Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund

Summary of changes to the Principles and Practices of Financial Management (PPFM)

AVIVA

Introduction and Background

This document summarises changes made to the FP With-Profits Sub-Fund PPFM document in recent years.

The PPFM was originally published in March 2004 as the PPFM for Friends Provident Life and Pensions Limited. It then consisted of two separate documents, one for policies sold before Friends Provident ceased to be a mutual company (in 2001) and one for later policies. These were combined in 2012 and have since been amended on several occasions. The Aviva website now displays the latest version of the PPFM.

1. Changes effective from 1 January 2026

The PPFM has been amended from 1 January 2026 following an internal review.

(a) Minor changes to 7.2 Practices

We have made a small number of corrections and clarifications.

2. Changes effective from 1 April 2025

The PPFM has been amended from 1 April 2025 following an internal review.

(a) 3.3 Practices

We have changed the way we set regular bonus rates in the future. We would expect that this will have little difference in the amount we pay out in future; we would expect to pay more in regular bonus and less in final bonus. As regular bonuses increase the amount we guarantee to pay out in adverse circumstances, this change provides greater security for customers.

(b) 5.4 Practices

We have changed the way we describe the Equity Backing Ratio to provide greater clarity. There has been no material change to the investment strategy.

(c) 5.10 Practices

A new section has been added to the investment practices providing information on how Aviva's sustainability ambition impacts investment strategy.

(d) 7.2 Practices

We have updated the description of expense charges following the recent review of those charges.

(e) Minor changes to Practices

We have made a number of minor corrections or clarifications.

3. Changes effective from 1 January 2024

(a) Practices 2.3.2.1 and 2.3.2.2

The reference to a webpage used in these sections has been updated.

(b) Practices 3.5

Some wording on the smoothing strategy has been amended to avoid confusion with other practices.

(c) Practices 6.2

The practices included wording related to capital instruments issued by Friends Life Holdings plc. These instruments have been repaid and so the wording has been deleted. However, it is still a requirement that an annual review of the impact of the Company's plans on the security of policyholders is provided to the With-Profits Committee.

4. Changes effective from 1 January 2023

The PPFM has been amended from 1 January 2023. A number of practices were amended following an internal review.

(a) Practices 2.2 and 3.4

We have made some changes to the way we apply smoothing of payouts to better achieve the way smoothing is described in the Principles.

5. Changes effective from 1 January 2022

There have been no changes made to the PPFM from 1 January 2022.

6. Changes effective from 1 January 2021

The PPFM has been amended from 1 January 2021. A number of practices were amended following an internal review.

(a) Practices 2.4.4 & 3.8 and Appendix 5.1

At demutualisation a provision to pay tax on shareholder transfers was set up. This provision has now been used up and the wording has been changed to reflect that the shareholder now pays the tax on shareholder transfers.

(b) Practices 3.4

We have corrected the wording for the change in payouts to be less than or equal to the smoothing limits following final bonus rates changes.

(c) Practices 5.4

We have removed some wording which no longer applies following the introduction of the revised Risk Appetite Framework in 2020.

7. Changes effective from 1 January 2020

The PPFM has been amended from 1 January 2020. A number of practices were amended following an internal review.

(a) General changes

We have made some minor corrections and clarifications to wording. These have not been described here as they make no material change to the PPFM.

(b) Practices 2.3

We have made some changes to the description of our approach to estate distributions to make it clearer for customers to understand the main risks and rewards of maintaining a with-profits policy in the Sub-Fund.

(c) Practices 7.2

The PPFM referred to a management services agreement which ceased at the end of 2018. We have amended the wording to reflect the revised Management Services Agreement which took effect from 1 January 2019.

(d) Practices 8.2 and Glossary

We have introduced a Risk Appetite Framework which supports the decision making in relation to the with-profits sub-funds. It aims to manage the Sub-Fund so that the estate is within a preferred range.

8. Changes effective from 1 January 2019

The PPFM was amended 1 January 2019. A number of practices were amended following an internal review.

(a) General changes

Where possible we have standardised wording and removed any Practices that are no longer applicable. These have not been described here as they make no material change to the PPFM.

(b) Practices 2.2 & 3.4

We have made some changes to the way we apply smoothing of payouts to better achieve the way smoothing is described in the Principles.

(c) Practices 5.2 & 5.4

We have clarified the approach to reviewing investment strategy and how it is described within the PPFM.

We have also clarified our investment approach relating to assets backing asset shares (“return assets”), and assets backing other liabilities (“non-return assets”).

(d) Practices 5.6

We have clarified how derivatives may be used.

(e) Practices 5.9

We have clarified the investment controls that are in place as outlined by the funds own investment mandate.

9. Changes effective from 1 January 2018

(a) General changes

The PPFM has been amended from 1 January 2018. The changes have not been described here as they were minor corrections or clarifications to wording and make no material change to the PPFM.

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