

Risk Committee Terms of Reference

1. Purpose

The Risk Committee is responsible for assisting the Board in its oversight of risk, reviewing the Group's risk appetite and risk profile in relation to capital, liquidity and franchise value, reviewing the effectiveness of the Group's risk management framework, reviewing the methodology used in determining the Group's capital requirements, stress testing, ensuring due diligence appraisals are carried out on strategic or significant transactions, working with the Remuneration Committee to ensure that risk management is properly considered in setting remuneration policy, and monitoring prudential regulatory requirements across the Group. Primary responsibility for setting the Group's conduct and financial crime risk appetites and overseeing the Group's profile against them; overseeing the brand and reputation of the Group and ensuring that the reputational risk is consistent with the risk appetite lies with the Board Governance Committee.

2. Membership

- 2.1 The members, including the chairman of the Committee, shall be appointed by the Board on the recommendation of the Nomination Committee. Members shall be appointed in consultation with the chairman of the Risk Committee.
- 2.2 The Committee shall consist of not less than three members and all members shall be independent non-executive directors of the Company. Appointments to the Committee 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 and subject to the articles of association of the Company and re-election by shareholders.

3. Quorum and meeting procedures

- 3.1 A quorum of the Committee shall be two members.
- 3.2 In the absence of the Committee chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Directors may attend a Committee meeting in person or through the use of video or telephone conference.
- 3.4 The Group Company Secretary, or their nominee, shall be the secretary of the Committee.

4. Attendance at meetings

- 4.1 Only Committee members and other Board members have the right to attend Committee meetings. The Group Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, the Chief Audit Officer and a senior representative of the external auditor will normally be invited to attend.
- 4.2 Members of Management and any advisers appointed by the Committee may attend any meeting of the Committee, by invitation.
- 4.3 At least once a year, and at any other time as the Committee shall see fit, it

shall meet separately with each of the Chief Risk Officer, the Chief Audit Officer and the external auditor in the absence of other members of Management.

5. Frequency of Meetings

- 5.1 Meetings shall be held not less than four times each year and at such other times as required.
- 5.2 The chairman of the Board, the Group Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Audit Officer, the External Auditor, the chairman of the Committee or two members of the Committee may request a meeting if they consider that one is necessary.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The secretary of the Committee shall ensure that a formal record of Committee proceedings and resolutions is maintained.
- 7.2 Following approval of the minutes by the chairman of the Committee they shall be circulated to all members of the Committee.

8. Authority

The Committee is authorised by the Board to:

- 8.1 investigate, or cause to be investigated, any activity within its terms of reference;
- 8.2 obtain at the Company's expense external legal or independent professional advice from such advisors as the Committee shall select, who may, at the invitation of the Committee, attend meetings as necessary;
- 8.3 seek any information that it requires from any employee of the Group in order to perform its duties and require all employees to co-operate with any request made by the Committee;
- 8.4 meet for despatch of its business, adjourn and otherwise regulate its business as it shall see fit, including approving items of business by the written resolution procedure set out in the Company's articles of association;
- 8.5 delegate any of its duties as is appropriate to such persons or person as it thinks fit; and

- 8.6 attend the meetings of the risk Committees of the Group's principal subsidiaries.

9. Duties

- 9.1 The duties of the Committee, which will be carried out in relation to the Company and the Group as a whole, as appropriate; shall be to:

Risk

- 9.2 review and monitor the Group's future risk strategy and its risk appetite, in particular, in relation to capital, liquidity and operational risk (save for where such risk is the primary responsibility of the Board Governance Committee), and to make recommendations on risk appetite to the Board;
- 9.3 work with the Governance Committee to ensure that the Group's Corporate Responsibility risk exposures are properly considered;
- 9.4 Review the methodology and assumptions used in the Group's model for determining its economic and regulatory capital requirements; satisfy itself that the assumptions and calibrations used reflect Aviva's forward-looking risk profile and that the potential impact of un-modelled and unquantifiable risks have been taken into consideration in determining economic and, where appropriate, regulatory capital; to receive independent internal and/or external reports on the methodologies and assumptions, and satisfy itself that the models are fit for purpose; to review the adequacy of the Group's processes and the effectiveness of controls over the determination of its economic and regulatory capital; and make recommendations to the Board.
- 9.5 Work with the Governance Committee to ensure the impact of material conduct, financial crime and reputational risks and events on the Group's capital and liquidity position are properly considered
- 9.6 review the appropriateness of the Group's investment risk strategy including asset liability matching; review and approve the Group's credit limit framework; and review and approve individual counterparty exposures above the Group shareholder exposure limit;
- 9.7 Review and robustly assess the design, completeness and effectiveness of the risk management framework relative to the Group's activities including those that would threaten its business model, future performance, solvency or liquidity; to review the adequacy and quality of the risk management function; and to review the effectiveness of risk reporting (including timeliness and risk events);
- 9.8 review and approve the risk policies and any material changes made to these; to review and recommend to the Board any relevant Group business standards which require Board ownership or which support the board in meeting its responsibilities; and monitor compliance with these and Management's actions to remedy any breaches;
- 9.9
- 9.10 review the scenarios (covering both economic and other future risk outlooks over the business planning horizon) and stress tests which the Group uses to

