



HEALTHIER, LONGER,  
BETTER LIVES

# Sustaining Healthier, Longer, Better Lives

Environmental, Social and Governance Report 2022



# Sustaining Healthier, Longer, Better Lives

AIA's Purpose is to help people live Healthier, Longer, Better Lives. It underpins everything we do.

Sustaining Healthier, Longer, Better Lives is about delivering on our Purpose, creating value for all stakeholders and futureproofing our business through making our Environmental, Social and Governance (ESG) philosophy integral to how we do business.

As the largest pan-Asian life and health insurer and a significant asset owner and investor, we recognise the scale of positive transformation we can make to create a healthier, sustainable future for Asia.

Our ESG Report 2022 showcases the actions we are taking to create this future.



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# 2022 ESG Highlights



## ESG Recognition

### RANKED NO. 1 FOR BEST ESG

in Asia (ex-Japan) by Institutional Investor Research, reflecting the results of their survey of over 4,500 investment professionals and over 1,000 financial services firms

RANKED IN THE TOP 10 OF FORTUNE'S 2022

### CHANGE THE WORLD LIST

of global companies addressing society's biggest challenges, citing our complete divestment from coal



## Health & Wellness

Holders of More than

### 41 MILLION & OVER 17 MILLION

individual policies and participating members of group insurance schemes served, respectively

### US\$16 BILLION

in total benefits & claims

Over

### US\$2 TRILLION

total sum assured provided



## Sustainable Investment

### US\$6.3 BILLION & \$4.3 BILLION

Investments in Healthcare & ESG bonds, respectively

### ESG Rating Scorecard FULLY IMPLEMENTED

in our directly managed fixed income and equity asset classes across our research-covered issuer universe

Launch of the

### SUSTAINABLE MULTI-THEMATIC FUND

by AIA Singapore



## Sustainable Operations

### 100%

of all new buildings and redevelopments to be green certified

### 98%

of our buy submission journey is paperless

### 87% DIGITAL SUBMISSIONS

achieved from our buy, service and claims transactions, reducing paper usage across our operations



## People & Culture

Received the **GALLUP EXCEPTIONAL WORKPLACE AWARD** from Gallup

Inclusion in the **BLOOMBERG GENDER-EQUALITY INDEX**

### TOP QUARTILE

In Gallup's global finance and insurance industry benchmark of employee engagement for a sixth consecutive year



## Effective Governance

### 100%

of the Group Board is comprised of Independent Non-executive Directors (INEDs)\*\*

### 100%

of Group Board committees are chaired by and composed of Independent Non-executive Directors\*\*

### TOP RATED ESG PERFORMER

by Sustainalytics in our industry and region and a sustained rating of AA in MSCI ESG ratings

Near-term Science Based Targets (SBTs) are being created for disclosure in our ESG Report 2023.

\*\* Aside from Group Chief Executive and President.

## 2022 ESG HIGHLIGHTS

### Key ESG Memberships and Supporting Commitments



### Key Index Inclusions and Ratings



“

**Sustaining Healthier, Longer, Better Lives is ultimately about delivering on AIA’s Purpose through contributing to the building of an equitable, healthy society that allows opportunities for all to grow and thrive while protecting future generations.**



**MITCH NEW**

GROUP GENERAL COUNSEL AND  
CHAIRMAN OF THE ESG COMMITTEE

”

# About AIA Group

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR<sup>1</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR<sup>2</sup>, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$303 billion as of 31 December 2022.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 41 million individual policies and over 17 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

<sup>1</sup> Hong Kong SAR refers to Hong Kong Special Administrative Region.

<sup>2</sup> Macau SAR refers to Macau Special Administrative Region.

## ABOUT AIA GROUP



# Building Healthier Communities Across Asia as a Leading Insurer

- |                          |                        |                           |
|--------------------------|------------------------|---------------------------|
| 1 1919<br>Mainland China | 7 1957<br>Brunei       | 13 1990<br>Taiwan (China) |
| 2 1931<br>Hong Kong SAR  | 8 1972<br>Australia    | 14 2000<br>Vietnam        |
| 3 1931<br>Singapore      | 9 1981<br>New Zealand  | 15 2001<br>India          |
| 4 1938<br>Thailand       | 10 1982<br>Macau SAR   | 16 2012<br>Sri Lanka      |
| 5 1947<br>Philippines    | 11 1984<br>Indonesia   | 17 2013<br>Myanmar        |
| 6 1948<br>Malaysia       | 12 1987<br>South Korea | 18 2015<br>Cambodia       |

Serving the holders of more than  
**41 MILLION**  
individual policies

Presence in  
**18 MARKETS**  
across Asia

More than  
**100 YEARS**  
protecting and serving Asia

Over  
**25,000 EMPLOYEES**  
across Asia

**OVER 17 MILLION**  
participating members of group insurance schemes

Over  
**US\$2 TRILLION**  
total sum assured provided

**US\$303 BILLION**  
in total assets

**THE LARGEST LISTED COMPANY ON THE HONG KONG STOCK EXCHANGE**  
incorporated and headquartered in Hong Kong, based on market capitalisation as at 31 December 2022

Committed to engaging  
**ONE BILLION PEOPLE BY 2030**  
to live Healthier, Longer, Better Lives

Committed to achieving  
**NET-ZERO**  
greenhouse gas (GHG) emissions by 2050, in line with the latest climate science

## CHAIRMAN'S STATEMENT

“  
**We are proud  
to contribute  
to the sustainable  
economic and  
social development  
of Asia.**

**EDMUND SZE-WING TSE**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

”



# Chairman's Statement

**I am pleased to have the opportunity to share with you the substantial progress we have made in embedding environmental, social and governance considerations into our business.**

Our latest annual Environmental, Social and Governance (ESG) Report is released as the effects of the Covid-19 pandemic are receding but challenges to human and environmental health remain a concern globally. Asia is home to 60 per cent of the world's population, contributing almost half of global gross domestic product (GDP). As Asia's population grows and demographics shift, social and public health challenges continue to evolve.

Non-communicable diseases already cause 74 per cent of all deaths globally<sup>1</sup>, and their prevalence in the form of cardiovascular diseases, diabetes and cancer is expected to increase. Annual healthcare expenditure across AIA's markets is expected to grow by 10 per cent per annum from 2020 to 2030. This burden is exacerbated by climate change and environmental degradation, which is already threatening sustainable access to clean water, food and clean air in communities around the world.

As the largest provider of life and health insurance with operations across 18 markets in Asia, we have a responsibility to use our unparalleled scale and reach to help manage and address the health and mortality risks faced by our customers and communities. We also strive to contribute meaningfully to the sustainable economic and social development of

the region, one of the most vulnerable geographies to climate change. By doing so we can deliver our Purpose of helping millions of people live Healthier, Longer, Better Lives.

Our communities are exposed to the effects of climate change, and many people within our communities are vulnerable to ill-health with limited access to quality healthcare. AIA is committed to playing a role in addressing these gaps to enable better health outcomes and more resilient communities in the region. Across AIA's markets, access to healthcare varies significantly; healthcare costs are rising with little insurance coverage and there is significant variance in the quality of care across different markets and socioeconomic groups.

Our ESG Strategy is designed to help AIA play a major role in addressing these gaps. Our focus on Health & Wellness, Sustainable Investment, Sustainable Operations, People & Culture, and Effective Governance, aligns our actions to our Purpose and is integrated within our businesses.

Our ESG governance framework and strategy have been embedded deep into the organisation. This enables us to effectively manage ESG-related risks and opportunities across our businesses and champion the promotion of ESG best practices in our local markets.

Our sound governance and commitment to environmental and societal progress are also central to our major role as an asset owner. Our investment decisions are grounded in

relevant ESG practices. We rate our investments in line with leading international ESG rating approaches and actively engage with investee companies to promote, develop and enhance business practices.

Following our announcement at the end of 2021 of our commitment to achieve net-zero greenhouse gas (GHG) emissions by 2050, our Climate and Net-Zero Steering Committee has developed a robust framework for governance and transparency in support of this goal. We are on track to have our near-term targets validated by the Science Based Targets Initiative (SBTi) by the end of 2023.

As you will read from our ESG Report 2022, we have made meaningful progress in addressing the challenges our region faces. I am inspired by the commitment I see across our organisation, and I am excited about the momentum in our business as we continue to support our communities in the pursuit of Healthier, Longer, Better Lives.

Thank you for your continuing support on our journey.

Sincerely,



**Edmund Sze-Wing Tse**  
Independent Non-executive Chairman

<sup>1</sup> WHO (2022)

STATEMENT FROM THE GROUP CHIEF EXECUTIVE AND PRESIDENT

“

**AIA has a substantial opportunity and an important responsibility to address the critical societal and environmental challenges impacting our local communities.**

LEE YUAN SIONG

GROUP CHIEF EXECUTIVE AND PRESIDENT

”



# Statement from the Group Chief Executive and President

**Our Purpose of helping people live Healthier, Longer, Better Lives continues to guide everything that we do at AIA. Our purpose-driven focus on ESG reflects our belief that healthier communities are inextricably linked to a healthier environment.**

As the leading provider of life and health insurance across Asia, we take an active role in addressing the critical societal challenges impacting our local communities. Health and environmental issues remain prominent across our region, and this makes us more convinced than ever of the importance of delivering on AIA's Purpose.

I am heartened by the role our purpose-driven ESG Strategy is playing in working to address some of these challenges, adopting best practices, while promoting them throughout the region through engagement with a range of organisations across the breadth of our operations. We are actively

engaging with the United Nations Global Compact, the CDP (formerly Carbon Disclosure Project) and the United Nations Environment Programme Finance Initiative (UNEP FI).

## Meaningful progress in 2022

I am proud of our ESG achievements in 2022 across our strategic pillars: Health & Wellness, Sustainable Investment, Sustainable Operations, People & Culture, and Effective Governance.

We are reaching beyond our existing customer base to engage our communities further with the launch of "AIA One Billion" last year. We have set an ambitious goal to engage one billion people to help them live Healthier, Longer, Better Lives by 2030, through health advocacy, advice, partnerships, events, community programmes and campaigns.

Our commitment to achieve net-zero by 2050 will aim to decarbonise our operations and engage our investee companies on the journey to a low-carbon future. We are also working at pace to continue

embedding ESG considerations into our investment portfolio, investing in companies whose business models and operational practices are aligned with environmental, social and governance best practices. This is exemplified by our complete divestment from directly-managed listed equity and fixed income exposures to coal mining and coal-fired power businesses. This supported AIA's ranking in the global top 10 of Fortune "2022 Change the World" list of global companies addressing society's biggest challenges.

As a leading employer, locally and regionally, we are guided by our Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People ... and the Right Results will come." AIA was one of only five Hong Kong-listed companies to be included in the international 2023 Bloomberg Gender-Equality Index, demonstrating our progress toward a more equal and inclusive workplace. We have exceeded our target of 40 per cent of women in senior leadership, and will continue to prioritise developing leaders who are fully representative of the communities in which we operate.

## STATEMENT FROM THE GROUP CHIEF EXECUTIVE AND PRESIDENT

Underpinning our progress as a sustainable business is our governance, the culmination of a legacy of trust spanning more than 100 years of operation. Recognition of our efforts in the form of strong ratings from organisations like MSCI and Sustainalytics is encouraging, and it validates our determination to build on our enduring legacy of trust.

Our ESG governance structure also leverages cross-functional expertise to ensure our ESG Strategy is being fully integrated within our businesses and allows us to track our progress against our goals across our markets.

### Confidence in the future

AIA has successfully navigated through many periods of uncertainty and change over the last century, earning our company a reputation which is synonymous with trust, resilience and doing the right thing for our customers. I remain convinced that AIA operates in the most dynamic region in the world and I am excited about the leading role that AIA will continue to play in charting the path forward for ESG. In doing so, we will continue to integrate our ESG practices further into our

business, holding ourselves to account and aiming for continuous improvement. In this way, we will continue to build a sustainable and resilient business that creates value for shareholders while responding to the needs of society and contributing to a healthier planet.

I am most grateful to our people who live our Purpose every day in their communities. It is that passion that gives me both hope and confidence in our future.

I hope you find our ESG Report 2022 informative and inspiring. Thank you for your continued support towards all of us as we work together to help the people of Asia live Healthier, Longer, Better Lives.

With warmest regards,



**Lee Yuan Siong**  
Group Chief Executive and President

# Our Approach to ESG

“  
**We create value  
for our stakeholders  
when we take  
action on our most  
material Environmental,  
Social and  
Governance factors.**  
”








**AMITA CHAUDHURY**  
GROUP HEAD OF SUSTAINABILITY

OUR APPROACH TO ESG

# Our ESG Strategy

Our ESG Strategy has evolved from our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come.” It is built around five pillars: Health & Wellness, Sustainable Investment, Sustainable Operations, People & Culture and Effective Governance.

