Aviva Investors Global Services Limited IFPR Disclosures

Financial Year Ending 31 December 2022

It takes Aviva Investors

AVIVA INVESTORS

Contents

Section 1

Overview

1. Overview

1.1 Purpose

The UK Investment Firms Prudential Regime ('UK IFPR') came into force on 01 January 2022 and applies to investment firms that are authorised in accordance with the provisions of the Markets in Financial Instruments Directive ('MiFID'). UK IFPR replaces the Capital Requirements Regulation ('CRR') and Capital Requirements Directive ('CRD IV') rules.

Aviva Investors Global Services Limited ('AIGSL') is a wholly owned subsidiary of Aviva Investors Holdings Limited ('AIHL') and is part of the consolidated Aviva Investors UK Regulatory Group ('UK Reg Group'). The rules highlighted above apply to the Company on a solo-level (i.e. individual) supervision basis.

The following disclosures are prepared outlining AIGSL's activities and financial position at the end of the entity's reporting period, being 31 December 2022.

1.2 Basis of Disclosures

These disclosures have been made in accordance with the requirements of MIFIDPRU 8 of the Prudential Sourcebook for MiFID Investment Firms. Specifically, these disclosures include Aviva Investors' risk management objectives and policies, governance arrangements, own funds and own funds requirements, remuneration policy and practices and investment policy applicable to AIGSL.

The AIGSL IFPR disclosures are produced on an annual basis as a minimum, and more frequently as appropriate.

There are key governance stages in place which allows for review, challenge and approval prior to publication. The disclosure is not required to be subject to independent external audit.

These disclosures are published on both the Aviva Investors corporate website (www.avivainvestors.com) and the Aviva Group website (www.aviva.com).

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Section 2

Risk Management Policies & Objectives

2. Risk Management Policies & Objectives

2.1 Risk Management Objectives

Overview

AIHL seeks to optimise its asset management business' performance, subject to remaining within the risk appetite set for each major risk group and meeting the expectations of stakeholders.

AIGSL (firm), its clients, counterparties and the market are inherently exposed to material potential harms through the delivery of asset management services. To mitigate this, AIGSL implements a robust control environment to reduce the material potential harms to acceptable residual risk exposures that are aligned to AIHL's risk appetite. Non-exhaustive examples of potential harms are noted below:

- **Harm to firm:** Compensation costs, legal fees, litigation costs, investigation costs, remediation costs (e.g., consultancy fees, additional resourcing costs), fines, changes in book values, failed settlements / transactions and price changes, movements in valuations, etc.
- **Harm to client / counterparty:** Mis-selling, unsuitable products / services or solutions offered, poor customer service, mandate breaches, hidden fees, inability to receive services, poor investment decisions, write-downs, aged debtors / loan defaults, data mismanagement, etc.
- **Harm to market:** Market disruption, market abuse, unreliable market performance, loss of confidence in the market.

Risk Appetite Statement

The Risk Appetite Statement ('RAS') articulates how all major risk groups are defined, assessed, and monitored in line with the business strategy, plan, forecast and AIHL's current capital position. The RAS forms part of the risk management process. Its purpose is to articulate the risk appetite of the AIHL Board, and thereby provide the basis for AIGSL's appetite for risk, in providing asset management services and products by outlining:

- The definition of each risk group and how this is interpreted as exposure facing the business.
- Reconciliation between the risk groups and categories assessed in the RAS and risk registers.
- The appetite for each of the risk groups in delivering the business plan.
- The rationales developed to determine the appropriate risk appetites for each risk group.
- The approach used (both leading, lagging, quantitative and qualitative) by the business to identify, measure, manage, monitor and report ('IMMMR') the actual risk exposures compared to risk appetites.
- The approach taken in the event that the measurements indicate a risk appetite is about to be breached as well as action taken to address risk appetites which have been breached.
- The qualitative statements used to define the behaviour and culture of Aviva Investors.

The RAS expresses the Aviva Investors group's appetite for the range of risks facing the business both qualitatively and quantitatively. As the business evolves, so the risk appetite may change. Consequently, the statement is reviewed at least annually by the AIHL Board of which iterations require formal approval.

Quantitative risk appetites are translated into granular risk tolerances and mapped against the granular risks in risk registers for AIGSL. The risk tolerances are approved at least annually or with every significant business change by the AIHL Board. Qualitative risk appetites set for AIHL apply as stated to AIGSL.

The approved risk tolerances are provided to the business to measure the residual risk exposures of the business against, in order to identify those risk exposures exceeding tolerance which require remediation.

The risk aggregation method implemented by Aviva Investors aggregates the risk exposures at its most granular level to its highest level (regulatory risk categories) which allows the AIHL Board to obtain a view of its overall risk profile across the Aviva Investors Group.

As a result of the above approach, the AIHL Board has developed the following risk management objectives for each major risk group (at a RAS level) outlined below.

Own Funds Requirements (MIFIDPRU 4)

The Own Funds Requirement determines the minimum own funds requirement for investment firms and is the higher of the permanent Minimum Capital Requirement (‘PMR’), Fixed Overhead Requirement (‘FOR’), and the K-factor requirement (‘KFR’). Aviva Investors has estimated the amount of own funds it needs to hold to address potential harm that it may cause to clients and counterparties, the markets within which it operates, and to itself, details of which are provided in 5.1 below. Furthermore, an outline of the operational risk management framework utilised in the reduction and mitigation of these harms is provided in 2.2 - 2.4 below.

Concentration Risk (MIFIDPRU 5)

Aviva Investors accepts concentration risk as necessary, but it is controlled using sound administrative and accounting procedures alongside robust internal control mechanisms. Concentration risk is monitored via business / strategic management processes, and the operational management framework, outlined further in Sections 2.2 to 2.4 below.

Sources of concentration risk for AIGSL

Earnings

The majority of AIGSL's business is internally sourced from other legal entities within the Aviva Group. As a result, the internal client business presents a source of concentration risk of revenue for AIGSL. The potential loss of this business is therefore incorporated as a key driver for the ICARA wind down analysis. Should lower revenue and/or lower margins be insufficient to cover AIGSL's costs then the firm's capital base will be eroded causing material harm to the AIGSL's viability. Aviva Investors continues to develop and promote its capability to increase the proportion of externally sourced business which will help to reduce the exposure to revenue concentration risk

Client Money and Custody Assets

- Almost all client money is held at Citibank for the Securities Finance business and consists mainly of lending fees and repo maturities. AIGSL maintains a CASS policy that includes consideration of client money diversification. Average client money balances held at counterparties are reviewed on a regular basis. Should average client money balances become unacceptably high, options, including diversification, would be considered by the Senior Manager with the prescribed responsibility for CASS oversight and the client asset forum. In addition, a monthly control is in place to review the credit ratings for counterparties where client money is located.
- Aviva Investors does not hold any client securities.

Own Cash Deposits

- The Aviva Investors Investment Policy Statement ('IPS') applies the principals of the Aviva Group Financial Risk policy and Aviva Group Credit and Collateral Management Business Standard in managing the credit risk associated with cash and cash equivalents, notably through placement of funds with high credit ratings assigned by international credit agencies. Credit exposures are identified, evaluated, and managed in accordance with best practice and agreed risk appetite, to ensure that risks are managed within bounds acceptable to clients and, where appropriate, the Aviva Group Financial Risk Director.
- Finance prepares and monitors counterparty exposure and management against limits, as well as concentrations of exposure by type, sector, geography and credit ratings. Management information for credit risk exposures is reported through monthly cash monitoring and KRI reporting.
- A cash monitoring report is prepared monthly and summarises the holdings of balance sheet cash and investments. It outlines adherence to the Aviva Investors IPS, which provides rules around ratings of counterparties and limits for amounts held at any institution and the minimum credit rating of institutions where funds can be deposited. In addition, the cash monitoring report provides a summary of all balance sheet cash split by counterparty and by geographical location.

Liquidity (MIFIDPRU 6)

Aviva Investors' regulatory liquid assets obligations are specified per the MIFIDPRU rules, whereby the firm must adhere at all times to its liquid asset threshold assessment ('LATR') to satisfy the OFAR.

AIGSL's liquidity risk profile, and its corresponding ability to meet its liquid asset obligations, could be negatively impacted by the implementation of a business strategy which creates an inappropriate and sustained mismatch in the timing of operating cash inflows (e.g., performance and management fees from internal and external clients vs. payroll costs and supplier payments). This could potentially cause material harm to both AIGSL's viability as a firm, and its clients. Aviva Investors has embedded a robust Liquidity Risk Framework, further outlined in 5.2 below, aligned to regulatory requirements and supported by a robust control environment and the ICARA process to manage and monitor liquidity risk. Aviva Investors actively seeks to avoid liquidity risk, other than as is incurred through the normal course of business.

