Aviva Life & Pensions UK Limited Provident Mutual 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 Provident Mutual Sub-Fund PPFM in recent years.

The PPFM was first published on 29 April 2004 and has subsequently been amended on a number of occasions. The Aviva website now displays the latest version of the PPFM.

1. Changes effective from 1 January 2026

No changes were made from 1 January 2026 following an internal review.

2. Changes effective from 1 April 2025

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

(a) 2.6 Practices

We have simplified the way we describe our approach to setting regular bonus rates, but there has been no change to the actual way we set them.

(b) 3.2 Practices

We have changed the way we describe the Equity Backing Ratio. We have moved away from an investment strategy where the Equity Backing Ratio tends to change as the strength of the fund changes to a strategy where the investment mix is set fixed, subject to periodic reviews. This has had no impact on the current Equity Backing Ratio or asset mix.

(c) 3.2 Practices

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

(d) 5.2 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 2.6

The reference to a webpage used in this section has been updated.

(b) Practices 4.2

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) 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.

5. Changes effective from 1 January 2022

The PPFM has been amended from 1 January 2022. A number of practices were amended following an internal review.

(a) Practices 2.2

We have reduced the upper limit of the target payout range for conventional business to achieve a better balance of the cost of smoothing between generations of policyholders as outlined in the Principles.

(b) Practices 2.4

We have corrected the wording for the tax deducted from asset shares to reflect actual practice.

(c) Practices 3.2

We have made some changes to the management of equity risk in the Sub-Fund.

(d) Practices 5.2

We have added Equiniti to the list of outsource providers.

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 2.2

- 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.
- We have clarified the final bonus rates that apply to conventional whole of life policies.

(b) Practices 2.4

We have changed the wording to reflect that a charge was applied to asset shares in 2020 (other than for dynamic annuities) to recoup past smoothing cost and that all future smoothing costs will be borne by the estate.

(c) Practices 2.4, 2.6 & 4.2

We have amended the wording to reflect the de-risking of the guaranteed element of the with-profits annuities in the Sub-Fund.

7. Changes effective from 1 January 2020

The PPFM has been amended from 1 January 2020. One principle and 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 2.2 & 2.6

We have removed some specific practices relating to flexible endowment assurances as there are no live policies remaining.

(c) Practices 2.6 & 6.2

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.

(d) Practices 3.2 & 6.2 and Glossary

We have updated the wording to reflect the changes in the Risk Appetite Framework. The aim of the Risk Appetite Framework is to manage the Sub-Fund so that the inherited estate is within a preferred range.

(e) Principles 5.1 and Practices 5.2

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. We have amended the principle to reflect the move from a combination of fixed and per policy fee basis to per policy fees as the new Management Services Agreement does not include a fixed fee.

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. They have not been described here as they make no material change to the PPFM.

(b) Practices 2.2 & 2.6

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 3.2

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

9. Changes effective from 1 January 2018

The PPFM was amended 1 January 2018. One practice was amended following an internal review.

(a) General changes

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

(b) Practices 6.3

We have amended the risk appetite framework to simplify our process and to better achieve our Principles

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