Together, we believe that the integration of these pillars contributes to sustainable and healthier development for the people in our communities, for Asia and ultimately for the planet.

|   |   |
|---|---|
|    | <p><b>Health &amp; Wellness</b> focuses on engaging, inspiring and delivering better health outcomes, championing financial inclusion and expanding access to quality care, producing a wider positive impact on society.</p>   |
|    | <p><b>Sustainable Investment</b> delivers long-term value by allocating capital to companies that commit to sustainable outcomes, investing for the future and lowering our exposure to the risk of stranded assets in a future low-carbon economy.</p>   |
|    | <p><b>Sustainable Operations</b> aims to improve the environmental performance of AIA's operations as well as to incorporate ESG factors in sourcing considerations.</p>  |
|   | <p><b>People &amp; Culture</b> empowers our people to succeed through fostering a learning environment, ensuring equitable and fair processes for employment and progression and a diverse, inclusive and supportive culture.</p>   |
|  | <p><b>Effective Governance</b> ensures that AIA continues to operate to the highest standards of business practices, both in terms of its engagement with stakeholders and how we manage risks. This provides the necessary management oversight, incentives, organisational accountability, data governance systems and transparent reporting to enable us to succeed.</p> |

OUR APPROACH TO ESG

# ESG Governance at AIA

Executing on AIA's ESG Strategy and achieving our sustainability goals requires oversight from the Board and focused dedication from leaders across the organisation.

Our ESG governance structure leverages cross-functional expertise, senior management and Group Board oversight to ensure our Strategy addresses relevant and material topics in a way that is aligned with business objectives. Through this structure we aim to ensure accountability for the delivery of our ESG Strategy in an integrated and coordinated manner across the breadth of our operations.

## The Board

AIA's Board retains ultimate responsibility for the oversight of the Group's risk management activities and will continue to monitor material Group-wide risks, including ESG-related risks such as those relating to climate change. Supporting this ESG effort are numerous functional bodies namely the ESG Committee, Climate and Net-Zero Steering Committee, and the Group ESG function.

*To learn more about the role of our Board, please see the Effective Governance section of this report.*

## ESG Committee

The ESG Committee includes two of the Group's Independent Non-executive Directors (INEDs) as well as the following executives:

- Group General Counsel (Chairman)
- Group Chief Financial Officer
- Group Chief Risk Officer
- Group Chief Investment Officer
- Group Chief Human Resources Officer
- Group Chief Marketing Officer
- Group Head of Sustainability

The ESG Committee is the overarching governance body responsible for providing guidance and oversight to the Company's ESG Strategy, targets, policies and disclosure. It is also responsible for updating the Board on ESG matters and providing biannual updates on material issues. ESG risks are also discussed and escalated to the Board through the Board Risk Committee.

The ESG Committee also considers ESG research, regulatory developments, international sustainability best practices, feedback raised by key stakeholders and reports by rating agencies to provide input on specific ESG issues relevant to the Group to advance our ESG Strategy.

## Climate and Net-Zero Steering Committee

In 2022, the Group formalised its Climate and Net-Zero Steering Committee to support our transition to net-zero. This Committee has a specific focus on overseeing AIA's SBTi commitment,

including the development and approvals of specific targets, implementation strategies and ongoing monitoring of progress towards our net-zero 2050 targets. This Committee is supported by the newly established Net-Zero and SBTi Working Group composed of senior operating specialists spanning the Group's operations.

*To learn more about the membership and structure of our Climate and Net-Zero Steering Committee, please see AIA's Net-Zero 2050 and Science Based Targets section of this Report here.*

## Group ESG function

Our Group ESG function plays a key role in delivering on our Group-wide ESG ambition; supporting the development of ESG initiatives aligned with the Group's commercial ambitions, coordinating the various cross-functional programmes required to carry out our ESG Strategy and providing effective disclosures to key stakeholders. The ESG function, in collaboration with the other functional areas such as Group Investment, Group Finance, Group Risk, Group Human Resources and Group Marketing, engages with our business units on raising capacity and understanding of ESG issues among the leadership team and across the organisation.

The Group ESG function is led by the Group Head of Sustainability, who is tasked with further embedding the company's ESG Strategy across AIA's operations and driving the organisation's overall sustainability efforts. Supporting these activities are ESG workstreams leads who are responsible for driving critical elements of operationalising AIA's ESG Strategy across reporting, ESG integration, climate and the environment, as well as partnerships and advocacy.

## OUR APPROACH TO ESG

### ESG Governance at AIA

#### Business unit ESG representation

In 2022, AIA has continued to strengthen its ESG governance and reporting structure to further embed a robust management framework into our local markets. All of our local business units have ESG representatives who are senior officers with the responsibility to drive the execution of the ESG Strategy in their respective markets. Most of our business units have also established local ESG committees, with the remainder expanding the mandate of existing committees to include supporting the delivery of AIA's ESG Strategy.

The Group ESG Function maintains regular and robust engagement with business unit ESG representatives and other local business unit stakeholders to ensure alignment on the application of ESG best practices, the launch of new initiatives, capacity building and localisation of our overall ESG Strategy. To this end, in 2022 AIA brought together ESG Representatives from most of our markets and virtually all of our largest markets with the Group ESG Function in a bespoke conference and strategy session designed to deepen Group-wide commitment to support the development of a broad range of specific initiatives to drive progress.

#### Embedding ESG into executive compensation

AIA is committed to responsible remuneration practices to attract, motivate and retain employees at all levels across the Group. Our remuneration programmes aim to reward all individuals competitively and fairly, irrespective of gender, ethnicity, age, disability or other non-performance related factors, based on impact and contribution delivered and balanced against sound risk management.

AIA's performance and rewards approach supports the achievement of AIA's business strategy, which includes rewarding employees for the achievement of strategic objectives by taking into consideration the Group's capital position and long-term performance whilst not inducing excessive risk-taking behaviours or violations of applicable laws, guidelines or regulations.

Our remuneration policy serves to support the above objectives through appropriate governance, design, implementation and monitoring of AIA's remuneration and risk management framework. This framework applies across the Group and is implemented consistently across our business units, subject to local rules and regulations, as deemed necessary and appropriate for the Group.

A robust Group-wide performance management framework is applied, assessing employees' and executives' contributions and behaviours based on individual goals established at the beginning of the year. This ensures that reward outcomes reflect both results achieved and behaviours demonstrated, balancing the financial and non-financial aspects. In delivering our ESG Strategy, initiatives are assigned to relevant senior management members based on their functional portfolios.

ESG goals are further cascaded to the relevant teams and individuals, which are then supported by continuous check-ins and guidance from our leaders to ensure we remain on track to deliver effectively against expectations.

*Further details on the Company's remuneration framework are set out in the Remuneration Report as part of the Annual Report 2022, to be published in April 2023.*



OUR APPROACH TO ESG

# Engaging Our Stakeholders

The success of our ESG Strategy hinges on our ability to engage with our stakeholders. Effective engagement is key to understanding how stakeholders behave or are impacted by various material topics, enabling us to better identify and address significant sustainability challenges and opportunities. This year, we continued to deepen our comprehensive engagement across various platforms.

| KEY STAKEHOLDER GROUPS  | WHY WE ENGAGE  | HOW WE ENGAGE  | TOPICS OF DISCUSSION  |
|---|--|--|---|
| <p><b>Customers</b></p>                      | <p>Listening to our customers is crucial as they provide feedback to facilitate the ongoing improvement of our products, services, operations and offerings.</p>   | <ul style="list-style-type: none"> <li>• Regional wellness research that employs research instruments such as Online Diary</li> <li>• In-depth Interviews, Quantitative Survey and Expert Interviews</li> <li>• Consumer Trends Research</li> <li>• Customer Relationship Survey (CRS)</li> <li>• Real-time Customer Survey (RCS)</li> </ul>   | <ul style="list-style-type: none"> <li>• Physical Health</li> <li>• Mental Health and Wellness</li> <li>• Social Wellness</li> <li>• Finance</li> <li>• Environment</li> <li>• Customer Experience</li> <li>• Customer Journey</li> </ul>   |
| <p><b>Employees &amp; Agents</b></p>         | <p>Our people are fundamental to our performance and sustainable growth. We regularly solicit feedback from our employees and agents to identify the right actions to cultivate an engaging and inclusive place to work.</p> | <ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Townhalls and other forums led by our senior leaders</li> <li>• Employee networks, focus groups and other discussion forums</li> <li>• Conferences, training and talent development programmes</li> <li>• VOD (Voice of Distribution) survey</li> </ul>   | <ul style="list-style-type: none"> <li>• AIA Culture, employee engagement and the employee experience</li> <li>• Employee well-being</li> <li>• Career development and professional growth</li> <li>• Agent Journey Experience</li> <li>• Agent training, communication, recruitment and retention support</li> </ul> |
| <p><b>Governments &amp; Regulators</b></p>  | <p>We work closely with government agencies and regulators in the markets where we operate in order to elevate sustainable business practices and to drive change through advocacy and partnerships.</p>                     | <ul style="list-style-type: none"> <li>• Periodic discussions with regulators, governments and agencies</li> <li>• Advising agencies, sharing insights and providing thought leadership in support of their respective efforts within our communities</li> <li>• Active participation in local, regional and international industry forums</li> <li>• Memberships of advisory boards of various standards</li> </ul> | <ul style="list-style-type: none"> <li>• Regulatory developments towards a low-carbon economy</li> <li>• Advocating ESG integration into financial reporting</li> </ul>   |

## OUR APPROACH TO ESG

### Engaging Our Stakeholders

| KEY STAKEHOLDER GROUPS  | WHY WE ENGAGE   | HOW WE ENGAGE  | TOPICS OF DISCUSSION   |
|---|---|--|--|
| <p><b>Investors</b></p>    | <p>We focus on strengthening investor trust and regularly engage with investors to communicate our ESG Strategy and progress. This two-way communication between the company and the investment community allows analysts to make informed decisions about AIA.</p> | <ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Earnings results and analyst briefings</li> <li>• Investor roadshows</li> <li>• Ratings and inclusions in indices including Institutional Shareholder Services (ISS), Moody's, CSA, MSCI, Sustainalytics, CDP, BGEI</li> <li>• Investor conferences, meetings, calls and correspondence</li> <li>• ESG materiality study survey</li> </ul>          | <ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Sustainable investment</li> <li>• Metrics and targets</li> <li>• Strategy</li> <li>• Governance</li> <li>• Diversity &amp; Inclusion</li> </ul> |
| <p><b>Communities</b></p>  | <p>Given the breadth and impact of our businesses across Asia, we regularly seek interactions with the public at large in our collective pursuit to contribute to positive change.</p>  | <ul style="list-style-type: none"> <li>• Engagement initiatives as a part of AIA One Billion, such as the AIA Healthiest Schools Programme, AIA Voices and local CSR initiatives</li> <li>• Corporate website and other correspondence</li> <li>• In-person interactions at corporate locations and hosted events</li> <li>• Industry body conferences and other forums</li> <li>• Ongoing social media interaction</li> </ul> | <ul style="list-style-type: none"> <li>• Physical Health</li> <li>• Mental Health</li> <li>• Environmental Health and Financial Inclusion</li> </ul>   |

Robust stakeholder engagement supports our efforts to integrate our ESG Strategy into our operations in ways that are relevant to the delivery of long-term value for all our stakeholders.

OUR APPROACH TO ESG

# Materiality: Focusing on What Matters

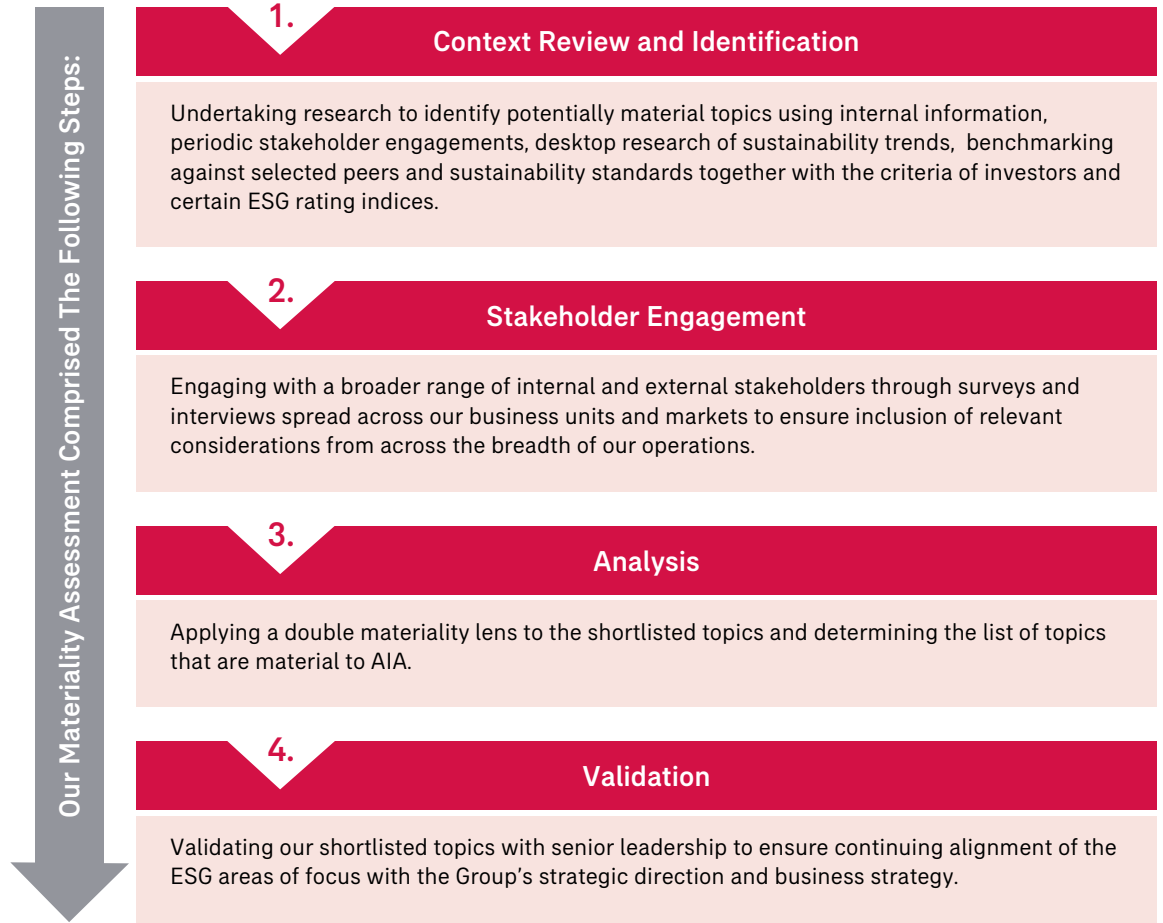
Each year, we follow a robust materiality process that helps us reinforce our understanding of topics important to our stakeholders. This process supports our development of short-, medium- and long-term action plans.