2.2 Risk Management Policies & Approach

Aviva Investors' Risk Management Framework ('RMF') includes the necessary strategies, policies, culture, processes, governance arrangements, tools, and reporting procedures necessary to support its risk management objectives and mitigate harms for each category of risk. All frameworks incorporate the Aviva Group Enterprise frameworks which are adapted to the needs and requirements of the asset management business.

Aviva Investors divides identified risks facing the business into two further categories:

- Future risks are those risks to which Aviva Investors may be exposed to sometime in the future; and
- Current risks facing the business (both residual and inherent) whilst achieving its strategic objectives.

Both future and current risks are identified and recorded through risk registers and assessed by senior management to determine the top-down concerns of the business. The top-down risk concerns of the business are used in the ICARA process to determine the appropriate minimum capital and liquidity requirements as well as conduct stress and scenario testing, reverse stress testing and wind down analysis.

The risk, compliance, financial crime, and control management frameworks are aligned to each other and aim to drive consistency and control across the business. Risk and Compliance functions provide procedures, training, advice, and guidance to, and monitor, all employees on the appropriate embedding of such frameworks in their day-to-day management activities.

Products and services are clearly defined with specific stakeholder requirements in mind and conduct risk considerations are embedded in all key business processes. Conduct and reputational impacts are therefore also considered as part of all residual risk assessments pervasively across all risk categories.

From time-to-time, Aviva Investors has exposure to temporary risks which do not form part of the business-as-usual ('BAU') activities. The temporary underlying individual risk exposures are treated separately and not as part of BAU risk processes. Temporary risk exposures are collectively categorised as transition risk for reporting purposes. Transition risk is treated as part of the ICARA process.

2.3 Risk Management Structure and Operations

Aviva Investors' entire global asset management responsibilities are divided across processes and built into a value chain approach. The value chain groups processes into 3 categories: (1) internal oversight and governance, (2) client / fund / asset management and (3) foundation.

Internal oversight and governance processes specifically exist to oversee and monitor all other processes. Some of the processes, such as Risk and Compliance provide the frameworks, methodologies, registers, policies and guidelines for the business to implement and comply with.

Client / fund / asset management processes are the primary profit generating processes through the provision of global asset management services. These processes are specifically focussed on meeting Aviva Investors fiduciary responsibilities to its clients, funds, and products in accordance with contractual agreements.

Foundation processes exist to support all other processes in performing their activities. For example, the information technology and business protection process support the business in providing appropriate networks and software systems to perform day-to-day activities.

Each process consists of several workstreams. Such workstreams are also referred to as "sub-processes". The overall business strategy is divided into specific control objectives that are aligned to the workstreams. Each workstream consists of several activities - underpinned by (but not limited to) resources (capital, liquidity, knowhow, and staff), models, systems, suppliers, and controls - to meet these objectives. Control activities exist to meet control objectives and mitigate risk exposures that could result in potential harms.

Three Lines of Defence

Aviva Investors manages the risks in its value chain via the "Three Lines of Defence" model: the first line of defence comprises Business Managers, IT, Security and Continuity teams who manage business risks on a daily basis; the second line of defence comprises the Risk and Compliance teams under the direction of the Aviva Investors Global Chief Risk Office ('CRO') who advise and challenge the business on the management of its risks; and the third line of defence comprises Internal Audit who assess and report on the effectiveness of controls.

All employees of the organisation are involved in the management and mitigation of risk at Aviva Investors. As a result, Aviva Investors' RMF is embedded in the day-to-day management and decision-making processes. There is active and demonstrable sponsorship and support from the AIHL Board and Aviva Investors Executive Management.

The roles of the three lines of defence each contribute to embedded risk management. Role profiles, agreed objectives and where appropriate, delegated authority letters, must be in place which make each relevant employee's risk management responsibilities clear. The requirement for a delegated authority letter may be driven by local regulatory requirements and would typically be considered appropriate for the most senior roles within Aviva Investors where authority is being given to bind the company financially.

First Line of Defence

Aviva Investors recognises the importance of clear and appropriate apportionment of significant responsibilities among directors and senior managers. This is achieved by having clear role profiles that record all employee accountabilities and are consistent with committee and delegated authority structures. The first line of defence is responsible for future and current risk IMMMR through the implementation and practice of risk management techniques described in the RMF.

Second Line of Defence

The second line of defence CRO function consists of the Risk and Compliance functions. Its core purpose is to independently challenge, advise and guide the business in the delivery of its strategy and plans whilst safeguarding customers and shareholders.

The CRO function promotes and monitors the embedding of a strong risk, control and conduct culture, fully supported by robust frameworks and supporting policies; and provides thought leadership to evolve the business in line with regulatory expectations and best industry practice.

The CRO is a direct report of the Aviva Investors Chief Executive Officer ('CEO') and a member of the Executive Committee. The CRO also has a reporting line to the Aviva Group CRO, which entails an obligation to escalate issues in accordance with existing and approved escalation policies and processes.

> The CRO function promotes and monitors the embedding of a **strong risk, control and conduct culture,** fully supported by robust frameworks and supporting policies; and provides thought leadership.

Third Line of Defence

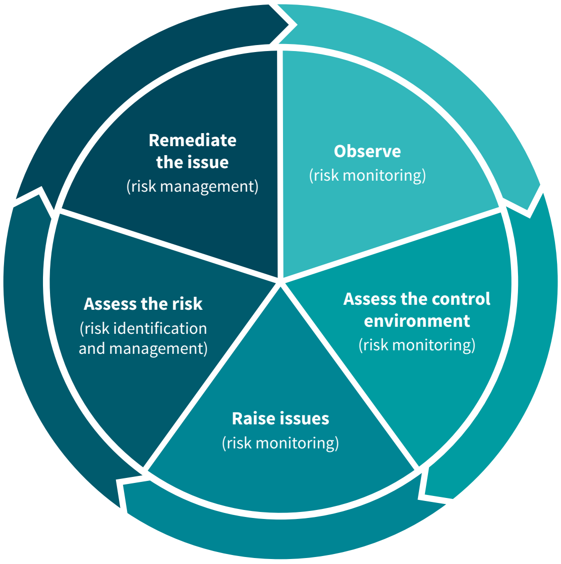
Internal Audit ('IA') is part of the wider Aviva plc Group Audit function. The dedicated audit team is specialised in fund management, led by the Audit Director of Aviva Investors who reports to the Chief Audit Officer of Aviva plc and the AIHL Audit Committee. Internal Audit's purpose is to help the Board and executive management to protect the assets, reputation and sustainability of Aviva Investors by providing independent and objective assurance designed to add value and improve Aviva Investors' operations.

In pursuit of this purpose IA undertakes, objectively and independently from management, to assess whether all significant risks are identified and appropriately reported by management and second line of defence (to Aviva Group and Aviva Investors Audit and Risk committees and executive management as appropriate); assessing whether they are adequately managed; and by challenging executive Management to improve the effectiveness of governance, risk management and internal controls. The scope of IA assurance activities includes assessing and reporting on the effectiveness of the design and operation of the framework of controls and on the effectiveness of management actions to address any deficiencies within the framework of controls and risks that are out of tolerance. IA may also assess relevant post-mortem or 'lessons learned' analysis following significant adverse events at the organisation or in the industry.

IA is responsible for performing these activities efficiently and effectively, but it is not responsible for setting Aviva Investors' risk appetite or for the effectiveness of the framework of controls.

2.4 Assessment of the Risk Management Processes' Effectiveness

The flow diagram below describes the requirements to IMMMR each risk type (current and future).



Observe (risk monitoring)

Observations are methods used by Aviva Investors, auditors, advisors, employees, and consultants to observe the business model and identify failures or gaps exposing the firm to risk or failure in achieving control objectives. All observations that are identified as issues must be mapped to the relevant current or future risks facing the business in the relevant risk register, and control objectives Aviva Investors endeavours to achieve.

Observations that are identified are categorised into four groups:

1. Risk events and near misses;
2. Internal and external reviews;
3. Tracking mechanisms (e.g., indicators); and
4. Assurance and control testing.

Control and Process Owner (monitor)

Control and process owners require an intimate knowledge of the control environment and markets in which Aviva Investors operates as well as the relevant control activities', control objectives and risk exposures. Control assessments are performed by thoroughly analysing all observations to appropriately determine whether a control failure has occurred, or a gap exists in the business.

Issue Owner (monitor)

If an observation results in a control failure or gap, the observer and control or process owner collaborates to raise an issue against the particular gap or failure. An appropriate issue owner is identified who is responsible for:

- Managing and monitoring the remediation of the issue;
- Gathering the necessary evidence to demonstrate adequate and appropriate remediation has been completed; and
- Closing the issue upon completion of the remediation.

Close interactions occur between the risk, control, process, and issue owners throughout the remediation process.

