

# CAPITAL REQUIREMENTS DIRECTIVE IV

## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 September 2021

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24 SEPTEMBER 2021



Overview	3
Note 1: Basis of preparation	3
Note 2: CRD IV institutions in scope within Aviva Investors	4
Note 3: Disclosure information	5
Independent auditors' report	6

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## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 SEPTEMBER 2021



### Overview

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 (the 'Regulations') came into effect on 1 January 2014 impacting companies that fall into scope of Article 89 of the EU Directive 2013/36/EU, otherwise known as the Capital Requirements Directive IV ('CRD IV').

Under Article 89, Aviva Investors management is required to disclose the following for the institutions that fall into scope of the CRD IV rules:

- a. The name, nature of activities and geographic location of the institution and any subsidiaries and branches;
- b. Turnover;
- c. Number of employees;
- d. Profit or loss before tax;
- e. Corporation tax paid; and
- f. Public subsidies received.

### Note 1: Basis of preparation

#### Jurisdiction

As at FY20, there is one CRD IV institution, within the Aviva Investors group, located in the United Kingdom. The jurisdiction of each CRD IV institution is determined by the country of incorporation. The jurisdiction for subsidiaries, branches and representative offices of institutions is determined by the location of the office and its management and employees. Under the Regulations, Aviva Investors management discloses information about subsidiaries, branches and representative offices, whether they are located in the European Economic Area ('EEA') or not, provided that the parent institution is located in the EEA. Currently Aviva Investors does not have any subsidiaries, branches or representative offices in the EEA relating to institutions established in a third country.

#### Nature

Aviva Investors management have classified the nature of the key activities as either investment management or distribution of investment management.

#### Turnover

Disclosure on turnover provides an indication of the size of business in each jurisdiction. Turnover is shown net of fee expenses and inclusive of net interest income. All amounts are presented in accordance with the requirements per International Financial Reporting Standards ('IFRSs').

#### Number of employees

The number of employees has been calculated as the monthly average number on the full time equivalent basis. Contractors and agency staff are excluded from the disclosure. In addition, where the employees of the United Kingdom were employed by entities not within the scope of the CRD IV Regulations, these were not included in the disclosure.

#### Profit / (loss) before tax

These numbers reflect IFRS accounting profits.

#### Corporation tax and Group relief paid/(recovered)

This figure only includes corporation tax paid and amounts settled by way of Group relief with Aviva Group companies. The taxes paid or recovered in a given year will not necessarily relate directly to the profits or loss in that year instead representing the amounts paid/recovered in the accounting period. This is because tax on profits is paid across multiple years as determined by tax laws.

# CAPITAL REQUIREMENTS DIRECTIVE IV

## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 SEPTEMBER 2021



### Public subsidies received

For the purposes of this disclosure public subsidies are interpreted as direct support by the government. None of the institutions or their subsidiaries, branches or representative offices currently receive any public subsidies.

### Consolidation methodology

An intra-country consolidation has been performed for the purpose of this disclosure. Under this approach, transactions between group companies in the same country are eliminated on consolidation, but intra-group cross border transactions are disclosed.

The comparable information for 2019 can be found on our website within the Aviva Investors Regulatory Section, Market Disclosures Folder, named as 'Country by Country Reporting as at December 2019' as per the link below:

<https://www.avivainvestors.com/en-gb/capabilities/regulatory/>

### Note 2: CRD IV institutions in scope within Aviva Investors

CRD IV institutions		
Institution	Jurisdiction	Description of Activities
Aviva Investors Global Services Limited ('AIGSL')	United Kingdom	Investment Management
AIGSL Germany branch <sup>1</sup>	Germany	Investment Management
AIGSL Netherlands branch <sup>1</sup>	Netherlands	Investment Management (distribution)
AIGSL Republic of Ireland branch <sup>2</sup>	Republic of Ireland	Investment Management (distribution)
AIGSL Sweden branch <sup>3</sup>	Sweden	Investment Management (distribution)
AIGSL Italy representative office <sup>1</sup>	Italy	Representative office

<sup>1</sup>Activities and employees transferred to a fellow group subsidiary on 1 July 2020

<sup>2</sup>Activities and employees transferred to a fellow group subsidiary on 1 November 2020

<sup>3</sup>Activities and employees transferred to a fellow group subsidiary on 1 April 2020

Institution - Subsidiaries	Jurisdiction	Description of Activities
Aviva Investors Schweiz GmbH	Switzerland (non-EEA)	Investment Management (distribution)

# CAPITAL REQUIREMENTS DIRECTIVE IV

## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 SEPTEMBER 2021



### Note 3: Disclosure information

These disclosures relate to the year ending 31 December 2020. Amounts presented below are in thousands (£'000). Balances in foreign currency have been converted at the average rate for the year used by the Aviva Group.

Disclosure information					
	Turnover	Number of Employees	Profit before tax	Corporation tax paid/(recovered)	Group relief paid/(recovered)
	2020	2020	2020	2020	2020
	£'000		£'000	£'000	£'000
<b>Institution by Jurisdiction</b>					
United Kingdom	310,253	-	14,497	-	(807)
Germany	383	5	300	2,653	-
Netherlands	269	1	484	43	-
Republic of Ireland	1,205	-	881	(276)	-
Sweden	81	-	179	14	-
Italy	-	1	-	-	-
Switzerland	732	1	6	345	-

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 24 September 2021

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# CAPITAL REQUIREMENTS DIRECTIVE IV

## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 SEPTEMBER 2021



## *Independent auditors' report to the directors of Aviva Investors Global Services Limited*

### Report on the audit of the country-by-country information

#### Opinion

In our opinion, Aviva Investors Global Services Limited's country-by-country information for the year ended 31 December 2020 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2020 in the Country-by-Country Reporting Disclosure.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note 1 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Responsibilities for the country-by-country information and the audit

##### *Responsibilities of the directors for the country-by-country information*

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in note [1] and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# CAPITAL REQUIREMENTS DIRECTIVE IV

## COUNTRY-BY-COUNTRY REPORTING DISCLOSURE

24 SEPTEMBER 2021



### *Auditors' responsibilities for the audit of the country-by-country information*

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue of the company, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed included:

- Discussions with the Board of Directors, internal audit, and senior management involved in Risk, Compliance and Legal functions, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes including those of the Audit Committee, and Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by unexpected users;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing over areas such as revenue and journals; and
- Challenging assumptions made by management in their significant accounting judgements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

A handwritten signature in dark ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, slightly slanted style.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 September 2021