Through these annual materiality assessments, we are better positioned to address emerging ESG-related risks facing the Group while identifying opportunities to create positive change and deliver on our Purpose.

## A robust approach to materiality

In 2022, we continued to build on our earlier work by applying a 'double materiality' lens to our review to foster a more robust analysis of each material topic. This involves evaluating the impact of each topic on the economy, environment and people ('impact materiality'), and assessing whether the topic could reasonably be expected to influence assessments of AIA's enterprise value ('financial materiality'). This approach enables us to identify and understand those areas where AIA can have a significant impact as well as areas with the greatest impact on our stakeholders.

Adopting a double materiality approach reflects international standards and frameworks including the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB).



## OUR APPROACH TO ESG

### Materiality: Focusing on What Matters

## Our material topics

The five topics identified as most material, which are set out below, significantly contribute to our ability to operate sustainably while supporting our communities and the environment. We have also outlined seven other topics that help us continue to refine our focus.

### Top ESG Material Issues



**Environmental Responsibility and Climate Action**



**Health, Well-being, and Financial Inclusivity**



**Sustainable Investment**



**Human Capital**



**Corporate Governance**

### Other Material Issues



**Risk Management**



**Data Privacy and Cyber Security**



**Community Engagement and Investment**



**Diversity, Equity and Inclusion**



**Business Ethics**



**Products and Service Digitalisation and Innovation**



**Responsible Marketing and Selling Practices**

## OUR APPROACH TO ESG

### Materiality: Focusing on What Matters

The areas identified as material illustrate the natural maturation and refinement of ESG priorities as we continue to integrate our ESG approach with our overall business strategy. There was strong alignment across the stakeholder groups on the key ESG priorities for AIA, with all groups identifying Environmental Responsibility and Climate Action as a top priority. Senior management emphasised the importance of Sustainable Investment as an opportunity for AIA, while Health & Well-being and Financial Inclusivity was an important topic among our internal and external stakeholders.

The natural evolution in our approach is reflected in refinement in several areas. For example, 'Climate Change' in 2021 has evolved into

'Environmental Responsibility and Climate Action' this year. This builds on the urgency of addressing climate action while better reflecting the Group's desire to approach this issue comprehensively across our operations, to include for example, biodiversity and waste and water management. Similarly, our focus on 'Health & Wellness' has evolved in 2022 to 'Health & Well-being and Financial Inclusivity' in 2022, as we look for ways to help our policyholders address physical, mental and financial well-being, and clearly reflect that the growing protection gap relates to all components of this topic.

The importance of these issues continued to be powerfully illustrated with the lingering impact of Covid-19 in our communities.

The strain on existing public services and infrastructure brought on by the Covid-19 pandemic exacerbated existing social and demographic challenges like the rise in non-communicable diseases (NCDs) and widening income inequality. In this context, the importance of addressing the protection gap by providing greater, more inclusive access to quality health care, and helping develop solutions for underserved populations will continue to be key priorities for the Group.




The continuing refinement of our approach to materiality will support our efforts to build on our strong ESG foundations and improve the alignment of our resources, enhance our decision-making – and support the delivery of our Purpose.

OUR APPROACH TO ESG

# Delivering on Our Strategy





The following table summarises how the five pillars of our ESG Strategy align with our material topics and strategic priorities. It also highlights the progress made in 2022, linked to the various United Nations Sustainable Development Goals (UN SDGs).

## HEALTH & WELLNESS

| MATERIAL TOPICS                                 | STRATEGIC PRIORITIES  | INITIATIVE  | TARGETS/PROOF POINTS  | PROGRESS                 |        | UN SDGs  |
|---|---|---|---|--------------------------|--------|--|
|   |   |   |   | 2021                     | 2022   |  |
| • Health, Well-being, and Financial inclusivity | <b>Engaging Communities across Asia</b><br>Engage communities across Asia to improve their physical, mental and environmental wellness while championing financial inclusion      | AIA One Billion   | Number of people engaged (cumulative)   | 125m                     | 258m   |    |
|   |   | <b>Improving Access to Quality Healthcare</b><br>Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation | AIA Vitality and AIA China Wellness   | Number of live markets   | 11     |  |
|   | Telemedicine  |   | Number of AIA Vitality and AIA China Wellness customers                             | 1.9m                     | 2.6m   |  |
|   |   |   | Telemedicine eligible lives   | 2.6m                     | 5.7m   |  |
|   |   |   | Year-on-year increase in the number of consults                                     | 73%                      | 238%   |  |
|   |   |   | Personal Case Management (PCM)  | Number of eligible lives | 2.9m   |  |
|   | Year-on-year increase in the number of PCM cases  |   |   | 65%                      | 13%    |  |
|   | Diagnosis change (%)  |   |   | 21%                      | 19%    |  |
|   | Refined treatment plan (%)  |   |   | 56%                      | 53%    |  |
|   | Regional Health Passport  | Customer satisfaction rate (%)  | 94%   | 94%                      |        |  |
|   |   | Top 100 upper-tier hospitals in Asia  | Yes   | Yes                      |        |  |
|   | <b>Building Better Integrated Health and Wellness Outcomes</b><br>Build on our leading integrated health and wellness solutions and reward customers for behavioural improvements | Health and Wellness Solutions   | Number of providers globally  | 10,000                   | 10,000 |  |
|   |   |   | % of at-risk AIA Vitality members who have moved to a healthy BMI range             | 29%                      | 28%    |  |
|   |   |   | % of at-risk AIA Vitality members who have seen their blood pressure levels improve | 54%                      | 52%    |  |
|   |   |   | % of at-risk AIA Vitality members who have seen their cholesterol levels decline    | 37%                      | 35%    |  |
|   |   |   | % of at-risk members who have seen their glucose levels reduce                      | 78%                      | 72%    |  |





**OUR APPROACH TO ESG**  
**Delivering on Our Strategy**

**SUSTAINABLE INVESTMENT**

| MATERIAL TOPICS   | STRATEGIC PRIORITIES  | TARGETS/PROOF POINTS  | PROGRESS   |   | UN SDG <sub>s</sub>  |
|---|---|---|--|---|--|
|   |   |   | 2021   | 2022  |  |
| <ul style="list-style-type: none"> <li>Sustainable Investment</li> <li>Environmental Responsibility and Climate Action</li> </ul> | <b>Deepening ESG Engagement</b><br>Deepen ESG engagement with investee companies  | Thematic engagement   | Theme of corporate governance; engaged 1,000 investee companies  | Theme of labour standards; engaged 1,000 investee companies   | <br><br><br> |
|   |   | Percentage of general account investments directly managed scored against in-house ESG Rating Scorecard | N/A  | Implemented fully (100%) in directly managed fixed income and equity asset classes, across our research-covered issuer universe |  |
|   | <b>Augmenting ESG Training and Capacity</b><br>Augment knowledge and capacity among our investment analysts through dedicated training initiatives  | ESG training  | N/A  | Complete formal ESG training by end of 2023 for in-scope Investment function employees  |  |
|   | <b>Broadening Portfolio Inclusions</b><br>Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure | Investment and disclosure of green bonds, sustainability bonds, renewable energy, infrastructure etc    | US\$3.6 billion invested in ESG bonds in our general account assets  | US\$4.3 billion invested in ESG bonds in our general account assets   |  |
|   | <b>Enhancing Portfolio Exclusions</b><br>Enhance portfolio exclusions in consideration of our objective to secure long-term investment outcomes   | Disclosure of portfolio exclusions  | Added exclusion on coal mining and coal-fired power generation in relation to our general account investment portfolio | Exclusions remain on tobacco, cluster munitions and coal in relation to our general account investment portfolio                |  |
|   | <b>Our Portfolio and Climate Disclosures</b><br>Continue to report annual climate disclosures and develop emission reduction targets for our portfolio aligned to our net-zero commitment   | Climate disclosure of our investment portfolio  | Disclosed  | Disclosed; enhanced and aligned with SBTi scope   |  |

**OUR APPROACH TO ESG**  
**Delivering on Our Strategy**





**SUSTAINABLE OPERATIONS**

| MATERIAL TOPICS                                      | STRATEGIC PRIORITIES   | TARGETS/PROOF POINTS   | PROGRESS                                   |  | UN SDG <sub>s</sub>  |
|--|--|--|--|--|--|
|  |  |  | 2021                                       | 2022   |  |
| • Environmental Responsibility and Climate Action    | <b>Ensuring Greener Buildings</b><br>Ensure that all new buildings and any redevelopments adhere to industry-recognised green building standards                   | Number of green certified buildings  | 6  | 11   | <br><br><br> |
|  | <b>Improving Our Environmental Performance</b><br>Reduce our carbon footprint, while also measuring and managing the amount of waste produced from our operations. | Operational carbon emissions produced<br>Waste measurement expected to begin in 2022 | 1.3 tonnes/employee<br>N/A                 | 2.0 tonnes/employee<br>Measured; 674 tonnes          |  |
| • Risk Management                                    | <b>Advancing Digital Transformation</b><br>Increase digitalisation and automation to reduce the usage of paper   | % of our buy, service and claims transactions were submitted digitally               | 77%  | 87%  |  |
|  |  | % of electronic submissions for claims   | 75%  | 85%  |  |
| • Products and Service Digitalisation and Innovation | <b>Encouraging Good ESG Practice</b><br>Encourage improvements in ESG performance with vendors   | Across the Group the amount of paper saved through digitalisation                    | 1,200 tonnes (240 million pieces of paper) | 1,750 tonnes (more than 350 million pieces of paper) |  |
|  |  | The supplier Code of Conduct applies to all suppliers                                | Yes  | Yes  |  |
|  |  | Plan to assess Tier 1 suppliers on their ESG performance                             | N/A  | Assessed   |  |




**OUR APPROACH TO ESG**  
**Delivering on Our Strategy**

**PEOPLE & CULTURE**

| MATERIAL TOPICS  | STRATEGIC PRIORITIES   | TARGETS/PROOF POINTS  | PROGRESS                    |                             | UN SDG <sub>s</sub>   |
|--|--|---|-----------------------------|-----------------------------|---|
|  |  |   | 2021                        | 2022                        |   |
| <ul style="list-style-type: none"> <li>• Human Capital</li> <li>• Diversity, Equity and inclusion</li> <li>• Business Ethics</li> </ul>          | <b>Overall</b>   | Employee engagement levels against Gallup global F&I database (Target: min 75 <sup>th</sup> percentile) | 90 <sup>th</sup> percentile | 94 <sup>th</sup> percentile |     |
|  | <b>Supporting Development and Career Progression</b><br>Foster a learning culture that supports the development of our people              | Number of hours of training per employee (Target: 24 hours per employee by end 2023)                    | 17 hours                    | 24 hours                    |   |
|  |  | % of employees who took part in at least one training session/year (Target: 100%)                       | 100%                        | 100%                        |   |
|  | <b>Accelerating Progress in Diversity and Inclusion</b><br>Promote workplace diversity and advance our culture of innovation and inclusion | % of women employees in workforce   | 58%                         | 58%                         |   |
|  |  | % of women in senior management (Target: 40% women in senior management)                                | 42%                         | 42%                         |   |
|  |  | % of women in programmes for leadership development (Target: 45% by end 2026)                           | >25%                        | >40%                        |   |
|  |  | Number of nationalities in AIA Group  | >70                         | >75                         |   |
|  |  | Launched D&I training for all employees by end 2022 followed by annual refreshers                       | N/A                         | Launched                    |   |
| <b>Strengthening Risk Awareness</b><br>Embed a culture of ethical decision-making and strong risk management                                     | 100% of employees acknowledged compliance with the AIA Group Code of Conduct on an annual basis (Target: 100%)                             | 100%  | 100%                        |                             |   |
| <b>Enriching and Rewarding Opportunities for All</b><br>Ensure fair, accountable and equitable processes for employment, progression and rewards | AIA Workforce Well-being available to employees in all markets by end 2023   | N/A   | Launched in key markets     |                             |   |

