

Aviva plc (“the Company”)
Terms of Reference of the Board Audit Committee (“the Committee”)

<p>1. Chair</p>	<p>Recommended by the Board Nomination and Governance Committee and approved by the Board.</p> <p>In the absence of the Committee Chair, the Committee members shall elect one of the Committee members present to chair the meeting.</p> <p>The Committee Chair should attend the AGM to answer shareholder questions on the Committee’s activities and responsibilities.</p>
<p>2. Members</p>	<p>Recommended by the Board Nomination and Governance Committee and approved by the Board (in consultation with the Committee Chair).</p> <p>The Committee shall comprise of a minimum of three members and all members shall be Independent Non-Executive Directors of the Company (INEDS).</p> <p>At least one member shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to both the financial services and insurance sectors in which the Company operates.</p> <p>One member shall be a member of the Board Remuneration Committee and one member a member of the Board Risk Committee.</p> <p>The Chairman of the Board may not be a member of the Committee.</p> <p>Appointments shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee.</p>
<p>3. In attendance</p>	<p>Only Committee members and other INEDs have the right to attend.</p> <p>Standing invitations:</p> <ul style="list-style-type: none"> a) Group Chief Executive Officer (CEO) b) Chief Financial Officer (CFO) c) Chief Audit Officer (CAO) d) Chief Risk Officer (CRO) e) Chief Risk Actuary (CRA) f) Chief Accounting Officer (CA) g) Group General Counsel and Company Secretary h) A representative of the external auditor <p>Members of Management and any advisers appointed by the Committee may attend any meeting of the Committee by invitation.</p>
<p>4. Secretary</p>	<p>Group Company Secretary or a nominee.</p>
<p>5. Quorum</p>	<p>Two members.</p>
<p>6. Meeting Frequency and Format</p>	<p>There shall be a minimum of four meetings a year, and at other times as required (at the request of the Committee Chair, two Committee members, the Board Chair, CEO, CFO, the CAO, CRO or the External Auditor).</p> <p>At least once a year, the Committee shall meet separately with each of the CAO and the external auditor without members of Management present.</p>

	<p>Members may attend a Committee meeting in person, via video or telephone. If required, matters may be approved by written resolution and approved electronically.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the meeting.</p> <p>The Secretary shall ensure that a formal record of Committee proceedings and resolutions is maintained, and the minutes once approved by the Chair, shall be circulated to all members of the Committee and the Board.</p>
<p>7. Conflict of Interest</p>	<p>Each Committee member should consider whether they have any conflicts of interest prior to participating in Committee meetings and making decisions regarding the business of the Company.</p>
<p>8. Main Responsibilities</p>	<p>The Committee shall assist the Board in its oversight of financial reporting and financial reporting controls by undertaking the following:</p> <ul style="list-style-type: none"> a) assess the integrity of the Company's financial statements and related announcements; b) monitor the adequacy and effectiveness of the controls over financial reporting; c) assess and monitor the independence, autonomy and effectiveness of the Group's whistleblowing provisions; d) monitor and ensure the independence of the Internal Audit Function and oversee its performance; and e) give appropriate consideration to the reports of the External Auditors, noting clear challenge of management's judgements and approach.
<p>9. Detailed Responsibilities</p>	<p>Financial Reporting:</p> <ul style="list-style-type: none"> a) assess and challenge where necessary, the action and judgments of Management in relation to the interim and annual financial statements; monitor the integrity of these financial statements and any formal announcements relating to the Company's financial performance; the Solvency Financial Condition Report; and the Regulatory Supervisory Report, having particular regard to: <ul style="list-style-type: none"> - the application of critical accounting policies, practices and methods, any changes thereto, and whether the Company has adopted these appropriately; - decisions requiring a major element of judgment or significant estimates; - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed; - appropriateness of key assumptions and methods to deliver the financial results; - the main drivers of the financial results under the relevant basis of accounting; - the clarity, accuracy and comprehensiveness of disclosures and the Group disclosure controls and procedures; - significant adjustments resulting from the audit; - the going concern and long-term viability assumptions; - compliance with accounting standards; and - compliance with PRA and FCA rules and other regulatory and legal requirements, including communication. b) evaluate the findings of the statutory audit with the external auditor, and to inform the Board of the audit outcome, explain how it contributed to the integrity of financial reporting and it's the role in the process; c) report to the Board on the significant issues and judgments made in connection with the interim and annual financial statements, and how these issues were addressed; d) where requested, provide advice to the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