Risk Owner (identify and measure)

Risk owners equipped with an intimate knowledge of the business, the markets in which Aviva Investors operates, and its strategic and business objectives are responsible for identifying and measuring risks in response to the issues raised across the business. Risk identification and measurement is refreshed when changes in the environment occur.

A variety of risk measurement tools and processes are available to support risk identification and measurement depending on whether it is a current or future risk being assessed. Current risks use a likelihood and impact scale whereas future risks consider a proximity, impact, and readiness scale. All risk assessments are performed on a forward-looking basis.

Both measurement scales allow the risk owner to identify the primary concerns of the business which are then prioritised for remediation.

Route to Green Plans (manage)

Risk owners are responsible for deciding how risk exposures and the consequential potential harms need to be managed which includes: acceptance, avoidance, transfer, and remediation. For risks outside acceptable levels, remediation is selected in almost all instances. In some rare circumstances, risk acceptance, transfer or avoidance is selected. All risk management decisions are documented.

Remediation required for issues identified targets root causes. The issue owner reports on the progress of the remediation back to the risk owners on a continuous basis in order to early identify remediation which is not on track.

Risks outside acceptable levels requiring an acceptance, avoidance or transfer of the exposure undergo a robust governance process with second line in order to consider changes to the acceptable risk levels.

Risk Reporting

Risk reporting includes the reporting of each of the five elements of risk management ((1) observe, (2) assess the control environment, (3) raise issues, (4) risk identification and measurement and (5) risk management). Risk reporting is provided to senior management based on their risk profile needs, committee Terms of Reference, escalation requirements and decision-making responsibilities.

Risk reporting is developed to be clear, relevant, accurate and timely, highlighting and prioritising the primary concerns of the business. All decisions made are documented and monitored for execution across the business.

Section 3

Governance Arrangements

3. Governance arrangements

3.1 Overview

AIGSL is a subsidiary within the UK Reg Group which is headed up by AIHL and leverages relevant Aviva Group departments and AIHL Board Committees (Audit, Nomination, Risk and Remuneration). This oversight includes monitoring the Aviva Investors risk and control environment and AIGSL is specifically included within the scope of each of the Board Committees. As at 31 December, all the Directors of AIGSL are FCA senior managers by virtue of their Senior Management Function ('SMF') responsibilities.

The AIGSL Board is responsible for organising and directing its affairs in a manner that is consistent with its Terms of Reference, applicable regulatory requirements, and current corporate governance practice, as well as promoting the integrity of the market and the interests of investors it serves. The AIGSL Board membership comprises of executive directors who also sit on the Aviva Investors Executive Committee and an independent non-executive chair, who is also a director on the AIHL Board. All directors are subject to the approval of its shareholder and the UK regulator for all Board appointments.

Aviva Investors undertakes fitness and propriety assessments of all SMF's in line with the requirements of the Senior Managers & Certification Regime ('SMCR') to ensure each director:

- Is of sufficiently good repute;
- Has appropriate skills and experience to meet the needs and requirements of the Board
- Can commit sufficient time to perform their role; and
- Acts with honesty, integrity and independence to effectively assess and challenge the decisions of senior management where necessary and to oversee and monitor management's decision-making.

Directors are also required to attest at least annually that there are no impediments to their position on Aviva Investors' Boards and to attest that all conflicts of interest have been fully disclosed. Directors are required to declare any potential conflicts of interest as soon as they are made aware, and these are regularly reviewed and approved by the AIGSL Board. There is also an Aviva Group Conflict of Interest Policy, which governs how conflicts of interest are managed across the Group.

All Aviva Investors directors are required to undertake regular training to ensure they are kept up to date on key issues and are able to discharge their responsibilities effectively. A training plan is agreed by the AIGSL Board at the start of the year based on key topics or upcoming legislation.

The Directors and senior management of Aviva Investors are committed to maintaining a strong risk, control, and compliance culture throughout the organisation. This is achieved through a governance structure consisting of three core elements: boards, board committees and personal committees; three lines of defence, policies, processes, and controls; and roles and accountabilities. Board members have specific responsibility to review and monitor the current and future risks of Aviva Investors.

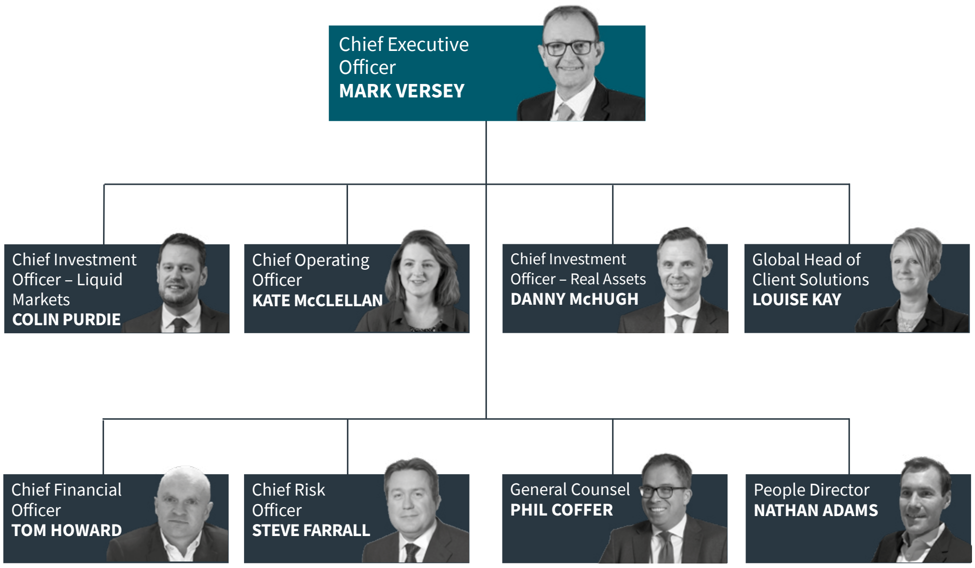
The governance committees are responsible for reviewing and setting policies and procedures for the business lines within Aviva Investors. These committees are established to assist and support the Board to manage key strategic matters; review business activity and risks; and provide support where needed.

Board Committees

The Board delegates certain duties to the board committees as described below.

- The **Aviva Investors Audit Committee ("Audit Committee")** works closely with the Aviva Investors Risk Committee and is responsible for monitoring the integrity of financial statements and the effectiveness of systems of internal control, and for monitoring the effectiveness, performance, independence and objectivity of the internal and the external auditors.
- The **Aviva Investors Risk Committee ("Risk Committee")** assists the Board in the oversight of risk (including conduct, regulatory, compliance and legal risk) by reviewing the effectiveness of the risk management framework, risk appetite and profile, methodology and calculations used in determining capital requirements and stress and scenario testing results, ensuring due diligence appraisals are carried out on strategic or significant transactions; and monitoring regulatory requirements.
- The **Aviva Investors Nomination Committee ("Nomination Committee")** monitors the balance of skills, knowledge, experience and diversity on boards of directors and recommends appointments to the boards of AIHL, AIGSL and the other main operating and regulated entities throughout Aviva Investors.
- The **Aviva Investors Remuneration Committee ("Remuneration Committee")** supports and advises the AIHL Board on the overall remuneration policy for Aviva Investors and the employment, remuneration, reward and benefits terms for Aviva Investors' senior management and material employees, including Material Risk Takers and identified staff; and reviews and makes recommendations on remuneration matters to the Aviva plc Group Remuneration Committee and the AIHL Board for approval.

The Aviva Investors Executive Committee structure (as at 31 December 2022):



Note: With effect from 24 February 2023 Phil Coffer is no longer a member of the Executive Committee

Risk Committee

In accordance with MIFIDPRU 7.3.1R a non-SNI MIFIDPRU firm is required to establish a Risk Committee; however, as a result of a modification granted by the FCA, AIGSL is able to leverage the AIHL Risk Committee which is already in place.

3.2 Directorships

The number of executive and non-executive directorships held by the Directors at the year ended 31 December 2022 were as follows:

Director (including title)	Number of Executive Directorships*	Number of Non-Executive Directorships*
Andrew Kirton (Independent Non-Executive Chair)	0	1
Mark Versey (Aviva Investors CEO)	1	0
Tom Howard (Aviva Investors CFO)	1	0
Colin Purdie (Aviva Investors CIO, Liquid Markets)	1	0
Louise Kay (Aviva Investors Global Head of Client Solutions)	1	0

*Note - The following are out of scope for this analysis:

1. Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
2. Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding

Diversity

Aviva Investors has a clear set of Diversity, Equality and Inclusion ('DE&I') objectives which have been set by the Aviva Investors Executive Committee and are tracked and measured by the governance process. These objectives target increasing female and ethnic employee representation at a senior level and promoting social mobility; achieving them forms part of our business scorecard and is included in our executives' incentive plans. While we have selected Gender, Ethnicity and Social Mobility (the Workstreams) as our primary focus areas, we recognise the scope of DE&I is much broader. We have therefore extended our inclusion education strategy to cover Disability, Neurodiversity, LGBTQ+, Mental Health and Working Families (the Networks), albeit without setting any measurable targets around these groups.