**OUR APPROACH TO ESG**  
**Delivering on Our Strategy**

**EFFECTIVE GOVERNANCE**

| MATERIAL TOPICS   | STRATEGIC PRIORITIES   | TARGETS/PROOF POINTS  | PROGRESS  |  | UN SDG <sub>s</sub>   |
|---|--|---|---|--|---|
|   |  |   | 2021  | 2022   |   |
| <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Risk Management</li> <li>• Business Ethics</li> <li>• Marketing and Selling Practices</li> <li>• Data Privacy and Cybersecurity</li> </ul> | <b>Board Governance</b><br>Foster business integrity and sound decision-making through a diverse and highly qualified Board                                    | Board members broadly reflects a cross-section of the jurisdictions in which we operate | Yes   | Yes  |  |
|   |  | All Non-executive Directors on the AIA Group Limited Board are independent              | 100%  | 100%   |   |
|   |  | Board committees are chaired by and comprised almost entirely of INEDs                  | 100%  | 100%   |   |
|   |  | Annual updates on ESG best practices and progress against KPIs                          | Yes   | Yes  |   |
|   | <b>Ensuring Effective Risk Management and Responsible Business Practices</b><br>Effectively manage ESG-related risks and opportunities throughout our business | At least once a year, identify and refresh key ESG-related risks and risk tolerance     | Yes   | Yes  |   |
|   | <b>Promoting ESG Best Practices</b><br>Lead the promotion of ESG best practices across the region  | ESG partnerships  | Signed up to the UNEP FI's Principles for Sustainable Insurance (PSI)<br><br>Committed to the SBTi            | Participated in the UNGC Think Lab on Just Transition;<br><br>Became a member of the Asia Investor Group on Climate Change (AIGCC)                             |   |
|   | <b>ESG Ratings and Index Inclusions</b><br>Establish AIA as a global leader on key ESG indices, ratings and benchmarks   | Work towards improved performance on ratings and inclusion in ESG indices               | Sustainalytics Top Rated<br><br>Hang Seng Sustainability Index Inclusion<br><br>Rated AA by MSCI's ESG Rating | Sustainalytics Top Rated<br><br>Hang Seng Sustainability Index Inclusion<br><br>Rated AA by MSCI's ESG Rating<br><br>Bloomberg Gender-Equality Index inclusion |   |

OUR APPROACH TO ESG

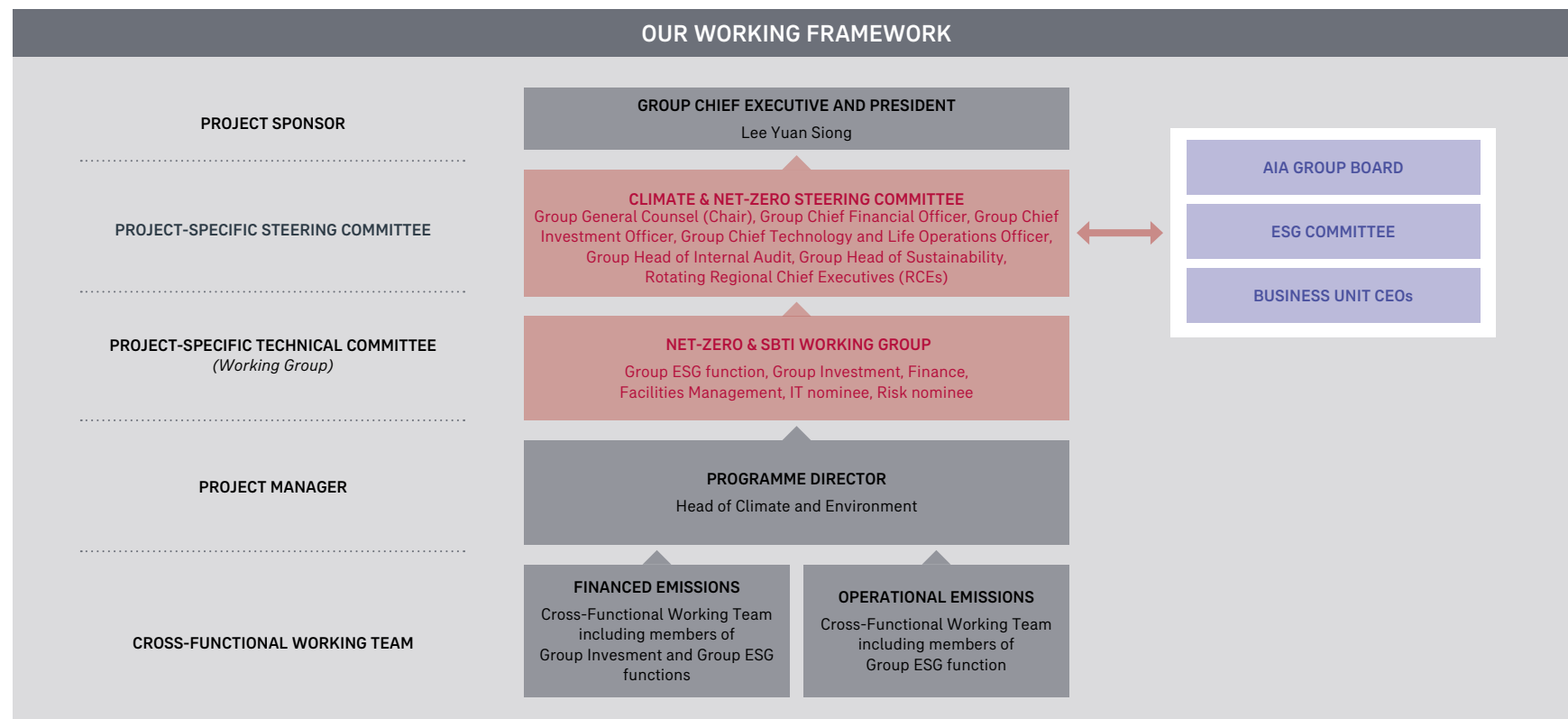
# AIA's Net-Zero 2050 and Science Based Targets

The health of the planet is inextricably linked to the health of our communities. For AIA to deliver on our Purpose of helping people live Healthier, Longer, Better Lives, it is critical for us to support efforts to address climate change, the impacts of which continue to be deeply felt in our communities, and globally.

## Our Net-Zero 2050 commitment and Science Based Targets

In December 2021, AIA committed to achieving net-zero GHG emissions by 2050. AIA has also committed to the SBTi, which is a collaboration between United Nations Global Compact (UNGC), World Wide Fund for Nature (WWF), The World Resources Institute (WRI) and CDP, supporting businesses to set ambitious emissions reduction targets in line with the latest climate science deemed necessary to meet the goals of the Paris Agreement.

Since announcing our commitment in 2021, AIA has set up a Climate and Net-Zero Steering Committee and a Net-Zero and SBTi Working Group to bring together expertise and leadership from across the Group to provide a robust framework for governance and transparency. This is sponsored by our Group Chief Executive and President and brings together a cross-section of senior internal stakeholders.



## OUR APPROACH TO ESG

### AIA's Net-Zero 2050 and Science Based Targets

In 2022, in line with our commitment, we have undertaken a number of steps to progress towards achieving validation for our targets by the SBTi by December 2023. These include:

- Identifying boundaries for SBTi target-setting for Scope 1, Scope 2, Scope 3;
- Computing baseline emissions from our operations and investments to set demonstrably robust targets to reduce GHG emissions in line with the SBTi methodology;
- Aligning with various stakeholders internally, including the Group Board, the Group Executive Committee, business unit CEOs, members of key Group Functions (including Investments, Finance, Risk and Technology), business unit ESG leads, and real estate and facility managers to share the methodology and advance toward sign offs for baselines and targets; and
- Evaluating the levers that will help us achieve both near and long-term Science Based Targets.

We will also continue to invest in building the capacity of our ESG leads in each Group function and each market through knowledge sharing and education, and where appropriate, through external recruitment.

The details on emissions baseline for operations and investments and near-term Science Based Targets together with our approach to deliver on the targets will be included in our ESG Report 2023 to be published in March 2024.

*You can find more information about AIA's climate-related disclosures in our Task Force on Climate-related Financial Disclosures (TCFD) report on pages 114 to 130.*

AIA has established a legacy of responsible business practices and trust over more than 100 years of growth across the region, where we have led the industry by example with transparency, robust governance and significant scale. We have applied these same long-standing principles to driving

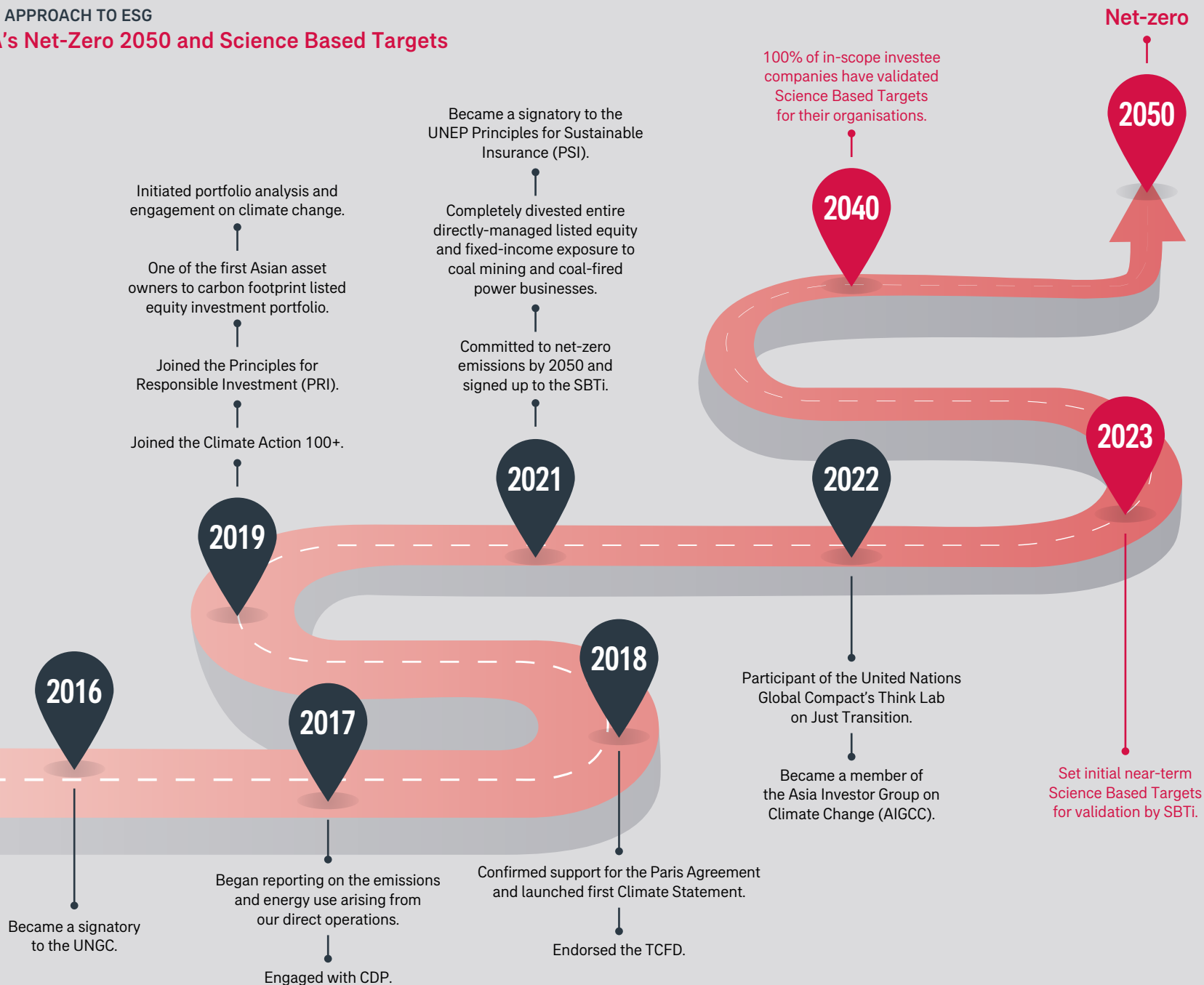
our sustainability transition and promoting ESG adoption across the industry.

These initiatives build on AIA's long-term commitment to sustainability, including engagements with the UNGC since 2016, the CDP since 2017, and Climate Action 100+ since 2019.



OUR APPROACH TO ESG

**AIA's Net-Zero 2050 and Science Based Targets**





## Health & Wellness

### In this section

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- 43 Bringing Health & Wellness to Life

# Our Health & Wellness Pillar

As the largest independent publicly listed pan-Asian life insurance group, we are committed to our Purpose of helping people across Asia live Healthier, Longer, Better Lives. Our wide range of protection and long-term savings propositions can be packaged with health and wellness coverage solutions and services tailored to each customer’s needs to ensure they can afford this protection both now and as they get older when health costs escalate. We believe that achieving Healthier, Longer, Better Lives

for individuals is inextricably linked to ESG considerations and that a better future requires engaging communities across Asia, improving access to quality healthcare and building better integrated health and wellness outcomes.