	<ul style="list-style-type: none"> e) review any representation letter(s) requested by the external auditor before they are signed by Management and <i>recommend the same to the Board for APPROVAL</i>; and f) evaluate Management's response to the external auditor's findings and recommendations.
9.1	<p>Internal Financial Reporting Control:</p> <ul style="list-style-type: none"> a) assess the adequacy and effectiveness of the Group's controls over financial reporting; b) monitor any significant issues or weaknesses identified in the controls over financial reporting, and the actions taken by Management to remediate; and c) receive regular reports on the results of the Internal Audit function's work and review and monitor Management's responsiveness to its findings and recommendations.
9.2	<p>Whistleblowing:</p> <ul style="list-style-type: none"> a) establish and oversee the independence, autonomy and effectiveness of the Group's whistleblowing processes, in accordance with regulatory requirements; b) the Committee Chair shall be the Group 'Whistleblowing Champion' and is responsible for overseeing the integrity, independence and effectiveness of the Company's policies and procedures on whistleblowing including those policies and procedures intended to protect whistleblowers from being victimised because they have disclosed reportable concerns; c) ensure that internal whistleblowing arrangements are able to handle all types of disclosure, not just limited to accounting matters, from any person (not just employees) and allow for disclosures to be made through a range of communication methods; d) ensure these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; e) ensure all UK based employees undertake appropriate training and are advised about the FCA / PRA whistleblowing services; and f) at least annually, present a formal report to the Board on the whistleblowing function
9.3	<p>Internal Audit:</p> <ul style="list-style-type: none"> a) annually APPROVE the Internal Audit Functional Plan and budget; b) annually APPROVE the Internal Audit Plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements; c) monitor, and review the effectiveness of the Group's Internal Audit function and ensure it is independent and adequately resourced; d) ensure that a review of the Internal Audit function is carried out by an independent third party at least once every five years; e) consider Management's response to any material recommendations made by the Auditor and/or CAO; and f) APPROVE the Internal Audit Charter and Business Standard and any changes hereto.
9.4 9.4.1	<p>External Auditor (the Auditor):</p> <p><i>Auditor appointment:</i></p> <ul style="list-style-type: none"> a) Conduct the tender process in relation to the appointment, re-appointment, removal or resignation of the Auditor, and <i>make appropriate recommendations to the Board, for APPROVAL</i> at the Annual General Meeting, the appointment, re-appointment or removal of the Auditor; b) in the event of the resignation of the Auditor, investigate the issues leading to the decision and determine whether any action is required to be taken; c) APPROVE the Auditor's engagement letter and any amendments thereto; and d) <i>recommend the external audit fee to the Board for APPROVAL</i> including the fees for Non-Audit services.

9.4.2	<p><i>Audit tender:</i></p> <ul style="list-style-type: none"> a) Ensure that at least once every ten years the external audit services contract is put out to tender and oversee the selection process.
9.4.3	<p><i>Independence:</i></p> <ul style="list-style-type: none"> a) review and monitor the independence and objectivity of the external auditor in accordance with regulations and professional guidance including any threats to the auditor's independence and the safeguards applied to mitigate those threats; b) monitor the external auditor's processes for maintaining independence, its compliance with regulation and professional guidance particularly regarding the rotation of the audit partner and level of fees paid by the Group compared to the overall fee income of the auditor's company; c) monitor and APPROVE, a policy for the employment of former employees of the external auditor; d) regularly review the qualifications, expertise and resources of the external auditor; and e) report to the Board on the qualification, expertise, resources and independence of the external auditor.
9.4.4	<p><i>Non-audit services:</i></p> <ul style="list-style-type: none"> a) develop and implement a non-audit services policy ensuring there is prior approval of non-audit services; b) assess the nature and extent of non-audit work undertaken and ensure it does not impair the external auditor's independence and objectivity, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; c) APPROVE non-audit services in accordance with the External Auditor Business Standard; and d) review and APPROVE the application of the External Auditor Business Standard.
9.4.5	<p><i>Effectiveness</i></p> <ul style="list-style-type: none"> a) review the effectiveness of the external audit process taking account relevant UK, and EU professional and regulatory requirements; b) assess the external auditor's quality control procedures and the steps taken to respond to changes in regulatory and other requirements; c) assess the external auditors' control themes and observations report and Management's response; d) assess the effectiveness of the audit; and e) seek to ensure the co-ordination of the external auditor's activities with the activities of the Internal Audit function.
9.4.6	<p>CAO:</p> <ul style="list-style-type: none"> a) <i>recommend to the Board</i> the appointment or dismissal of the CAO; and b) work with the CEO to set the objectives of the CAO and the evaluation of his/her levels of achievement; and set his/her remuneration.
9.4.7	<p>Other:</p> <ul style="list-style-type: none"> a) monitor the Group's legal risk profile and relevant legal developments and note any significant pending legal actions against or by a Group company, where it has a significant financial impact; b) <i>in conjunction with the Board Remuneration Committee</i>, work with the Finance function to consider any financial implications for the directors' remuneration policy and broader remuneration policy arising from the Group strategy or performance; c) at least annually, receive and assess reports on the reserving position relating to the Group's life assurance and general insurance operations, including any material deviations of actual experience compared to best estimate; d) review the standard terms of reference for audit committees of the Group's principal subsidiaries and any material deviations from it, receive and review a summary of material issues transacted at those committees and receive and

	<p>review reports on any other material matters referred by the Chairs of these committees;</p> <p>e) be available to advise the Board or the Chairman of the Board, on any questions relating to the financial affairs of the Company; and</p> <p>f) following approval by the CEO and Committee Chair, note the appointment of members of Business Unit audit committees.</p>
<p>10. Reporting Procedures</p>	<p>a) the Committee Chair shall report to the Board as soon as practicable on matters reviewed, making recommendations when requested or when appropriate;</p> <p>b) Committee members shall undertake a review of the Committee's performance and the terms of reference annually, <i>making recommendations to the Board for APPROVAL</i> as necessary;</p> <p>c) The Committee shall produce an annual report of its duties and activities for inclusion in the Company's Annual Report and Accounts <i>and shall recommend this to the Board for APPROVAL</i>;</p> <p>d) the CFO shall submit a report to the Committee on a regular basis concerning financial capital, financial reporting, internal controls and other relevant issues within his/her remit;</p> <p>e) the CAO shall submit a report to the Committee on a regular basis concerning issues within his/her remit; and</p> <p>f) the CAO shall have a direct reporting line to the Committee Chair on matters within the Committee's scope.</p>