	2021 End of Year	2022 End of Year	2023 End of Year
Gender (Senior Female, F+ Grade)	Target 25% v Actual 25.9%	Target 29.6% v Actual 27.4%	Target 30.6%
Ethnicity (Senior Ethnicity, F+ Grade)	Target 11% v Actual 12.2%	Target 13.6% v Actual 11.3%	Target 12.8%
Social Mobility (Disclosure rate)		30.4%	Target 50%

Ethnicity data above is based on a disclosure rate of 89.7%. A percentage of this population have chosen an option of prefer not to say. As a result, we may have a number of ethnically diverse senior leaders that have either not disclosed or prefer not to say.

Note - The ethnicity data is only collated in markets across UK, Ireland and Canada therefore not all the countries in which AI operates in.

Progress against Targets

Aviva Investors achieved its targets in 2021 for Senior representation in both Gender and Ethnicity. In 2022, the ethnicity target and the gender target were not met as of 31 December 2022. To meet the targets both areas required an additional 2% (or 3 headcount) within the respective characteristics to meet the targets.

Although disappointing that the targets were not met, the work and focus continues to be on building a strong pipeline of diverse talent and focusing on an inclusive culture for all. It should be noted that the actual number of senior ethnically diverse colleagues in 2022 was 16 vs 18 in 2021 and 43 senior females vs 42 in 2021. Both the number of male colleagues and white/not declared has reduced in the same timeframe (6 less males and 4 less white/non declared). This is representative of the normal rate of attrition but also reflective of the large-scale change agenda Aviva Investors has undergone in the last 12-18 months.

The plans set out below are aimed at addressing the gaps to the target from 2022 and aimed at realising the targets for 2023.

Governance Structure

Aviva Investors' DE&I steering group was established in 2021, with a focus on governance, connecting the communities and agreeing delivery plans across workstreams and networks.

The DE&I steering group is formed of senior stakeholders from across the business who share a passion for inclusion, a commitment to creating a work environment in which everyone can be their true selves and diverse representation. The steering group is Chaired by Sunil Krishnan, Head of Multi-Assets Funds. The executive Sponsor is Nathan Adams, People Director.

Roles and responsibilities

The DE&I steering group meets monthly with the Workstreams and quarterly with the Networks. It is their role to facilitate delivery of the objectives by supporting the Workstreams through the raising of awareness, identifying the issues which might hinder progress and proposing solutions. The outcome of these meetings is shared with Aviva Investors Executive Committee by the DE&I Chair at the monthly governance meeting.

The Workstreams (Gender, Ethnicity, Social Mobility) are led by colleagues from across the business on a volunteer basis. Their role is to help raise awareness, promote allyship, facilitate training where appropriate and provide insight to the steering group on obstacles that might stop us realising our objectives.

The Networks (Disability, Neurodiversity, LGBTQ+, Mental Health and Working Families) are also led by volunteer colleagues from across the business. Their role is to promote allyship and raise awareness. Each Network has an executive as sponsor to help increase visibility.

The Workstreams **(Gender, Ethnicity, Social Mobility)** are led by colleagues from across the business on a volunteer basis.

Actions 2022

Realising our DE&I objectives requires both immediate action as well as long-term planning to ensure that cultural change is meaningful and sustained. To advance our ambitions, we undertook the following actions in 2022:

Gender

- The “Return to Work” programme supports talented individuals returning to the workplace after a career break, is now in its fifth year. All participants on the programme to date have been women who typically join at the mid-senior level. The programme has been very successful with a proportion of ‘returners’ offered permanent roles, and two being promoted to leadership roles.
- 43% of all senior hires were diverse.
- Inclusive recruitment training (Licence to Hire) for all leaders, reducing bias in our recruitment and interview processes.
- From April 2022 all job adverts have no more than five requirements, resulting in a higher proportion of female applications.
- Pioneered term time working pilot scheme to attract and retain high performing talent to enhance flexible working arrangements.
- Driven diversity disclosure campaign (#Thisisme) to capture employees key DEI data. To have an accurate picture of our employee demographics.

Ethnicity

To create and nurture a pipeline of diverse future talent we undertook the following actions:

- Participated in #10000 Black Interns, helping black students across the UK kickstart their career in investment management. This led to three black interns joining us on the Aviva Investors Summer Internship programme.
- Extended reverse mentoring to AIHL Board.
- Undertaken extensive research into black representation within the Asset Management Industry, as part of the findings we have designed an engagement programme with a broad group of black talent.
- Early careers pipeline: developed relationships with new strategic social mobility partners Greenhouse Sports (a high level of employee volunteering and participation to design a career week for students).

Social Mobility

- Achieved 15th in Social Mobility Index.
- Delivered education and awareness on Social Mobility definition and how data is captured to improve data completion.
- Designed and implement a FAQ/guidance document to support those from lower socio-economic backgrounds.

Leadership

- Voice of Aviva (colleague engagement survey) showed that Leaders effectively support DE&I (88% in 2022)
- Leader Intervention: tackling Non-Inclusive Behaviours with Aviva Investors Executive Committee participation and promotion
- Rolled out inclusive behaviour training to executives and all employees. 51% of the population have completed the training by March 2023
- Held Allyship pilot training for senior leader male employees, hosted by Men 4 Inclusion. In 2023, we aim to extend the learnings from this training to a wider audience.

Forward Look 2023

To drive forward our DE&I ambitions, we will continue to focus on a key strategic pillar embedded in the People Strategy for 2023 which is governed by the Aviva Investors Executive Committee and the AIHL Board.

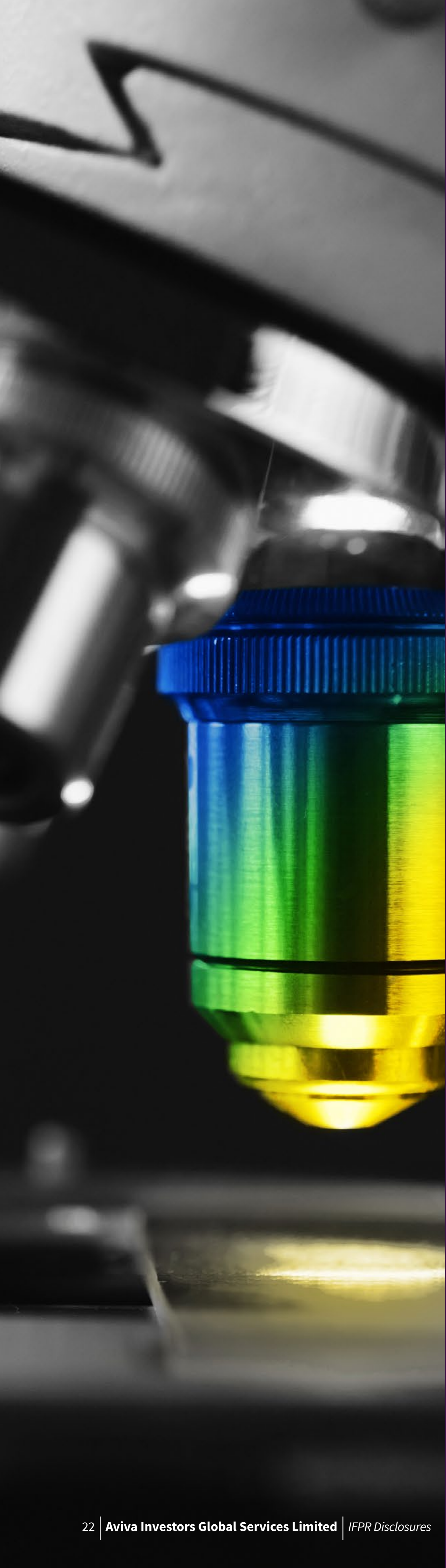
The DE&I steering committee will provide a monthly progress report against our aiming points to the Aviva Investors Executive Committee to review and identify blockers to delivering the business's 2023 targets. The actual versus targets is a continuous review as part of the people metrics dashboard, which is reported monthly to the Aviva Investors Executive Committee. Regular updates and progress is shared with the AIHL Board as part of the People Strategy. As part of this governance we are transiting into an execution phase, driving tangible outcomes towards achieving our targets in gender, ethnicity, and social mobility. By focusing delivery through our action plans and with the collective engagement and modelling of inclusive behaviours of our leadership by being allies to underrepresented groups.