AIA’s Integrated Health Strategy aims to improve the health and wellness of people and communities across Asia by transforming how individuals, corporates, payors and providers experience and

manage health insurance and healthcare delivery, powered by Amplify Health, our Health InsurTech player. This comprises of AIA’s personalised health insurance with innovative solutions that cater to our customers’ needs, through strategic partnerships with outpatient clinics and more effective care management programmes with simpler healthcare journeys that deliver better health outcomes at lower cost, making healthcare more accessible, more affordable and more effective.

**“ It has never been more critical for us to transform health insurance and healthcare delivery across Asia. AIA’s Integrated Health Strategy significantly enhances our business and creates greater value for our customers, distributors and shareholders, making health insurance and healthcare delivery more accessible, more affordable and more effective across the communities in which we operate. This enables us to deliver on our Purpose of helping people live Healthier, Longer, Better Lives. ”**



**STUART SPENCER**  
GROUP CHIEF MARKETNG OFFICER

# Summary of Strategic Priorities and Progress

| Strategic Priorities   | 2022 Progress   |
|--|---|
| <p><b>1. Engaging Communities Across Asia</b><br/>Engage communities across Asia to improve their physical, mental and environmental wellness while championing financial inclusion</p>      | <p>We have continued to drive focus and activity across all areas of health and wellness and championed financial inclusion through AIA One Billion.</p> <p>We have reinforced our commitment to communities across Asia by setting ourselves a target to engage one billion people by 2030 to live Healthier, Longer, Better Lives.</p> <p>258 million people engaged through AIA One Billion by the end of 2022.</p>  |
| <p><b>2. Improving Access to Quality Healthcare</b><br/>Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation</p>                 | <p>AIA Vitality and AIA China Wellness</p> <ul style="list-style-type: none"> <li>Number of AIA Vitality and AIA China Wellness customers = 2.6m</li> </ul> <p>Telemedicine</p> <ul style="list-style-type: none"> <li>Telemedicine eligible lives = 5.7m</li> <li>Year-on-year increase in the number of consults = 238%</li> </ul> <p>Personal Case Management</p> <ul style="list-style-type: none"> <li>Eligible lives = 3.7m</li> <li>Year-on-year increase in the number of Personal Case Management (PCM) cases = 13%</li> <li>19% diagnosis change</li> <li>53% refined treatment plan</li> <li>94% customer satisfaction rate</li> </ul> <p>Regional Health Passport</p> <ul style="list-style-type: none"> <li>Top 100 upper-tier hospitals in Asia</li> <li>10,000 providers globally</li> </ul> |
| <p><b>3. Building Better Integrated Health and Wellness Outcomes</b><br/>Build on our leading integrated health and wellness solutions and reward customers for behavioural improvements</p> | <p>Based on AIA Vitality members who have reported their data:</p> <ul style="list-style-type: none"> <li>28% of at-risk AIA Vitality members have moved to a healthy BMI range</li> <li>52% of at-risk AIA Vitality members have seen their blood pressure levels improve</li> <li>35% of at-risk AIA Vitality members have seen their cholesterol levels decline</li> <li>72% of at-risk members have seen their glucose levels reduce</li> </ul>   |



# Our Strategic Priorities in Detail

## Strategic Priority 1

### Engaging Communities Across Asia

Engage communities across Asia to improve their physical, mental and environmental wellness while championing financial inclusion

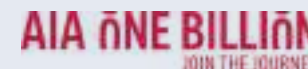
Our AIA family – our employees, agency network, ambassadors and partners – help individual and corporate customers to improve their health and wellness while engaging millions of others in communities throughout the region to improve their physical, mental and environmental well-being while championing financial inclusion.

Through our AIA One Billion commitment we drive engagement across our markets. We have established an initiative to establish healthier habits in Asia’s children through the AIA Healthiest Schools Programme, and our partnership with Tottenham Hotspur Football Club promotes the key role of sport in helping people live healthier lives. This year we introduced AIA Voices, our new thought leadership platform that disseminates content from changemakers and experts on physical, mental, environmental and financial wellness to audiences across Asia, providing them with information and inspiration on how to live Healthier, Longer, Better Lives.



## OUR STRATEGIC PRIORITIES IN DETAIL

### AIA One Billion



#### Introduction

We have set ourselves an ambitious and clear goal: By 2030, we will have engaged one billion people to help them live Healthier, Longer, Better Lives. To deliver this, we have begun to reach out far beyond our existing customer base with the goal of driving societal engagement, creating a Healthier, Longer, Better Lives movement across Asia.

With our AIA One Billion ambition, we are embarking on a journey which begins with engaging and inspiring people across Asia to take steps towards living Healthier, Longer, Better Lives. Through the creation of an ecosystem of engagement touchpoints, our journey will evolve over time towards delivering and demonstrating real impact on the health and wellness of millions of people in our communities across Asia.

We are inviting people across Asia to join us on this journey and this is only possible with the combined efforts of the entire AIA family.

#### Actions

In February 2022, we publicly announced our AIA One Billion ambition, and since then, we have delivered and measured a wide range of purpose-led initiatives across all of our 18 markets.

We committed to engage, educate, inspire and support communities, employees, individuals and business customers across Asia to improve their physical, mental, environmental and financial health and wellness through advice, partnerships, events, community programmes and campaigns.

#### Measurement

We are following a principles-based methodology to measure the breadth and depth of our engagement. We define an ‘engagement’ as “a positive action by an individual”. This covers all AIA touchpoints with customers, clients and communities across Asia. We are measuring the cumulative year-on-year number of people engaged, and we will review, evolve and enhance our measurement each year, adjusting our approach as required to ensure robust processes and alignment to any changes in our activities that may be necessary. We have sought independent verification where appropriate.

#### Progress Towards Our Goal



**258 million**  
 People engaged through  
 AIA One Billion by the end  
 of 2022

By 31 December 2022, AIA has engaged 258 million people<sup>1</sup> towards our AIA One Billion goal. PricewaterhouseCoopers (PwC) has undertaken a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information in respect of the selected AOB performance metrics. *For details and the basis of preparation, see [www.aia.com/aiaonebillion](http://www.aia.com/aiaonebillion).*

The number of people engaged through AIA One Billion has been rounded down to the nearest million.

<sup>1</sup> Read more in the Disclosure and Data section.

## OUR STRATEGIC PRIORITIES IN DETAIL

In the following section, we have selected key Group-wide programmes and highlights of the local engagement activities across our markets which have contributed to our AIA One Billion ambition. These activities demonstrate how we are engaging individuals to live Healthier, Longer, Better Lives by improving physical, mental and environmental health and championing financial inclusion.

### AIA One Billion Engagement Activities



**SIGNATURE PROGRAMMES**



**PHYSICAL HEALTH**



**MENTAL HEALTH**



**ENVIRONMENTAL HEALTH**



**FINANCIAL INCLUSION**



#### SIGNATURE PROGRAMMES



#### The AIA Healthiest Schools Programme

In June 2022, we launched the AIA Healthiest Schools Programme, which aims to encourage and drive healthier habits among students aged 5 to 16 across the themes of Healthy Eating, Active Lifestyles, Mental Well-being and Health, and Sustainability.

We have partnered with education experts EVERFI to develop bespoke teaching resources: a suite of holistic and flexible lessons and activities that can be easily integrated into every classroom – all accessible on one digital platform.

Each school has the opportunity to enter into the AIA Healthiest Schools Challenge, demonstrating the potential impact of their innovative ideas to make their students and community healthier, with a chance to win exclusive health and wellness experiences and prizes.

We have launched our programme in four pilot markets so far, including Australia, Hong Kong, Vietnam and Thailand, and we will be expanding this regional programme to other locations in the coming year.



GLOBAL PRINCIPAL PARTNER

#### Partnership with Tottenham Hotspur Football Club

AIA is proud to be the Global Principal Partner of the Tottenham Hotspur Football Club. Active participation in sports promotes a healthy lifestyle. With football, we hope to positively impact lives through values such as teamwork, discipline and sportsmanship. We hold football clinics across AIA markets to help people to live Healthier, Longer, Better Lives. Since 2017, we have had Spurs coaches on the ground in Asia, and over 90,000 participants (virtually all of them children) have taken part in these physical sessions. We have also created a digital Coaching Corner and share content on our social channels to continue the conversation on a variety of topics such as healthy cooking and mental health.



#### AIA Voices

This year, we were proud to launch AIA Voices, a content-led thought leadership platform that brings together knowledge experts from across Asia to educate, motivate and inspire people along their journey towards living Healthier, Longer, Better Lives.

AIA Voices brings together subject matter experts, pioneers and agents of change, who will address important topics related to physical, mental, environmental and financial wellness.

The first episode of the programme, “Sleep & Mental Health”, delves into the importance of sleep and its impact on mental wellness. It is a continuation of the #OneMoreHour campaign launched in 2019 on the impact of sleep, and features sleep expert Olivia Arezzolo, psychotherapist Kate Yan Yijia, and former No. 1 squash player Nicol David, among others.

Over the coming months and years, AIA Voices will also spotlight financial literacy and inclusion, as well as the connection between a healthy planet and our own wellness.

## OUR STRATEGIC PRIORITIES IN DETAIL



### PHYSICAL HEALTH

We support, motivate and engage people to take steps to prevent illness and disease and provide them with the access to quality healthcare services that improves their health outcomes.

#### Tackling stereotypes and promoting physical health with women in Malaysia

In conjunction with the 2022 theme for International Women’s Day #BreakTheBias, AIA Malaysia launched #AIA SquashTheStereotypes, a campaign to shed light on how gender stereotypes remain a constant battle for every woman in Malaysia and to promote the importance of physical well-being through sport and movement.

The campaign spotlighted AIA Malaysia ambassador and 8-time World Squash Champion Nicol David and asked women to submit inspiring stories about how they challenge gender stereotypes in their daily lives. 20 lucky participants were awarded a chance to join an exclusive, all-female squash clinic with Nicol herself.

#### Living with Vitality in Malaysia

Throughout the months of April to June 2022, AIA Malaysia offered free health checks to all Malaysians as part of its ongoing efforts to engage people to help them live Healthier, Longer, Better Lives. Members of the public were invited to walk into any outlets of the supporting pharmacy, Alpro Pharmacy, to claim a basic health screening, free of charge. The screening included tests for blood cholesterol, blood pressure, blood glucose, as well as calculations of Body Mass Index (BMI).



### TRISTAN KNOWLES

ADVICE MANAGER,  
AIA AUSTRALIA FINANCIAL WELL-BEING

#### AIA One Billion Story

AIA Australia’s recent brand campaign #allorsomething, deeply resonated with Tristan Knowles, Advice Manager at AIA Australia Financial Well-being.

Tristan learnt very early on that life does not always follow a script. Diagnosed with bone cancer at the age of nine, at a young age he underwent intensive treatment and had his right leg amputated.

Despite the darkness of childhood cancer, Tristan developed a resilience and a glass-half-full approach that has led him to become one of the best wheelchair basketball players in the world

and to represent Australia at five Paralympic Games, with Paris 2024 on the horizon.

Tristan is passionate about ensuring Australians have safety nets in place in case life throws a curveball. He believes doing something, however small, can make a real difference. For Tristan, this is taking his dog, Carlos, for a lunchtime walk to get outside and move a little with no mobile phone so he can completely be present in the moment. Tristan continues to encourage others to see the relationship between physical, mental and financial well-being, educating others to set small goals to help make confident decisions and leading a healthier, longer, better life.

This was supported by a series of campaigns across the year in conjunction with World Health Day and A Healthier Malaysia campaign, where AIA Vitality members were offered free Vitality Health Checks (VHC) and Vitality points upgrade, pharmacy vouchers and discounts on healthy food.

The initiative is part of AIA’s #LiveWithVitality campaign which aims to raise awareness on the importance of regular health screenings. Over 2,000 people walked in to do the health checks, 51 per cent

of whom were aged 40 years and below, which is an encouraging outcome considering that health checks are generally not top of mind for young adults. This led to a 7 per cent increase in VHC take-up over a 12-month period.

The #LiveWithVitality campaign is part of AIA’s efforts to encourage and motivate Malaysians to understand their health better. Instead of only seeing a doctor when something is wrong, AIA wants to raise awareness on the importance of periodic health checks in preventing late-stage NCDs and the diagnose of critical illnesses.

## OUR STRATEGIC PRIORITIES IN DETAIL



### MENTAL HEALTH

Across Asia, the Covid-19 pandemic has caused accelerated growth in the number of people experiencing anxiety, depression and other mental illnesses. AIA is committed to raising awareness of the importance of emotional and mental well-being and the tools and techniques that help develop enduring resilience.

#### Promoting positivity in Indonesia

AIA Indonesia launched a campaign designed to share positivity, by highlighting stories of happiness from AIA employees, customers and advisors in collaboration with prominent musicians and influencers. The campaign, titled **BahagiAIA** (Happiness), encouraged people to share positive stories with insurance which were transformed into the BahagiAIA song.

Through the BahagiAIA video manifesto, we highlighted AIA's role in helping Indonesians to improve their mental health, physical health, environmental health and financial health.



