amongst other matters, the current financial and operational plan; meeting packs and minutes from recent Board and Committee meetings; stakeholder engagement; organisation structure charts; a history of the Group; role profiles; and all relevant policies, procedures and other governance material. The induction also included meeting key members of the management team and the external and internal auditors. Any knowledge or skill enhancements identified during the directors' regulatory application process were also addressed through directors' induction programmes.

### Board calendar

During 2022, 20 Board meetings were held, of which 13 were scheduled meetings and seven were additional meetings called to approve certain strategic matters. In addition, the Board delegated responsibility for certain items to specially created Board Committees which met six times to discuss these items.

If any directors are unable to attend a meeting, they can communicate their opinions and comments on the matters to be considered via the Chair of the Board or the relevant Committee Chair.

The Board visited our York offices in April 2022, and the Perth office in September 2022.

In June 2022, the Board held its annual two-day strategy meeting at an offsite location to review progress against our strategic priorities and to consider how these should be further developed to ensure we deliver on our commitments to our shareholders and our wider stakeholders.

### Communication with shareholders

The Company places considerable importance on communication with shareholders. The Executive Directors have an ongoing dialogue and a programme of meetings with institutional investors, fund managers and analysts which are managed by the Company's investor relations function. The Chair also meets with all the Group's major shareholders. At those meetings a range of issues is discussed within the constraints of information already made public to understand shareholders' perspectives. Shareholders' views are regularly communicated to the Board through reports from the Group CEO and Group CFO and weekly briefings from our corporate brokers and the Investor Relations function. The SID was available to meet with major investors to discuss any concerns that could not be resolved through normal channels. Further detail on our engagement with shareholders is set out in the 'Our Stakeholders' section of the Strategic Report.

### 2023 Annual General Meeting (AGM)

The 2023 AGM will be held on Thursday 4 May 2023 and the Notice of AGM and related papers will be sent to shareholders at least 20 working days before the meeting. To enable a diverse segment of our shareholder base to more easily attend our AGM, the meeting this year will be held in Norwich at the premises of Norwich City Football Club. The AGM provides a valuable opportunity for the Board to communicate with private shareholders. Shareholders are invited to ask questions related to the business of the meeting at the AGM and a presentation will be given on the Group's performance. Further details on the AGM are provided in the 'Shareholder Services' section of this report.

Other disclosures relevant to our Board are included in this report and the reports of our Committees and in the Directors' report.

### Systems for risk management and internal controls

The Board is responsible for promoting the long-term success of the Company for the benefit of shareholders, as well as taking account of other stakeholders including employees and customers. This includes putting in place throughout the Group an appropriate system of risk governance. To discharge this responsibility, the Board has established frameworks for risk management and internal control using a 'three lines of defence' risk governance model and reserves for itself the setting of the Group's risk appetite.

In-depth monitoring of the establishment and operation of prudent and effective key controls for assessing and managing the key risks associated with the Group's operations is delegated to the Risk, Customer and Sustainability and Audit Committees which report regularly to the Board. However, the Board retains ultimate responsibility for the Group's systems of risk management and internal control and has reviewed their effectiveness during the year.

The systems for risk management and internal control play a key role in the management of risks that may impact the fulfilment of the Board's objectives. They are designed to identify and manage, rather than eliminate, the risk of the Group failing to achieve its business objectives and can only provide reasonable and not absolute assurance against material misstatement or losses. The systems are regularly reviewed and were in place for the financial year under review and up to the date of this report. They help the Group comply with the Financial Reporting Council's (FRC) guidance on risk management, internal control and related financial and business reporting.

At the mid-year 2022, the Risk Committee, on behalf of the Board, carried out a robust assessment of the Group's emerging and principal risks. This exercise was repeated in January 2023. The outcome of these assessments was reported to and discussed at the Board.

## How we are governed continued

In addition to these assessments, the Risk Committee monitored and assessed the principal risks facing the Group, the conclusions of which were also shared with and discussed by the Board. The assessments included those emerging risks that could impact the Group's business model, future performance, solvency and liquidity and therefore required management prioritisation and action. Specifically the Board considered the principal risks facing the Group when approving the Group business plan.

In 2022, the Risk Committee received updates on emerging risks and associated mitigating actions covering the developing conflict in Ukraine, cyber security, risks posed by climate change and sources of economic uncertainty, including inflation. The Customer and Sustainability Committee (previously the Customer, Conduct and Reputation Committee) also received updates on emerging threats to the Group's reputation and conduct risk profile.

Emerging risks were also considered by the Risk Committee and management in the design of scenarios which are intended to stress test the Group's three-year business plan, recovery plan, climate change impacts, decisions on the return of capital to shareholders and operational resilience.

Aviva's approach to risk management together with the principal risks that face the Group are explained within the 'Our risks and risk management' section of the Strategic report.

### Risk management framework

Aviva's risk management framework (RMF) is designed to identify, measure, manage, monitor and report the principal risks to the achievement of the Group's business objectives and is embedded throughout the Group.

It is codified through risk policies, business standards and risk management frameworks which set out the approach to risk management, risk appetite and the minimum requirements and key controls for the Group's operations.

### Internal controls

Internal controls facilitate effective and efficient operations, the development of robust and reliable internal reporting and compliance with laws and regulations. Group reporting manuals in relation to the latest International Financial Reporting Standards and Solvency II reporting requirements and a Financial Reporting Control Framework (FRCF) are in place across the Group.