The DE&I Workstreams leads across Gender, Ethnicity and Social Mobility have developed targeted actions plans across: Recruitment, Retention, Education and awareness that are aligned to the business-level aiming points.

There are currently several initiatives already in flight, which will continue to enhance the culture of the business and achieve our ambitions:

- Continuation on the roll out of license out of license to hire line manager training, to support leaders in best hiring practices, education of strengths-based assessments, awareness of bias to improve diverse hiring.
- Continuation of the Return-to-Work programme, specifically targeted at front office Investment and Sales professionals who have had a two-year career break.
- Inclusive behaviour training for all employees, to educate, support and empower colleagues to actively contribute to the creation of an inclusive workplace.
- Annual employee survey cycle, regular engagement surveys take place throughout the year which includes a focus on leadership, engagement and culture.
- Continuation of our Ethnical Diverse Leadership programme.
- Launch of an Emerging Leaders programme, to enhance the pipeline of high performing talent for future succession into senior roles.
- Launch a Neurodiversity Education Programme to line managers to promote an understanding and awareness of neurodiversity and how to support neurodivergent teams.

Recruitment, Retention, Education and awareness that are aligned to the business-level aiming points.



Section 4

Own Funds

4. Own Funds

4.1 Composition of Regulatory Own Funds

At 31 December 2022, AIGSL's own funds comprises of Common Equity Tier 1 ('CET1') capital and Tier 2 ('T2') capital. CET1 consists of share capital, retained earnings and other reserves, whilst T2 capital is entirely related to a subordinated loan from AIHL. Table OF1 below illustrates the full composition of AIGSL's own funds:

Table OF1: Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**Own funds**	**261,356**	
2	**Tier 1 capital**	**243,687**	
3	**Common equity tier 1 capital**	**243,687**	
4	Fully paid-up capital instruments	207,075	14
5	Share premium	N/A	
6	Retained earnings	59,455	16
7	Accumulated other comprehensive income	N/A	
8	Other reserves	899	
9	Adjustments to CET1 due to prudential filters	N/A	
10	Other funds	N/A	
11	(-) Total deductions from common equity tier 1	(23,742)	1, 6, 16
19	CET1: Other capital elements, deductions and adjustments[1]	(23,742)	1, 6, 16
20	**Additional tier 1 capital**	-	
21	Fully paid up, directly issued capital instruments	N/A	
22	Share premium	N/A	
23	(-) Total deductions from additional tier 1	N/A	
24	Additional Tier 1: Other capital elements, deductions and adjustments	N/A	
25	**Tier 2 capital**	**17,669**	
26	Fully paid up, directly issued capital instruments	20,000	11
27	Share premium	N/A	
28	(-) Total Deductions from tier 2	(2,331)	
29	Tier 2: Other capital elements, deductions and adjustments	(2,331)	

[1] Includes deductions for £10m deferred tax assets, £3m intangible assets and £10m current year profit after tax. Under MIFIDPRU regulation, current year profits are not eligible for inclusion in capital resources until audited and so are excluded from the regulatory position as at 31 December 2022.

4.2 Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

Table OF2 below provides a reconciliation of regulatory own funds to the balance sheet as per AIGSL's audited financial statements at 31 December 2022 (£'000):

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	A	B	C
Amount (GBP thousands)	**Balance sheet as in published/ audited financial statements**	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
As at 31 December 2022			
Assets - Breakdown by asset class according to the balance sheet in the audited financial statements			
Non-Current Assets			
Intangible Assets	3,430		9 - Adjustments to CET1 due to prudential filters
Investments in subsidiaries	418		
Property Plant & Equipment	80		
Investments Designated at Fair Value through Profit or Loss	21,242		
Trade & Other Receivables	15,000		
Deferred Tax Asset	10,373		19 - Other capital elements, deductions and adjustments
Current Assets			
Trade & Other Receivables	247,865		
Cash & Cash Equivalents	149,110		
Investments Designated at Fair Value through Profit or Loss	11,091		
Total Assets	**458,609**		
Liabilities - Breakdown by asset class according to the balance sheet in the audited financial statements			
Non-Current Liabilities			
Trade & Other Payables	52,758		
Current Liabilities			
Trade & Other Payables	138,422		
Total Liabilities	**191,180**		
Shareholder's Equity			
Ordinary Share Capital	207,075		4 - Fully paid-up capital instruments
Currency Translation Reserve	899		8 - Other Reserves
Retained Earnings	59,455		6 - Retained Earnings
Total Shareholders' Equity	**267,429**		

4.3 Own Funds: Main Features of Instruments Issued by the Firm

Table OF3 below illustrates the main features of the CET1 instruments issued by AIGSL at 31 December 2022:

Table OF3: Main features of CET1 capital issued by AIGSL

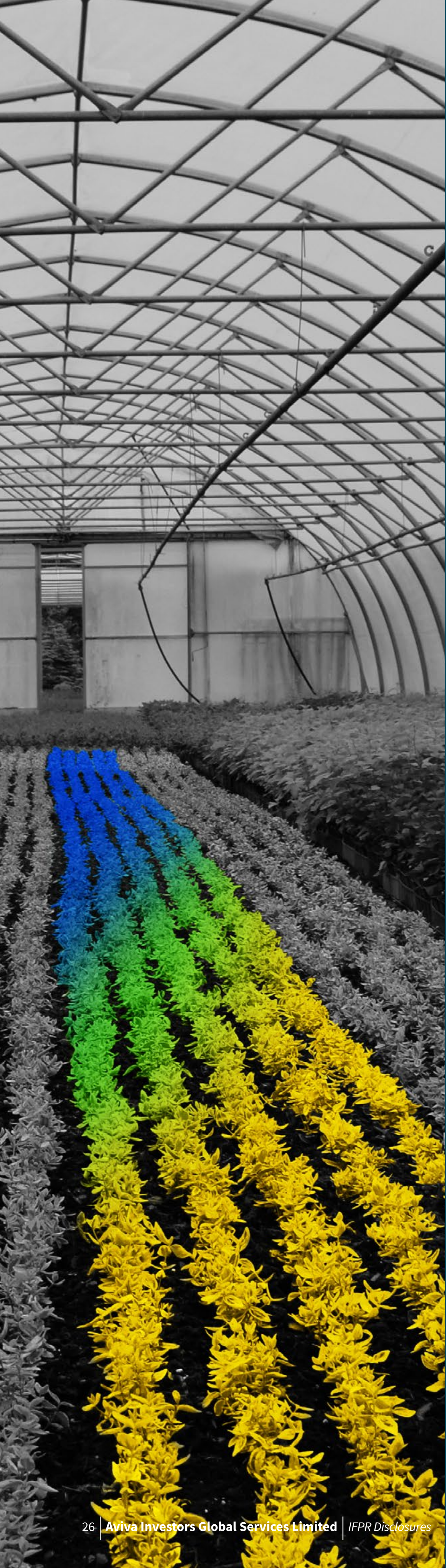
Issuer	Aviva Investors Global Services Limited
Public or private placement	Private
Instrument type	Ordinary Share Capital
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	207,075
Nominal amount of instrument (GBP whole number)	1
Issue price (GBP whole number)	1
Redemption price	N/A
Accounting classification	Allotted, called up and fully paid share capital
Original date of issuance[2]	07 December 1973
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends Fixed or floating dividend/coupon Coupon rate and any related index Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

Table OF4 below illustrates the main features of the T2 instruments held by AIGSL at 31 December 2022:

Table OF4: Main features of T2 instruments held by AIGSL

Instrument type	Sub-ordinated loan
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	20,000
Accounting classification	Loans with group companies
Issued by	Aviva Investors Holdings Limited (Parent)
Issued to	Aviva Investors Global Services Limited
Date of issuance	31 May 2016
Maturity date	31 May 2027
Interest payable	5.85% p.a.

[2] Information regarding subsequent share issuances by AIGSL since the original date of issuance can be found at https://find-and-update.company-information.service.gov.uk/company/01151805



Section 5

Own Funds Requirements

5. Own Funds Requirements

5.1 Calculation of the Own Funds Requirement

AIGSL, as an FCA investment firm, must at all times maintain own funds that are at least equal to its Own Funds Requirement (‘OFR’). As set out in MIFIDPRU 4.3.2R the OFR is calculated as the higher of its:

a) Permanent Minimum Capital Requirement (‘PMR’)

b) Fixed overheads requirement (‘FOR’), or

c) K-Factor Requirement (‘KFR’)

5.1.1 Permanent Minimum Requirement

The PMR for AIGSL has been determined based on the investment services and activities the firm undertakes. The PMR of AIGSL is classified as £150,000, as the firm meets the conditions set out in MIFIDPRU 4.4.3R.

5.1.2 Fixed Overhead Requirement

Per MIFIDPRU 4.5.1R, the FOR is determined as one quarter of the firm’s relevant expenditure of the preceding year or projected fixed overheads if there has been a material change to projected relevant expenditure during the year.