#### SHERLYN LAI SHILIN

PERSONAL WEALTH MANAGER, ADVISORS ALLIANCE GROUP (AAG) REPRESENTING AIA FINANCIAL ADVISORS, AIA SINGAPORE

#### AIA One Billion Story

At 12 years old, Sherlyn Lai Shilin was diagnosed with idiopathic scoliosis, a spinal deformity. The condition deteriorated through age 17 when the function of her right lung was affected in addition to not being able to grip a pen properly or to compete in sports.

In 2003, she underwent a six-figure spinal surgery to have two rods, more than 20 screws and hooks implanted to support and realign

her spine. "The medical bills that my parents had to pay then made me understand the importance of insurance," she said.

For the last 10 years, Sherlyn has dedicated her time to show others how they could love themselves, despite the challenges they may face. She now works with underprivileged children, tutoring them and helping their families.

## OUR STRATEGIC PRIORITIES IN DETAIL



### ENVIRONMENTAL HEALTH

Globally, 23 per cent of deaths could be prevented through healthier environments<sup>1</sup>. Human health and well-being are intimately linked to the state of the environment, which is why environmental health and well-being are a part of AIA One Billion. Across Asia, our markets are committed to raising awareness of the importance of environmental health, providing relief to those who are affected by the environment and proactively getting involved in improving the environment for the next generation.

#### **AIA Thailand raises awareness of sharing life with nature**

Asia is bearing the brunt of climate change. 237 million people in Mainland China, Bangladesh, India, Vietnam, Indonesia and Thailand are at risk of annual flooding by 2050 according to a study by US non-profit, Climate Central. Thailand is already facing annual flooding and AIA Thailand has worked to provide relief for communities during these difficult times.

In addition to flood relief, AIA Thailand gathered employees, agents, customers and business partners to plant 20,000 trees as part of “AIA Sharing A Life 9” in 2022. At nine locations



**ANGELA BUSBY**  
CHIEF CUSTOMER OFFICER,  
AIA NEW ZEALAND

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### AIA One Billion Story

Angela Busby, AIA New Zealand’s Chief Customer Officer, was appointed to the Sustainable Business Council NZ Advisory Board in August 2022. Angela has taken up the challenge with a focus on promoting sustainable business practices, particularly within the NZ financial services sector.

“As a proud wahine toa Māori, my vision for the Sustainable Business Council is to use the power

of the collective to drive positive change for all New Zealanders and our environment,” says Angela. “Our behaviours and activities have an impact on the environment, which in turn significantly impact the health and well-being of individuals, whānau and communities. We cannot thrive in an unhealthy environment – and the environment cannot thrive when our behaviours are unhealthy.”

across the country, the project created green spaces and filter walls against dust and air pollution to emphasise AIA’s commitment. The project also aligns with the Bangkok Metropolitan Administration’s One Million Trees Planting Campaign.

<sup>1</sup> WHO (2019)

## OUR STRATEGIC PRIORITIES IN DETAIL



### FINANCIAL INCLUSION

Through AIA One Billion, we are also committed to championing financial inclusion. As we seek to understand our individual and corporate customers and the diverse communities we serve, we intend to provide education, resources and products that support the physical, mental and financial well-being of individuals and families, with inclusive offerings and innovative products and solutions to support their needs.

#### Supporting financial literacy with AIAPedia

AIA Indonesia launched AIAPedia, a digital-based education programme to increase financial and insurance literacy. The programme has evolved from a campaign originating on Instagram to a dynamic platform of videos, webinars and talk shows available on Twitter, YouTube and TikTok. AIAPedia collaborates with thought leaders and traditional and digital media influencers to provide education to the general public, and invites customers to share their experience with insurance to a wider audience. AIAPedia also addresses financial topics circulating on social media to raise awareness of the importance of insurance.

#### Meeting retirement needs in Mainland China

The World Health Organization projects that by 2040<sup>2</sup>, 28 per cent of the population of Mainland China will be aged. In 2021, AIA China launched the AIA Retirement Concierge with enhancements over 2022 to enable customers to access innovative and high quality home-based Retirement Services, Retirement Institution services, such as online tools to help

customers choose suitable retirement institutions conveniently and confidently, and Medical Care and Assistance, to provide customers care in mental and body health management at the “early elderly” age, meaning those aged sixty and above.

AIA China also launched JADE Total Solution, a deferred annuity product that supplements future pension funds through saving insurance. Together with Retirement Concierge, this helps customers identify and plan for gaps in their future pension funds with the annuity period covering customers’ retirement stage and JADE Saving in retirement stage offering customers the flexibility to manage emergency capital needs through partial surrender or policy loans.



#### Making insurance accessible to rural people in India

According to the World Bank, India’s rural populace makes up 65 per cent of its total population. Life insurance coverage in rural India, however, stands at a mere 8-10 per cent with awareness regarding health insurance in the rural population being very low.

With the government focused on increasing financial inclusion, Tata AIA Life has brought to market POS Saat Saath, a ‘micro insurance’ product with benefits that include protection, savings and assured returns on maturity.

This product joins other offerings designed to support lower income consumers, including:

- **Saral Jeevan Bima**, a simple and affordable term plan
- **Insta Protect**, which provides comprehensive protection for Life, Critical Illness, Disability and Hospitalisation for the low-income segment
- **Fortune Guarantee Pension**, an affordable, retail pension plan with systematic investment options offering pensions/annuity for life
- **POS Smart Income Plus**, a systematic investment savings plan with dual advantage of life cover plus savings

To broaden reach into rural and remote areas of India, all products are available on a mobile app. Tata AIA Life has also partnered with the Common Service Centres Scheme (CSC) in April 2022, a pan-India network of access points for public services, healthcare and social welfare services across the country. This gives AIA the opportunity to leverage 400,000 centres for reach into 95 per cent of the rural governing bodies in India, ensuring that more of the rural populace in India have access to insurance.

<sup>2</sup> WHO (2015)

## OUR STRATEGIC PRIORITIES IN DETAIL

In addition to these products, Tata AIA Life Insurance, together with the Central Bank of India, sponsored cataract surgeries for the underprivileged senior citizens across India.

Blindness in India is known to increase rapidly after 50 years of age, with 66.2 per cent due to cataracts, and the prevalence of blindness being higher among people of lower socio-economic status. Cataracts are treatable and, yet, financial constraints remain a major barrier in accessing cataract surgery.

Through the initiative 'Netrajyoti', Tata AIA Life partnered with the NGO - HelpAge India to sponsor cataract surgeries. INR6.2 million was contributed for the cause which funded over 2,300 cataract surgeries for underprivileged senior citizens across India.

### **One-stop health protection solution in Hong Kong**

AIA Hong Kong launched Health Journey Guardian, providing comprehensive medical cover across the entire health journey from prevention, prediction,



diagnosis, treatment and recovery support. For example, with pre-emptive health assessments through which customers are diagnosed early, are able to seek support through diagnosis with tests and second opinions (including outpatient cover for doctor's visits and diagnosis benefits), and seek telemedicine services, to ensure adequate support throughout the treatment process.

Health Journey Guardian also provides rehabilitation and hospice cover, with personal case management during treatment and rehabilitation management.

### **Addressing significant coverage gaps in Sri Lanka**

To support an increasingly influential female population that is growing in economic significance and decision-making, AIA Sri Lanka launched a comprehensive life insurance product tailored for women. She Protect is a pure protection personalised solution that can be customised with seven optional benefits. It forms a key part of 'Aya Surakina AIA', a women's programme that supports and empowers women across the country.





## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 2

## Improving Access to Quality Healthcare

Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation

Across Asia, access to healthcare varies significantly, with fragmented and complex healthcare journeys that are difficult to navigate, and rising medical cost inflation. AIA's Integrated Health Strategy provides customers with more accessible, affordable and effective healthcare. Integration with high-quality physical and virtual outpatient clinics enables AIA to fully support our customers with more effective care management and simpler healthcare journeys through our healthcare administration and management capabilities, with personalised health insurance advice and innovative solutions.

### Expanding our health offerings across Asia

AIA announced the acquisition of Blue Cross (Asia-Pacific) Insurance Limited and Blue Care JV (BVI) Holdings Limited from The Bank of East Asia, Limited (BEA) in March 2022. The acquisition brings extensive operating experience and specialist expertise in health insurance including Blue Care's medical centres and large medical network in Hong Kong.

AIA and BEA also extended the scope of their exclusive bancassurance partnership to cover personal lines general insurance, including health insurance to BEA's personal banking customers, enabling AIA Hong Kong to deliver leading propositions across its multi-channel distribution platform.

AIA also acquired MediCard Philippines, Inc. ("MediCard"), a leading Health Maintenance Organisation (HMO) in the Philippines providing health insurance and healthcare services to more than 920,000 members across corporate and individual plans. MediCard has an extensive medical service network of over 1,000 partner hospitals and clinics and 26 high-quality MediCard-owned clinics located in key cities across the Philippines, offering primary care, diagnostics, laboratory tests and minor surgeries.

AIA's acquisitions bring new products, customer segments and distribution capabilities, with opportunities to deliver more personalised health insurance, building assets and capabilities across healthcare provision, administration and management, thereby accelerating AIA's Integrated Health Strategy across the region.

### Transforming AIA through world class technology

AIA launched Amplify Health, a joint venture with Discovery Group Limited, a South Africa-based

global innovator in wellness, health analytics and insurance.

Amplify Health provides a range of 'HealthTech' assets, proprietary data analytics and extensive health expertise partnering with businesses and organisations in the healthcare system to transform healthcare delivery and health insurance to make the people of Asia healthier by improving their health and wellness.

The recent acquisition of AI-powered data analytics firm AiDA Technologies brings commercially proven and multi award-winning proprietary machine learning technologies for automated underwriting, claims processing, and fraud, waste and abuse detection, which enable companies to use data better to accelerate processes, increase revenue, drive cost reductions and anticipate evolving risk. These capabilities complement and build on the existing Amplify Health integrated health technology solutions stack which offers chronic disease management programmes, claims processing and administration systems, as well as private medical insurance product development capabilities and bolsters its team of regional data scientists.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Growing wellness regionally

Bringing AIA Group’s best practice and innovation across the region, Tata AIA Life Insurance has enhanced its life insurance solutions with the launch of **Tata AIA Vitality**, helping customers lead Healthier, Longer, Better Lives. Like AIA Vitality customers in other established markets, Tata AIA Vitality policyholders can now access health check-ups, engage in wellness activities and health challenges, access upfront discounts and renewals on their premiums, or additional coverage when they achieve fitness milestones. Including Tata AIA Vitality, AIA Vitality and AIA China Wellness programmes are now available in 12 AIA markets – Mainland China, Hong Kong, Macau, Malaysia, Philippines, Singapore, Thailand, Indonesia, Australia, New Zealand and South Korea.

**AIA Thailand** launched its health-tracking super app enabling users to access a range of services that include digital policy servicing, healthcare trackers and rewards for a healthier lifestyle. The app also offers a new facial recognition feature, powered by artificial intelligence, that tracks body mass index, blood pressure, pulse and stress levels, further enhancing our digital real-time delivery of health and wellness services to customers.

### Telemedicine

Telemedicine emerged as a primary digital healthcare support tool during the Covid-19 pandemic, allowing customers access to video consultation services, prescription, delivery of medication when required and onward referral to AIA’s health provider networks where necessary. Telemedicine services are currently available in 10 AIA markets – Mainland China, Hong Kong, India, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Sri Lanka and Thailand.

### Personal Case Management

Personal Case Management (PCM) is a medical support service to help customers with serious medical conditions. Customers have access to care and advice delivered via teleconsultation or in-person consultation, based on prevailing market conditions and patient needs. It is available in a total of 12 AIA markets – Cambodia, Mainland China, Hong Kong, India, Indonesia, Malaysia, Myanmar, Australia, New Zealand, Singapore, Vietnam and Thailand.

### Regional Health Passport

The AIA Regional Health Passport leverages our pan-Asian presence to provide our customers access to quality providers in other countries, enabling cross-border cashless access to treatment. The regional health passport is available in nine AIA markets – Mainland China, Hong Kong, Macau, Malaysia, Singapore, Thailand, Indonesia, Sri Lanka and Cambodia.

#### Strategic Priority 3

### Building Better Integrated Health and Wellness Outcomes

Build on our leading integrated health and wellness solutions and reward customers for behavioural improvements

Across Asia, people are reporting higher levels of burnout and depression<sup>3</sup> with problems arising from mental health the second largest contributor to time lost to disability, in part due to pressures of life, poor nutrition, lack of exercise, increased time on digital media, social isolation and lack of contact with nature. Tackling mental health in Asia is a difficult challenge, compounded by the surrounding stigma associated with mental health disorders.

**A wellness study commissioned by AIA** covering Mainland China, Hong Kong, Singapore, Thailand and Malaysia, sought to understand the extent of the issue.

AIA’s health and wellness offerings through AIA Vitality and WorkWell with AIA play a crucial role in beginning to address the problem.