The FRCF relates to the preparation of reliable financial reporting, covering IFRS, Solvency II, Alternative Performance Measures (APM) and local statutory reporting activity. The FRCF methodology leverages best practice, including consideration of elements of the Sarbanes Oxley Act (2002), relating to assessment of Internal Controls over Financial Reporting. The methodology follows a risk-based approach, considering the likelihood of material misstatement, with management identification of the areas of higher risk,

assessment of design adequacy and operating effectiveness of related controls (documentation and testing), remediation of identified deficiencies (as required), reporting and certification over key financial reporting related controls.

We have a similar Non-Financial Reporting Control Framework (NFRCF) relating to the preparation of our climate and non-financial reporting disclosures.

Any open financial reporting deficiencies are assessed for the Group as a whole, in isolation and in aggregate, considering the impact on the financial reporting control environment. Materiality is used to assess whether any deficiency constitutes a material weakness in our financial reporting control environment. The assessment is presented to the Group Audit Committee on a quarterly basis through reports on the identification and resolution of control deficiencies which are also shared with the external auditors.

Based on its assessment, management has concluded that, as of 31 December 2022, Aviva Group's internal controls over financial reporting are effective.

During 2022, the Aviva Group has continued to focus on strengthening the internal controls, overseeing assurance over non-financial information, including sustainability and ESG disclosures, and in continuing to assess the impact from the Business, Energy and Industrial Strategy (BEIS) consultation on 'Restoring trust in audit and corporate governance'. Management will continue to progress on

these topics and monitor the impact of the audit and corporate governance reforms until final requirements are confirmed. The Aviva Group has also continued to focus on operational risks to the financial plan, including people, cyber, operational resilience and transformation based risks. Further information is in the 'Our risks and risk management' section of the Strategic report.

By March 2022, Aviva had implemented the initial FCA and PRA policy around operational resilience (PS21/3). The initial activity was refreshed throughout the remainder of 2022, with work being focussed on extending the breadth and depth of mapping of our important business services and developing our approach to stressing our resilience and recovery capabilities against severe but plausible scenarios.

### Board Oversight of Risk Management

The Board's delegated responsibilities regarding oversight of risk management and the approach to internal controls are set out above. There are good working relationships between the Board committees, and they provide regular reports to the Board on their activities and escalate significant matters where appropriate.

The responsibilities and activities of each Board Committee are set out in the Committee reports.

## How we are governed continued

### Assessment of Effectiveness of Risk Management

Each business unit Chief Executive Officer is required to make a declaration that the Group's governance, and system of internal controls are effective and are fit for purpose for their business and that they are kept under review throughout the year.

Any material risks not previously identified, key control weaknesses or non-compliance with the Group's risk policies or local delegations of authority must be highlighted as part of this process. This is supplemented by investigations carried out at Group level and a Group CEO and CRO declaration for Aviva plc.

The effectiveness assessment draws on the regular cycle of assurance activity carried out during the year, as well as the results of the annual assessment process. During 2022, this has been supported by the application of the Group's Operational Risk & Control Management (ORCM) framework. The details of key failings or weaknesses are reported to the Risk and Audit Committees and the Board on a regular basis and are summarised annually to enable them to carry out an effectiveness assessment.

The Risk Committee, working closely with the Audit Committee, on behalf of the Board carried out a full review of the effectiveness of the systems of risk management and internal control during the year, covering all key controls, including financial, operational and compliance controls and the RMF.

In addition, internal audit plays a significant role in contributing to the routine ongoing assessment of the Group's RMF. There has been regular reporting to the Risk Committee throughout the year so that the main outstanding areas of improvement identified in 2021 (relating primarily to risk transformation activity) had been largely remediated by the end of 2022.

The reports to the Audit and Risk Committees also enabled ongoing oversight of the management of any transitional service arrangement risks associated with the businesses divested during 2021 and 2022.

Areas of continued focus remain the operational risk and control environment risk profile, cyber security and risk management through major change.

Specific areas for improvement continued to be mitigated in India, which became a majority owned subsidiary in September 2022. The Risk Committee, working in conjunction with the Audit Committee, on behalf of the Board, will continue to monitor the effectiveness of risk management throughout 2023.

The RMF of Aviva's international investments, including China and Singapore joint ventures, can differ from the RMF outlined in this report but with a strong focus on local regulatory compliance. We continue to work with these entities so that their residual risk profiles do not unduly increase the Group's overall risk profile compared to Group's risk appetite.

### The principal committees that oversee risk management

The Risk Committee	The Audit Committee
<p>Assists the Board in its oversight of risk and risk management across the Group and makes recommendations on risk appetite to the Board. Reviews the effectiveness of the RMF, and the methodology in determining the Group's capital and liquidity requirements. Ensures that risk management is properly considered in setting remuneration policy.</p>	<p>Works closely with the Risk Committee and is responsible for assisting the Board in discharging its responsibilities for the integrity of the Group's financial statements, the effectiveness of the system of internal controls and for monitoring the effectiveness, performance and objectivity of the internal and external auditors. The Committee works with the Customer and Sustainability Committee on climate-related and non-financial disclosures. The Committee also recommends the appointment and remuneration of external auditors.</p>