The fixed overhead expenses for AIGSL are derived based on the total relevant expenditure as per the applicable accounting framework (International Financial Reporting Standards) less deductions arising from discretionary costs and non-recurring expenses from non-ordinary activities.

At 31 December 2022, AIGSL’s FOR is £62.4m.

5.1.3 K-Factor Requirement

The UK IFPR regime outlines a new harm-based regulatory capital requirement for investment firms, assessed as the sum of 'K-Factor' requirements. The K-Factor approach assesses the main material harms that firms could pose on its clients and counterparties (Harm-to-Client), on the markets within which it operates (Harm-to-Market), and on itself (Harm-to-Firm). Each category has specific K-Factor calculations where relevant to a firm. The aim of the new approach is to provide a more appropriate method for investment firm business models compared to the previous regime.

The KFR applies to AIGSL based on metrics and coefficients applied to different base values according to the scale of each activity. Firms are required to apply the K-factors which are relevant to their business model with the following K-factors are applicable to AIGSL:

- Assets under Management (K-AUM)
- Client Money Held (K-CMH)
- Daily trading flow (K-DTF)

5.1.4 Own Funds Requirement

At 31 December 2022, AIGSL's OFR is determined by the FOR at £62.4m, outlined in Table OFR1 below.

Table OFR1: Calculation of the own funds requirement

Own funds requirement at 31 December 2022	Value (£'000s)
K-Factor Requirement	
• ΣK-AUM, K-CMH, K-ASA	46,478
• ΣK-COH & K-DTF	3,518
• ΣK-NPR, K-CMG, K-TCD, K-CON	-
Total K-Factor Requirement (KFR)	**49,996**
Fixed Overhead Requirement (FOR)	**62,358**
Permanent Minimum Requirement (PMR)	**150**
Own funds requirement (higher of KFR, FOR & PMR)	**62,358**

5.2 Assessing the Adequacy of Own Funds in accordance with the Overall Financial Adequacy Rule

In compliance with the OFAR, AIGSL is required to hold at all times, own funds and liquid assets which are adequate, both in amount and quality, to ensure that it is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its activities, or so that it can be wound down in an orderly manner, minimising harm to consumers or to other market participants. This is assessed through AIGSL's ICARA process.

ICARA

The ICARA process is at the core of the Aviva Investors risk management framework, incorporating the identification and management of potential material harms; business and operating model assessment; financial, capital and liquidity planning; stress and scenario testing; recovery planning; and wind-down planning. The ICARA process is an internal risk management process that is operated on an ongoing basis and applies to the entire business, including all regulated and unregulated activities. AIGSL reviews the adequacy of its ICARA process at least once every 12 months, or following any material change in the business or operating model.

The required amount of capital is determined using internally approved methodologies and is subject to approval by the Board. Capital resources are to exceed the higher of regulatory or internal risk-based requirement.

Adequacy of Own Funds

As detailed in Table OFR1, at 31 December 2022 the FOR is the biting OFR, determining the minimum regulatory own funds to be held by AIGSL.

The OFTR is the amount of own funds that a firm needs to hold at any given time to comply with the OFAR, determined as the higher of:

(a) the amount of own funds required to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; and

(b) the amount of own funds that a firm would need to hold to ensure that the firm can be wound down in an orderly manner.

At 31 December 2022, AIGSL holds own funds in excess of its OFTR, which is determined by the level of own funds required to fund ongoing business operations.

Adequacy of Liquid Assets

AIGSL's regulatory liquid asset obligations are specified per the MIFIDPRU 7.7, whereby to comply with the OFAR the firm must hold at all times the sum of the Basic Liquid Asset Requirement ('BLAR') and LATR. The LATR is calculated as the higher of:

(a) the amount of liquid assets that the firm requires to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or

(b) the additional amount of liquid assets that a firm would need to hold when commencing its wind-down process to ensure that the firm could be wound down in an orderly manner.

At 31 December 2022, AIGSL holds liquid assets in excess of its LATR, which is determined by the BLAR plus the level of liquid assets required to initiate the wind-down process.

Early Warning Indicators

AIGSL has established the levels of own funds and liquid assets that it considers, if breached, may indicate that there is a credible risk to its threshold requirements. Early warning triggers are used to monitor own funds or liquid assets are nearing their respective risk appetites, with appropriate Board and FCA escalation processes established for each level of early warning trigger and risk appetite breaches.

Stress & Scenario Testing

Stress and scenario testing ('SST') considers the harms that AIGSL and its clients are exposed to and whether the entity has sufficient and appropriate recovery actions for relevant severe but plausible stresses. Many of the scenarios are complex events with multiple simultaneous impacts to both revenue and costs.

SST, including reverse stress testing, is undertaken to consider whether AIGSL would continue to have sufficient own funds and liquid assets to meet the OFAR. Assumptions for loss of revenue, through redemptions and underachievement of the sales plan, are agreed at an asset class level and applied to AIGSL in the same proportions as they are applied for the Aviva Investors Group as a whole per the ICARA process.

Wind-Down Planning

Wind-down planning is undertaken to assess the financial and non-financial resources required to wind-down AIGSL in an orderly manner and to terminate its business in a realistic timescale. This includes how the business would close or transfer the funds under management, reduce its staff and infrastructure support, and to estimate the additional costs to mitigate the material potential harms on clients, counterparties, and the market that could arise from winding-down. The potential harms arising from winding down the business and how they could be mitigated are documented in the Aviva Investors Group Wind-Down Plan.

Section 6

Remuneration Policy & Practices

6. Remuneration Policy & Practices

The Remuneration Code (SYSC 19G) applies to AIGSL. This disclosure meets the requirements as set out in MIFIDPRU 8.6.

6.1 Remuneration Governance

Aviva Investors Remuneration Committee

The Aviva Investors Remuneration Committee is responsible for reviewing and making recommendations to the Aviva Group Remuneration Committee and AIHL Board regarding the Remuneration Policy of Aviva Investors including AIGSL. This Committee reviews individual remuneration packages for all employees to which the Remuneration Code applies and considers the remuneration policy and structures for all Aviva Investors employees.

The Aviva Investors Remuneration Committee is comprised of Non-Executive Director Mike Craston and Independent Non-Executive Directors Jeffrey Weingarten (Chair), Sue Amies-King, Alexa Coates, Andrew Kirton and Mark White. The majority of the members were also members of the Aviva Investors Risk Committee during 2022. The Aviva Investors Remuneration Committee met on five occasions in 2022.

Aviva Group Remuneration Committee

The Aviva Group Remuneration Committee oversees Aviva's remuneration policies and practices. The Committee considers alignment between Group strategy and the remuneration of Directors and Material Risk Takers ('MRT's) within Aviva Investors. The Committee also works with the AIHL Board Risk Committee to ensure that risk and risk appetite are properly considered in setting the remuneration policy. The full roles and responsibilities of the Aviva Group Remuneration Committee are available on the Investor Relations website, found here:

https://www.aviva.com/about-us/remuneration-committee/

The Aviva Group Remuneration Committee is comprised of Independent Non-Executive Directors Pippa Lambert (Chair), Andrea Blance, Patrick Flynn and Jim McConville. Andrea Blance, Patrick Flynn and Jim McConville were also members of the Aviva plc Board Risk Committee during 2022. The Aviva Group Remuneration Committee met on six occasions in 2022.

When setting remuneration policy, the relevant Remuneration Committees take account of the company's strategic objectives and take into account the long-term interests of shareholders and other stakeholders.

During 2022 the Aviva Investors Remuneration Committee and Aviva Group Remuneration Committee received independent advice on executive remuneration matters from Deloitte LLP which is a member of the Remuneration Consultants Group and adheres to its Code of Conduct.

6.2 Remuneration Policy

The Aviva Investors remuneration policy is consistent with Aviva's remuneration principles which support the execution of Aviva Investor's strategy, rewarding sustained performance and growth aligned with our values:

Performance aligned: We differentiate reward based on performance. Outcomes are aligned with Aviva, business-line and individual performance, both financial and non-financial.

Competitive: We focus on the total reward package, ensuring that reward programme design and outcomes are market aligned and competitive, enabling the attraction, motivation and retention of high-quality colleagues.

Simple, transparent and consistent: We operate a 'one Aviva' approach to reward. Our reward programmes are only as complex as necessary. They are easily understood.

Fair: Our reward programmes and decision-making support Aviva's commitment to create a diverse and inclusive organisation, ensuring that all colleagues are rewarded fairly in view of the results achieved and individual contributions. Our reward approach is designed to attract, motivate and retain high quality colleagues, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance, contribution or experience.

Doing the right thing: We do the right thing through reward programmes that support Aviva's values, behaviours and sustainability objectives. Outcomes consider expectations of Customers, Colleagues and Shareholders.