<sup>3</sup> McKinsey (2022)

## OUR STRATEGIC PRIORITIES IN DETAIL

### AIA Wellness Study

The wellness study revealed that:



**Physical Health** 23% of people rated themselves as having a positive/healthy physical health



**Sleeping Habits & Quality** 19% of people think that they have good sleeping habits & sleep quality



**Mental Health & Wellness (incl. spiritual well-being)** 21% of people rated themselves as having positive/healthy mental health and wellness



**Diet/Eating Habits** 19% of the people think they have positive/healthy diet/eating habits



**Family/Social Relationships** 24% think they have positive family/social relationships



**Financial Health** 76% believe financial health is important as it can impact mental well-being

### More effective care management for mental well-being

To improve mental well-being in companies across Malaysia and to create a safe space at work to foster mental health discussions, AIA Malaysia introduced a first-in-market Mental Health Solution in collaboration with ThoughtFull, a Southeast Asian-based digital mental health platform.

This provides corporate customers with mental health support, stress, anxiety and depression management, unlocking new avenues for users to proactively engage with their mental health and well-being.

Part of WorkWell with AIA, a proposition under AIA Malaysia's Total Health Solutions for Corporate Solutions, employers (through ThoughtFull) are able to provide better care and end-to-end support for their people's mental well-being.

### Better health outcomes with rehabilitation

Rehabilitation can effectively assist in prevention of and recovery from various health conditions. AIA Australia together with CancerAid enabled customers undergoing cancer treatment to benefit from the CancerAid Coaching programme, which

consists of an online e-health app, a series of weekly messages, via email and text, and telephone health coaching sessions delivered over a 12-week period.

The programme takes a holistic view and reinforces key health messages on appropriate symptom tracking, exercise, diet, mindfulness and sleep strategies, and allows patients to monitor their condition.

In an industry first, AIA Australia and CancerAid published leading research conducted over three years, demonstrating CancerAid Coach Programme participants were 73 per cent more likely to return to work.

### Raising awareness post pandemic

**AIA Hong Kong** launched a campaign to encourage members to avail themselves of Vitality Health Check (VHC). The campaign started with agents to embed the experience in their offerings and help connect with their customers over a shared experience. The VHC Campaign and various support promotion offers have resulted in encouraging numbers in terms of member response, deepened engagement, call to action and click-through rates from electronic direct mailers.

Similarly, **AIA New Zealand** launched a campaign in collaboration with an AIA Vitality programme partner to increase member awareness and engagement with VHCs. The 31-day period campaign resulted in a five-fold increase in the average monthly VHC completions compared to the months preceding the campaign period.

**AIA Malaysia** took similar steps to help Malaysians improve their health and well-being through activities in partnership with Guardian and Jaya Grocer, offering rewards for completion of VHC including increasing reward points.

## OUR STRATEGIC PRIORITIES IN DETAIL

### WorkWell with AIA



#### Live Well in action

AIA working with a logistics company in Hong Kong identified musculoskeletal disorders as a priority for intervention. With the company’s employees based across both office and warehouse locations, AIA carried out a musculoskeletal intervention programme over the course of a year, consisting of education, physical interventions, ergonomic analysis, gamification and even psychological education on pain management.

Physiotherapists visited the offices to observe sitting and working postures as well as desk and working arrangements. There were education sessions and gamified activities for staff, with line managers also being advised on how to coach and encourage their teams to take breaks, stretch, sit and work properly.

The intervention contributed to a reduction in claims utilisation as well as the amount of claims paid.

WorkWell with AIA offers guidance and support to organisations who are seeking to nurture and improve their employees’ well-being. Built upon the four dimensions of ‘Live Well, Think Well, Plan Well and Feel Well, WorkWell empowers organisations to care for every aspect of their employees’ well-being.

AIA consultants and service representatives assist corporate customers with planning a bespoke calendar of WorkWell events that is appropriate for their organisations, thereby helping employees improve their health and increase their engagement, in turn lowering claims and increasing productivity.

#### Live Well – Focuses on Physical Wellness

Screenings, physical activity, good nutrition and access to quality health services throughout employees’ health and wellness journey.

#### Think Well – Focuses on Mental Wellness

Tailored solutions in the form of education, self-help tools, coaching, counselling, and access to preferred mental health providers.

#### Plan Well – Focuses on Financial Wellness

Financial literacy, self-help tools and solutions, and professional help for planning and managing finances across different life stages.

#### Feel Well – Focuses on Social Wellness

Inclusive work environment and supportive network to promote purpose and resilience among employees.

WorkWell with AIA offers outcomes-driven corporate health and wellness programmes without geographic boundaries, and serves as a map on our members’ journey towards total health and well-being.

# Bringing Health & Wellness to Life



**RINA CUSTODIO**  
 INTEGRATED MARKETING  
 COMMUNICATIONS PRINCIPAL/  
 ESG-CSR LEAD, AIA PHILIPPINES

**“AIA’s promise of helping people live Healthier, Longer, Better Lives is underscored by my own story.”**

Breast cancer is the most common cancer among women in the Philippines, while overall cancers are a leading cause of deaths in the country. It was for this reason that at the end of 2021, AIA Philippines seized an opportunity for change. AIA Philippines created a holistic programme called Hope for the Breast that supports the prediction, protection, diagnosis, treatment and recovery of women with breast cancer.

This programme takes a two-pronged approach. First is the Hope Mobi Clinic, which is a partnership with The Medical City (TMC), one of the premier medical institutions in the Philippines. During 2022, AIA and TMC started to equip a bus with state-of-the-art breast ultrasound and mammography machines to reach grassroots communities in Metro Manila. With a lack of awareness and education about breast cancer in these communities, AIA wanted to educate and increase screening of breast cancer to detect and diagnose cases of breast cancer, as well as provide treatment and recovery plans in partnership with TMC.

The second part of the programme are the strategic alliances. AIA Philippines partners with like-minded organisations to be able to support the journey of

Filipinas with breast cancer, such as TMC, the ICanServe Foundation, CARE Cancer Registry Philippines, and Philippine College of Surgeons.

Unfortunately, Rina herself was diagnosed with breast cancer during her work on the Hope Mobi Clinic. “One of the things I realised through this journey is that people who have been through Breast Cancer gravitate towards each other. I have taken it upon myself to help guide people who are going through the same thing,” she said. A significant part of the work with partners provides help for patients going through breast cancer with information on treatment and connecting with others with breast cancer. The importance of support groups cannot be underestimated, with research finding that patients with cancer who attend such groups have increased survival rates and quality of life<sup>4</sup>.

With breast cancer making up one-third of cancer cases in the country, Rina sees Hope for the Breast as the beginning of a journey to help more Filipinas with breast cancer across the Philippines.

<sup>4</sup> Breastcancer.org (2023)



## Sustainable Investment

### In this section

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- 61 Bringing Sustainable Investment to Life

# Our Sustainable Investment Pillar

AIA is committed to supporting the protection and savings needs of our customers over many years through the prudent allocation of capital. This inherently requires our investment team to adopt a long-term risk management perspective in our investment decisions.

Markets are increasingly aware of the potential risk and value impact of ESG factors, and their effect on profitability and investment returns. AIA understands that to create long-term stakeholder value, ESG considerations must be integrated, actively considered and mitigated.

AIA's investment decisions include an internally-scored assessment of relevant ESG factors in potential and actual investee companies in relation to our general account investment portfolio, and the belief that active engagement with investee companies is a more effective mechanism to promote, develop and enhance ESG-related business practices than outright divestment.

That said, where we determine that the transition of certain sectors toward a more sustainable or resilient business model is either not possible or not occurring at the required pace, we will consider excluding certain sectors from our portfolio.

We recognise that as a notable investor in the region, AIA has substantial influence through the capital allocation and engagement decisions made across our investment portfolio. Our extensive team of research analysts and investment professionals in our local markets are deeply committed to further embedding ESG best practices into the investment function to help deliver long-term, sustainable financial outcomes as part of our Purpose of helping people live Healthier, Longer, Better Lives.

**“ We engage with the management of our investee companies and encourage sustainable business practices. By using our considerable financial influence, we reinforce our commitment to the communities in which we operate. ”**



**DR. MARK KONYN**  
GROUP CHIEF INVESTMENT OFFICER

# Summary of Strategic Priorities and Progress

| Strategic Priorities   | 2022 Progress   |
|--|---|
| <p><b>1. Deepening ESG Engagement</b><br/>Deepen ESG Engagement with investee companies</p>  | <ul style="list-style-type: none"> <li>Engaged 1,000 investee companies thematically on labour standards</li> <li>Fully (100%) implemented the ESG Rating Scorecard across our research-covered issuer universe within our directly managed fixed income and equity asset classes within our general account investment portfolio</li> </ul>  |
| <p><b>2. Augmenting ESG Training and Capacity</b><br/>Augment knowledge and capacity among our investment analysts through dedicated training initiatives</p>  | <ul style="list-style-type: none"> <li>ESG integrated into the mandatory AIA Investment internal annual training programme</li> <li>Complete formal ESG external training and examination by end of 2023 for in-scope Investment function employees</li> </ul>  |
| <p><b>3. Broadening Portfolio Inclusions</b><br/>Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure</p> | <ul style="list-style-type: none"> <li>Continue embedding ESG considerations into the bottom-up investment process with the result that, as of 31 December 2022, AIA has US\$4.3 billion invested in ESG (green, social and sustainability) bonds in our general account assets</li> </ul>  |
| <p><b>4. Enhancing Portfolio Exclusions</b><br/>Enhance portfolio exclusions in consideration of our objective to secure long-term investment outcomes</p>   | <ul style="list-style-type: none"> <li>Reaffirmed our primary focus is on investee engagement as part of our net-zero commitment and concluded that new entire sector exclusions would not presently form a significant part of our strategy to allow for a more considered and targeted approach to investment decisions in relation to our general account investment portfolio</li> <li>Exclusions remain on tobacco, cluster munitions, and coal mining and coal-fired power generation in relation to our general account investment portfolio</li> </ul>  |
| <p><b>5. Our Portfolio and Climate Disclosures</b><br/>Continue to report annual climate disclosures and develop emission reduction targets for our portfolio aligned to our net-zero commitment</p>   | <ul style="list-style-type: none"> <li>AIA anticipates submitting targets to SBTi in relation to our general account investment portfolio in 2023</li> <li>Total financed emissions as of 31 December 2022: 8.5 million tonnes of CO<sub>2</sub>e in relation to our in-scope general account investment portfolio</li> <li>Weighted Average Carbon Intensity (WACI) of the listed equity portfolio as of 31 December 2022: 231 tonnes of CO<sub>2</sub>e per US\$1 million revenue in relation to our in-scope general account investment portfolio</li> </ul> |



## SUMMARY OF STRATEGIC PRIORITIES AND PROGRESS

### Embedding ESG further into the Investment function

In 2022, AIA reinforced its commitment to sustainable investment practices. Acting on behalf of our customers, our collective efforts and achievements made throughout the year support our ultimate aim of delivering long-term, sustainable financial outcomes as part of our overarching Purpose of helping people live Healthier, Longer, Better Lives, as well as meet the long-term interests of our stakeholders.

#### Our net-zero commitment

Further to our formal pledge made in December 2021 to reach net-zero GHG emissions by 2050 in alignment with SBTi, over the course of 2022 AIA has been working to assess the implications of our net-zero commitment and its potential impact on our general account investment portfolio in the formulation of our draft near-term investment targets under the SBTi methodology.

These targets will be set in alignment with our pledge to establish near-term targets consistent with keeping global warming well below 2° Celsius above pre-industrial levels. AIA anticipates submitting targets to SBTi in 2023.

### Launch of AIA Sustainable Multi-Thematic Fund

This year, we launched the AIA Sustainable Multi-Thematic Fund with an objective of advancing the UN SDGs by investing indirectly, through investments in investment funds regulated under the European Union Undertakings for Collective Investment in Transferable Securities Directive 2009/65/EC (UCITs funds), in companies whose business models and operational practices are aligned with targets defined by certain UN SDGs on a multi-thematic basis.

*For more information on the AIA Sustainable Multi-Thematic Fund, please see the case study on page 125.*



### AIA Joins Fortune’s 2022 Change the World List

AIA was proud to be named on Fortune’s 2022 Change the World list, which recognised our continued effort to integrate ESG considerations further into our investment approach and the systematic, risk-based approach we have taken to decarbonise of our portfolio. In particular, Fortune referenced our early divestment of directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses within our general account investment portfolio – a first for major Asian insurers.

While we are still on a long-term journey to transform our business sustainably and deliver

impact in the communities we serve, being recognised by others for our hard work gives us confidence we are on the right track. Joining this list showcased AIA next to more than 50 leading companies that made an important social or environmental impact through their profit-making strategy and operations over the course of 2022.

We look forward to continuing our commitment and making further progress with our like-minded peers as we grow.

*Learn more about Fortune’s 2022 Change the World list [here](#).*

## SUMMARY OF STRATEGIC PRIORITIES AND PROGRESS

### Snapshot of AIA's Sustainable Investment Pillar

Our Sustainable Investment pillar brings together the Group's significant scale, deep expertise and robust governance processes to deliver long-term value to our policyholders. At the heart of this effort is AIA's extensive team of investment professionals and analysts who continue to integrate ESG best practices into our investment approach to ensure we remain best positioned to holistically manage relevant risks.