assess the adequacy of its economic and regulatory capital and liquidity; and review and challenge the outcome of these tests and the proposed actions which might need to be taken in the light of the outcomes;

- 9.11 satisfy itself that risks to the business plan and the capital implications are adequately identified and assessed as part of the business planning process through stress-testing and scenario analysis, and that appropriate mitigants, management actions and contingency plans are in place in relation to risks to the business plan, or arising as a result of the business plan and monitor the Company's medium-term capital management plan and recommend it to the Board for approval;
- 9.12 satisfy itself that risk-based information (including own risk and solvency requirements, returns on economic capital, capital and liquidity reports, stress testing and contingency planning) is used effectively by Management and the Board, for instance for capital allocation and product pricing.
- 9.13 ensure that a due diligence appraisal of strategic or significant transactions due to be proposed to the Board is undertaken before the Board takes a decision whether to proceed, focussing in particular on the implications on the capital and liquidity risk appetite and tolerance of the Group and ensuring that the implications of the transactions on the capital, liquidity, regulatory (prudential) and franchise value risk appetite in respect of current and future capital requirements are taken into account;
- 9.14 work with the Remuneration Committee to ensure that risk management is properly considered in setting the overall remuneration policy for the Group and the remuneration of the executive directors and other senior executives;
- 9.15 recommend the appointment or dismissal of the Chief Risk Officer to the Board and to participate jointly with the Group Chief Executive Officer in the determination of the objectives of the Chief Risk Officer and the evaluation of his/her levels of achievement, and to help determine and approve his/her remuneration;
- 9.16 review and recommend to the Board for approval any material regulatory filings including the methodology for the Own Risk Solvency Assessment;
- 9.17 Regulation (prudential)
review relationships with the prudential regulatory authorities in the UK and, where appropriate, other jurisdictions where the Group has a significant presence; and review developments and prospective changes in the prudential regulatory environment, and the Group's plans to help influence future prudential regulatory policies;
- 9.18 review significant breaches, or potential breaches, of prudential regulation and the steps taken to ensure that the underlying root causes of any regulatory control failures are being addressed;
- 9.19 review the adequacy and quality of the Group's Compliance and Risk functions;
- 9.20

Control environment

- 9.20 assist the Audit Committee in its review of the adequacy and effectiveness of the Group's system of internal controls, including financial reporting and financial controls;
- 9.21 approve the standard template terms of reference for the risk 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 review reports on any other material matters referred by the Chairs of those Committees;
- 9.22 note the appointment of members of Business Unit Risk Committees following endorsement by the Group Chief Executive Officer and Committee chairman; and
- 9.23 consider other topics, as referred to it from time to time by the Board.

10. Reporting Procedures

- 10.1 The chairman of the Committee shall report to the Board at regular intervals on the matters it has reviewed, make recommendations when requested or when the chairman of the Committee considers appropriate. The Group Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.
- 10.2 In addition to their day-to-day management reporting line, the Group Chief Risk Officer has a direct reporting line to the chairman of the Committee on matters within the Committee's scope.
- 10.3 The Chief Risk Officer shall submit a report to the Committee on a regular basis concerning capital and liquidity, risk and other relevant issues within his/her remit.
- 10.4 The Chief Capital Officer shall submit a report to the Committee on a regular basis concerning capital and liquidity and other relevant issues within his/her remit.
- 10.5 The Committee members shall undertake a review of the Committee's performance and these terms of reference annually and, if necessary, make recommendations to the Board for approval.
- 10.6 The Committee shall produce an annual report of the Committee's duties and activities during the year, which will form part of the Company's Annual Report and Accounts.
- 10.7 The chairman of the Committee shall attend the Annual General Meeting and shall answer questions, through the chairman of the Board, on the Committee's activities and responsibilities.