Risk aligned: Reward is designed to promote sound and effective risk management, within a robust internal governance framework.

6.3 Link Between Pay and Performance

Performance is measured against a combination of:

Aviva Investors and Aviva Group performance: A rounded assessment of performance against financial key performance indicators (including, but not limited to operating profit, investment performance and net flows). The assessment of financial performance includes reference to actual results versus prior period results, agreed plans, relativity to competitors and progress towards our long-term target ambition; and

Non-financial considerations including management of risk (including the integration of sustainability risks in the investment process, where applicable), diversity and inclusion, employee engagement metrics and alignment with value created for our shareholders

Business Unit Performance: Contribution of each business area to the overall success of the Aviva Investors, year on year growth and execution of its strategy; and

Individual Performance: Delivery against individual goals and relative performance in comparison to peers, as well as the extent to which individuals have demonstrated the Aviva values.

The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The Risk function provide an independent assessment of risk and control effectiveness to the Aviva Group Remuneration Committee for consideration in setting the bonus pool. The assessment is based on a balanced scorecard with metrics designed to drive and reward good risk management behaviours and outcomes, and measures to ensure appropriate independent challenge and review. The assessment includes consideration of both current and likely future risks facing the business.

The Risk function also input on any risk and conduct breaches occurring during the year that could impact variable remuneration outcomes on an individual basis. Future risks identified that have a likelihood of materialising may result in withholding or reduction in variable remuneration.

Through Aviva Investors' Global Reward Framework, all investment employees should support responsible investment and integrate Environmental, Social & Governance ('ESG') considerations into their investment processes, including the consideration of Sustainability Risk (as defined by the EU Sustainable Finance Disclosure Regulation). ESG research is integrated into the investment process and forms part of the investment scorecard and annual risk attestation. The Chief Investment Officers and investment desk heads consider how investment employees demonstrate their commitment to ESG processes as part of the determination of annual performance and pay outcomes.

The remuneration of employees in Control Functions (defined as Risk, Compliance and Audit) is determined independently of the financial results of Aviva Investors in order to reinforce the independence of these functions. To avoid conflicts of interest, no individual is involved in decisions relating to his or her own remuneration.

6.4 Structure of Remuneration

Fixed Remuneration

Basic Salary – set within an appropriate market range and reflecting a colleague's professional experience and organisational responsibilities. Fixed pay is set at a level which is sufficient to allow the possibility, where performance warrants, that an employee may receive no variable pay.

Benefits – standard benefits are provided that are appropriate to the market, compliant with all legal requirements and intended to provide choice and flexibility to meet individual needs.

Variable Remuneration

Annual Bonus – a discretionary short-term incentive plan where individuals may receive a bonus based on business and individual performance against targets. All Aviva Investors colleagues who are permanent employees or Fixed Term Contractors are eligible to be considered for an annual bonus.

Annual bonuses are typically received in cash but awards above certain thresholds are deferred to align the interests of employees with those of the company, its customers, and shareholders and to aid retention. A three-year deferral with pro-rata vesting in Aviva funds and/or Aviva Group Plc shares applies. MRTs are subject to additional deferral requirements, further detail is included below in the section 'MRT Deferrals and Retention Periods'.

Long Term Incentive Awards ('LTIA') – discretionary long-term incentive plan to align reward with long-term investment performance, Aviva Group and Shareholders, and with the additional intention to help retain key talent. All Aviva Investors colleagues who are permanent employees are eligible to receive an LTIA, although LTIAs are typically awarded to a select number of senior colleagues.

LTIAs vest after three years; part in Aviva Investors and part in Aviva Restricted Share Units ('RSU's). For colleagues in the Real Assets business, Aviva funds are subject to a two-year holding period post vesting to align with the longer-term nature of investments in the Real

Assets business. For the Aviva Investors CEO, due to his role as a member of the Aviva Group Executive Committee the award of RSUs is subject to additional Aviva Group performance conditions. For MRTs, vesting is subject to a pre-vesting assessment of individual performance, behaviours, and alignment with the company values of Aviva Investors throughout the three-year performance period.

Variable remuneration is discretionary and fully flexible, including the possibility of zero if performance thresholds are not met.

MRT Deferrals and Retention Periods

In line with regulatory requirements, MRTs are subject to additional deferral requirements:

For MRTs identified under IFPR and not other Remuneration Codes: 40% of variable remuneration under £500,000 is deferred over three years, vesting on a pro-rata basis. This increases to 60% for variable remuneration over £500,000. A minimum of 50% of total variable remuneration is delivered in Aviva funds and/or Aviva Group Plc shares. A six-month retention period applies to the funds and/or shares after vesting.

IFPR MRTs who have also been identified as MRTs under SYSC 19B and 19E are also subject to the AIFMD/UCITS V remuneration requirements. The requirements are applied on an apportioned basis, based on the % of Assets Under Management ('AUM') of the AIFMD/UCITS regulated firm versus total AUM of Aviva Investors. The apportioned variable remuneration is subject to the following requirements: 40% of variable remuneration under £500,000 is deferred over three years. This increases to 60% for variable pay over £500,000. A minimum of 50% of total variable remuneration is delivered in Aviva funds and/or Aviva Group Plc shares, this applies to both the deferred element and the upfront element (the element that is not subject to deferral).

When setting deferral schedules and retention periods for MRTs, Aviva Investors take into account:

- The firm's business cycle (including length), the nature of its business and its risk profile;
- The activities and responsibilities of MRTs and how these may impact the risk profile of the firm or the assets the firm manages;
- Whether the deferred variable remuneration is paid out in instruments or cash;
- The amount of the variable remuneration and the ratio of variable to fixed remuneration; and
- How long it could take for the risks underlying the staff member's performance to crystallise.

Aviva Investors considers, based on market practice and in consideration that all variable awards are subject to clawback post vesting, that: the proportion of variable remuneration that is deferred is appropriate to align the interest of colleagues with the risk profile of the regulated entities; the retention period is of suitable length post release of the deferred awards (or in the case of an upfront component the award); and, the deferral period and vesting schedule is of an appropriate length.

For all MRTs, malus provisions and leaver conditions will apply during the vesting period. However, these will not apply during the six-month holding period. Clawback provisions continue to apply after the vesting period, including during the holding period.

Colleagues are not permitted to undertake personal hedging strategies in respect of any variable remuneration.

6.5 Malus and Clawback

All variable pay granted or paid to any Aviva Investors employee is subject to the Aviva's Malus and Clawback Policy. This includes the cash and deferred elements of the annual bonus plan and any LTIA. The circumstances when Malus and Clawback may apply are documented in the Directors Remuneration Policy section of the Annual Report and Accounts, found here:

https://www.aviva.com/investors/annual-report/

6.6 Guarantees

Guaranteed awards are only offered for the year of hire in exceptional circumstances and provided the legal entity has a sound and strong capital base. In line with Aviva's policy, guarantees must:

- Not be more generous than necessary and only offered if alternate approaches, such as full year bonus opportunity, are not considered appropriate.
- Not be offered to Executive Directors.
- Be subject to a minimum standard of personal performance, behaviour and conduct.

Guarantees are subject to appropriate governance and approvals and are subject to Aviva's Malus and Clawback Policy.

6.7 Severance

Any severance payment above and beyond statutory or existing contractual entitlements is at the company's absolute discretion. There is no automatic right to a pro-rata bonus payment in the event of termination of employment by the company or individual. Any bonus payments related to early termination of contracts are at the company's discretion and will reflect performance achieved over time and designed in a way which does not reward poor conduct or failure. Treatment of any unvested share, fund or bonus awards are governed by the relevant plan rules. There is no automatic entitlement to any payment under these plans other than where expressly stated in the plan rules.

The maximum severance pay is based on Aviva applicable policies; in the event of redundancy the maximum severance pay is calculated based on year of service, with each year of service representing a proportion of salary as per Aviva Discretionary Redundancy policies, plus a discretionary pro-rata lost bonus opportunity.

In non-redundancy exits the criteria used to determine maximum severance pay is linked to the reason for the exit, the employees' length of service and the requirement to reach settlement weighted against the legal risk of litigation. In the event of legal proceedings, the maximum severance payment may exceed the calculated and determined approach above.

6.8 Material Risk Taker Identification

Aviva Investors has identified MRTs in accordance with the FCA Remuneration rules and guidance as set out in SYSC 19G. In addition, Aviva Investors undertakes an additional qualitative assessment to identify any further individuals whose professional activities / who:

- Could have a material impact to the balance sheet of Aviva Investors
- Could have a material impact to the revenue or net profit of Aviva Investors
- Could have a material impact to the reputation of Aviva Investors
- Manage AUM of £10bn or more (c3% of total firm assets) where investment risk is not rated as low
- Manage retail funds with £5bn or over where investment risk is not rated as low
- Are head of an investment desk

The groups of employees identified as meeting the criteria for MRT identification include:

- Legal Directors of UK Regulated Entities
- Members of the AI Executive Committee
- FCA-designated senior management functions, with the exception of SMF 7 – Group Entity Senior Manager Function
- Individuals identified as part of the additional qualitative assessment.

The MRT population is reviewed at least annually by the Remuneration Committees and individuals are notified of their status.

6.9 Quantitative remuneration disclosures

Total remuneration awarded

GBP (millions)	**Senior Management**	**Other MRTs**	**Other Staff**	**Total (All Staff)**
Total fixed remuneration	4.1	4.7	78.4	87.2
Total variable remuneration	7.0	5.7	26.7	39.4
Total remuneration	**11.1**	**10.4**	**105.1**	**126.6**

Additional notes:

i. Other staff includes employees as at 31 December 2022

ii. Fixed remuneration included salary, allowances and the value of pensions and benefits

iii. Variable remuneration includes annual bonus and LTIA, and for Senior Management and other MRT's guarantees, buy-outs and severance pay based on value at grant

The amount and forms of remuneration awarded to MRTs

GBP (millions)	Senior Management	Other MRTs	Total
Number of MRTs	17	24	41
Total variable remuneration	7.0	5.7	12.7
Of which is cash-based			
Of which: non-deferred	1.9	2.1	4.0
Of which: deferred	-	-	-
Of which is shares			
Of which: non-deferred	-	-	-
Of which: deferred	1.5	0.7	2.2
Of which is share linked instruments or equivalent non-cash instruments			
Of which: non-deferred	0.0	0.0	0.0
Of which: deferred	3.6	2.8	6.4
Of which is other forms			
Of which: non-deferred	-	-	-
Of which: deferred	-	-	-

Additional notes:

i. Variable remuneration includes annual bonus and LTIA, guarantees, buy-outs and severance pay based on value at grant

MRT outstanding deferred remuneration

GBP (millions)	Senior Management	Other MRTs	Total
Amount of deferred remuneration awarded for previous performance periods			
Of which: due to vest in the financial year in which the disclosure is made	3.5	3.3	6.8
Of which; due to vest in subsequent years	9.6	7.1	16.7
Amount of deferred remuneration due to vest in the financial year in which the disclosure is made			
Of which: is or will be paid out	3.5	3.3	6.8
Of which: the amount was due to vest but withheld as a result of performance adjustment	0.0	0.0	0.0

Additional notes:

i. Deferred remuneration includes annual bonus and LTIA, guarantees, buy-outs and severance pay based on value at grant

ii. Performance adjustments relates to reduction of awards due to application of malus

Severance payments made to MRTs

The highest award of severance pay awarded to an individual MRT (other MRT) was £0.3m

Exemptions from disclosure

In line with the exemption provided in MIFIDPRU 8.6.8 (7) (b), the following obligations have not been included within this disclosure to prevent individual identification of an MRT or any information that could be associated with a particular MRT:

- MIFIDPRU 8.6.8 (5) (a) and (b)
- MIFIDPRU 8.6.8 (6) (d)

Section 7

Investment Policy

7. Investment Policy

7.1 Proportion of Voting Rights

The proportion of voting rights attached to shares held directly or indirectly by AIGSL in accordance with MIFIDPRU 8.7.4R are outlined in Table IP1 below:

Table IP1: Proportion of Voting Rights

Company Name	LEI	Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R
BMO Commercial Property Trust Ltd		22.360
Conduit Holdings Ltd		15.068
Dyson Group		12.353
Sherborne Investors (Guernsey) Ltd		11.807
Science in Sport		10.843
Spirent Communications plc		10.076
TwentyFour Income Fund Ltd		9.940
Sabre Insurance Group plc		9.808
Triple Point Energy Efficiency Infrastructure Company plc		9.698
DFS Furniture PLC		9.698
Foresight Sustainable Forestry Company plc		9.095
Countryside Properties plc		8.461
Next Fifteen Communications Group plc		8.376
CT Property Trust (formerly BMO Real Estate Investments Ltd)		8.356
Oxford Metrics plc		8.272
Tritax Eurobox PLC		7.917
Ibstock PLC		7.374
PRS REIT PLC		7.234
Hipgnosis Songs Fund		6.796
Intermediate Capital Group plc		6.541
Tristel Plc		6.410
DS Smith plc		6.321
Ricardo plc		6.113
East Imperial PLC		5.861
Rathbones Group plc		5.607
Chemring Group plc		5.438
Kier Group plc		5.297
Irish Residential Properties REIT plc		5.259
Tritax Big Box REIT plc		5.142
Tyman plc		5.045

7.2 Voting Behaviour

AIGSL voting behaviour for the financial year ending 31 December 2022 is outlined in tables IP2.01 to IP2.03 below

Table IP 2.01: Description of Voting Behaviour

Row	Item	Value
1	Number of relevant companies in the scope of disclosure	30
2	Number of general meetings in the scope of disclosure during the past year	38
3	Number of general meetings in the scope of disclosure in which the firm has voted during the past year	38
4	Does the investment firm inform the company of negative votes prior to the general meeting? (Yes/No/Other – please explain)	Yes
5	On a consolidated basis, does the investment firm group possess a policy regarding conflicts of interests between relevant entities of the group? (Yes/No)	Yes
6	If yes, summary of this policy	https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/ Please refer to Annual Review 2021 pages 36 - 39

Table IP 2.02: Voting Behaviour

Row	Item	Number	Percentage (of all resolutions)
1	General meetings resolutions:	452	
2	the firm has approved management's recommendation	434	96.0
3	the firm has opposed management's recommendation	13	2.9
4	in which the firm has abstained	5	1.1
5	General meetings in which the firm has opposed at least one resolution	6*	15.8

* out of 38 meetings voted

Table IP 2.03: Voting Behaviour in resolutions by theme (number unless specified)

Row	Item	Voted For	Voted Against	Abstained	Total
1	Voted resolutions by theme during the past year:	434	13	5	452
2	Board structure	169	2	3	174
3	Executive remuneration	31	6	1	38
4	Auditors	52	1	0	53
5	Environment, social, governance not covered by rows 2-4	0	0	0	0
6	Capital transactions	95	0	1	96
7	External resolutions (e.g. shareholder proposals)	0	0	0	0
8	Other	87	4	0	91
9	Percentage of all resolutions put forward by the administrative or management body that are approved by the firm	96.0	2.9	1.1	100

7.3 Use of Proxy Advisor Firms

To support us in making voting decisions on thousands of meetings a year, we subscribe to research from a number of third-party providers. These include Institutional Shareholder Services (ISS), the Investment Association's IVIS service and MSCI. We use research for data analysis only and do not automatically follow research provider voting recommendations. We also receive recommendations from ISS based on our own policy, which we can override in consideration of other factors, including internal views, additional context provided in external research, and company explanations.

7.4 Voting Guidelines

The Global Voting Policy can be found by clicking the below link.

https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/

Section 8

Glossary

8. Glossary

AIFMD	Alternative Investment Fund Managers Directive
AIGSL	Aviva Investors Global Services Limited
AIHL	Aviva Investors Holdings Limited
AUM	Assets Under Management
BLAR	Basic Liquid Asset Requirement
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CMH	Client Money Held
CRD IV	Capital Requirements Directive
CRO	Chief Risk Office
CRR	Capital Requirements Regulation
DE&I	Diversity, Equality & Inclusion
DTF	Daily Trading Flow
ESG	Environmental, Social & Governance
FCA	Financial Conduct Authority
FOR	Fixed Overhead Requirement
IA	Internal Audit
ICARA	Internal Capital and Risk Assessment
IMMMR	Identification, Measurement, Management, Monitoring and Reporting
IPS	Investment Policy Statement
KFR	K-factor requirement
LATR	Liquid Assets Threshold Requirement
LTIA	Long Term Incentive Awards
MiFID	Markets in Financial Instruments Directive
MIFIDPRU	Prudential Sourcebook for MiFID Investment Firms
MRT	Material Risk Taker
OFAR	Own Funds Adequacy Rule
OFR	Own Funds Requirement
OFTR	Own Funds Threshold Requirement
PMR	Permanent Minimum Requirement
RAS	Risk Appetite Statement
RMF	Risk Management Framework
RSU	Restricted Share Unit
SMCR	Senior Managers & Certification Regime
SMF	Senior Management Function
SNI	Small & Non-Interconnected FCA Investment
SST	Stress & Scenario Testing
T2	Tier 2 Capital
UCITS	Undertakings for Collective Investment in Transferrable Securities
UK IFPR	UK Investment Firms Prudential Regime
UK Reg Group	Aviva Investors' UK Regulatory Group

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