**350+**

INVESTMENT PROFESSIONALS



**13**

LOCAL INVESTMENT TEAMS ON THE GROUND ACROSS ASIA



**US\$216 BILLION**

IN TOTAL INVESTMENT ASSETS AS OF 31 DECEMBER 2022



RESPONSIBLE FOR OVERSEEING THE ASSETS OF

**> 41 MILLION**

INDIVIDUAL POLICIES



**> 100 YEARS**

OF HISTORY SERVING AS STEWARDS OF OUR POLICYHOLDERS IN ASIA



**FIRST**

HONG KONG HEADQUARTERED ASSET OWNER TO BECOME A SIGNATORY TO THE UN-BACKED PRI

# Our Strategic Priorities in Detail

## Strategic Priority 1

### Deepening ESG Engagement

Deepen ESG engagement with investee companies

We strongly believe that active engagement with investee companies before and after an investment decision is made remains one of the most effective mechanisms for improving ESG awareness and best practices. It is through engagement and oversight throughout the investment management process that we can contribute to changing behaviours for the better, while also securing sustainable long-term outcomes for our stakeholders.

Helping companies transition toward a greener and more sustainable future through our influence as a large investor and collectively with our peers will ultimately help catalyse change over time.

AIA conducts investee company engagements on specific themes or sectors. Our ESG and Investment functions coordinate on a wide range of areas for engagement activities, including the preparation

of investment materials, assessment and/or scoring methodology and the briefing of our research analysts who engage regularly with our investee companies.

As AIA sets our near-term investment targets under the SBTi methodology in relation to our general account investment portfolio, we anticipate deepening our engagement with our investee companies will encourage them to accelerate their own climate journeys and set their own Science Based Targets. This engagement will include the continued evolution and improvement of our internal scoring methodology in relation to our general account investment portfolio so that deeper and broader insights can be derived from our portfolio, across sectors, geographical locations and/or asset classes.

### Incorporating ESG into investment decision-making

The consideration of ESG factors is structurally embedded into our investment process. This is primarily driven through the Investment Governance Framework (IGF), which governs all aspects of investment activity and represents best practice at AIA. ESG considerations are also integrated into our IGF requirements on ESG (including factors considered by research analysts), Research Process, and Proxy Voting in relation to our general account investment portfolio.



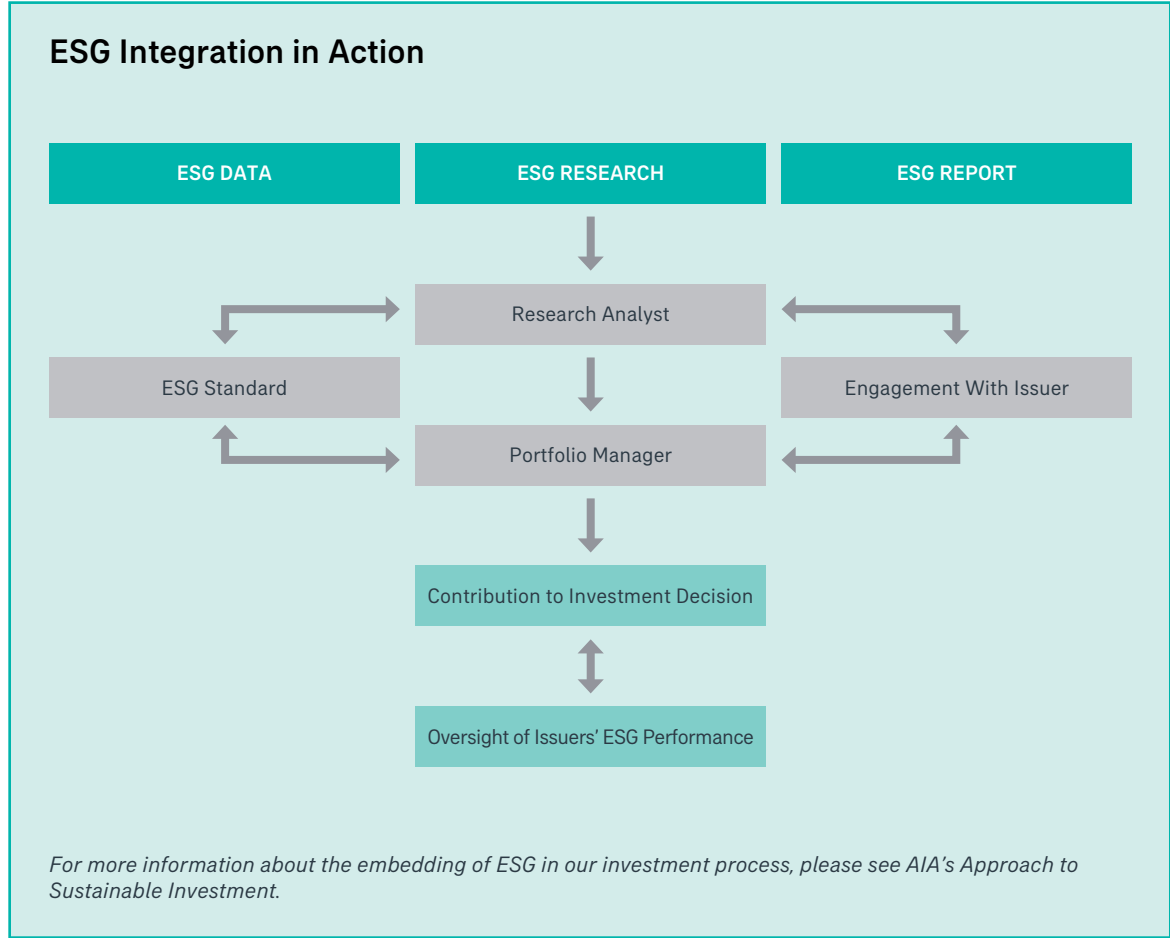
## OUR STRATEGIC PRIORITIES IN DETAIL

In 2022, recognising the increasing importance of ESG ratings and the insights they can provide, AIA began applying our internally developed ESG Rating Scorecard. Implementation within our directly managed fixed income and equity asset classes was completed in Q3 2022. This means that our team assessed thousands of portfolio companies directly covered by AIA’s research analysts in accordance with the ESG Rating Scorecard and assigned an ESG Rating to each issuer in our general account investment portfolio, and such ESG Rating shall be reviewed at least once every twelve months.

During the development of our ESG Rating Scorecard in 2021, AIA reviewed ESG assessment methodologies from leading international ESG ratings agencies and external investment managers. AIA has also had its ESG Rating Scorecard externally validated to ensure that the rating methodology is fit for purpose and helps us achieve our long-term sustainability goals.

Our ESG Rating Scorecard helps AIA’s research analysts systematically quantify ESG risks and opportunities when assessing investee companies and potential investments, considering factors across the E, S and G pillars. The methodology is based on various weighted factors and material themes (including climate change), together with a number of industry-specific factors, with independent points of reference provided by external data providers.

The overall ESG assessment is then mapped to an ESG Rating comprising a five-grade scale from A to E, with A being the highest grade. The scorecard is specifically designed to



complement the fundamental analysis conducted by AIA’s research analysts to provide a more holistic view of investment opportunities and our existing general account investment portfolio.

We believe the use of this scorecard and its underlying methodology enhances our existing research process and our ability to make more informed investment decisions.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Proxy voting

Voting is an important part of the ongoing dialogue with investee companies and provides an opportunity to influence sustainable outcomes. As an asset owner it is a fundamental aspect of our commitment to sustainability.

Our IGF Proxy Voting Standard is based on principles of good corporate governance which serve to protect the long-term interests of shareholders.

It includes a list of mandatory ESG issues that must be considered in our voting decisions. For example:

1. The accountability of directors;
2. The independence of the Board;
3. The company's governance around environmental risks and opportunities; and
4. Environmental commitments, publicly disclosed targets and timelines.

### Engaging with our investment managers

As a large asset owner, we work with many external investment managers who manage and invest our general account investment portfolio on behalf of AIA.

During the due diligence process, we consider the prospective manager's ESG practices, reviewing their approach to both ESG engagement with investee companies and the assessment of ESG factors for investment decisions. Similar to the ESG Rating Scorecard, we have devised an internal scoring methodology for assessing external investment managers and third-party managed funds. This assessment will result in a rating assigned to the external manager or the third-party managed fund, on a four-grade scale from A to D, with A being the highest grade.

This methodology, known as the Third-Party Investment Manager ESG Assessment, was externally validated and has been implemented through the Investment Governance Framework. All new discretionary investment mandates being considered, as well as new investment in third-party managed funds, are required to undergo the Third-Party Investment Manager ESG Assessment as part of the Investment process.

After awarding a mandate, AIA continues to oversee the ESG practices of these external parties throughout the relationship.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Labour Standards Thematic Engagement

#### Why Engage on Labour Standards?

AIA believes sound governance underpins good corporate behaviour. As companies addressed the impacts of Covid-19 and adapted their business models accordingly, employees have often been the ones most impacted. In 2022, AIA sought to better understand how our investee companies in our general account investment portfolio have implemented measures and policies to protect the physical and mental well-being of their employees. Through a targeted engagement programme with 1,000 investee companies, who are listed equity or corporate bond issuers, our Investment team has been able to determine how companies are addressing welfare in the workplace and to identify areas of potential improvement going forward.

#### Methodology

The engagement questionnaire was designed by AIA's Investment function with input from the Group ESG function and was formulated with reference to various international corporate governance standards, including the International Labour Organization, the Organisation for Economic Co-operation and Development, the World Economic Forum and the UN Global Compact.

The questionnaire was structured into four sections, comprising questions in relation to the (i) Forced Labour and Child Labour, (ii) Equal Remuneration, (iii) Diversity, Equity and Inclusion and (iv) Employee Well-being. Throughout this engagement, AIA implemented a consistent, internally-devised scoring methodology mapped to grades, which will be applied to all of AIA's thematic engagements going forward.

#### Engagement Performance

Notably, our investee companies reflected good corporate practices addressing forced and child labour, as well as employee well-being:

- **98%** of companies responded that neither they nor their suppliers were, to the best of their knowledge, involved in child labour;
- **97%** of companies responded that they provide equal remuneration and benefits across different genders with similar skills and experience in the same role;
- **95%** of companies responded that, to the best of their knowledge, they did not, and their suppliers did not, engage in forced labour in their own operations nor those of their suppliers;

- **94%** of companies responded that they have a policy in place against violence and harassment; and
- **93%** of companies responded that they enforce a policy to eliminate discrimination.

These corporate governance practices reflect recommended best practices from international standards such as the International Labour Organization. While our investee companies demonstrate good corporate governance practices in some areas, there is room for continued improvement with regard to:

1. The measurement and reporting of diversity metrics;
2. Addressing gender pay gap issues; and
3. Facilitating the inclusion and accommodation of certain specific demographics into the workforce, for example, persons with mental health conditions, and people with physical disabilities.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 2

## Augmenting ESG Training and Capacity

Augment knowledge and capacity among our investment analysts through dedicated training initiatives

AIA strongly believes that cultivating ESG expertise and committing to ongoing capacity building is key to developing a successful sustainable investment programme that stands the best chance of delivering long-term value for our policyholders. This is especially important considering the rapid pace at which industry research and best practices are advancing in the ESG space.

To ensure AIA's Investment team is well equipped to support the integration of ESG considerations throughout the investment process, we support a mix of structured and unstructured learning opportunities. Beyond regular, informal knowledge sharing on sustainability topics between team members, our analysts are provided with easy access to regularly updated ESG resources, materials, and training to keep abreast of relevant industry developments. In addition, our analysts can complement their day-to-day research activities with a wide range of other ESG resources, including webinars, industry discussion forums, external research reports, conferences and thought leadership articles for continual subject matter enrichment.

Thanks to AIA's support of leading global sustainability initiatives such as the SBTi (2021), the PRI (2019) and the Task Force on Climate-related Financial Disclosures (TCFD) (2018) our employees are also provided access to valuable resources

from industry bodies helping to drive cross-industry understanding around ESG issues. Going forward we will review other relevant regional and international initiatives that may support AIA's sustainability goals, including those of our investment programme, as well as keeping up-to-date on important industry developments.

In line with our collective capacity building effort, AIA has instituted a new mandatory requirement last year for in-scope investment function employees to undertake the CFA's Certificate in ESG Investing course and the exam over the course of 2023.



## OUR STRATEGIC PRIORITIES IN DETAIL

In December 2022, we announced the appointment of our Head of Sustainable Investment with effect from 1 January 2023. The Head of Sustainable Investment has cross-asset responsibilities and will be responsible for the delivery of our Sustainable Investment strategy as well as leading and coordinating the transition efforts of our general account investment portfolio to align with our SBTi targets. AIA is committed to continue working to identifying more ways to augment the skills, capabilities and processes that support our Investment team to ensure our sustainable investment programme remains effective and robust in the years to come.

### Contributing to Knowledge Sharing and Learning in Hong Kong

Advancing understanding and best practices in ESG will require cooperation between the public and private sector. Only through continuous dialogue can we hope to build cross-industry awareness and capabilities at the pace necessary to meet the needs of tomorrow.

AIA regularly contributes to regional and international initiatives aimed at helping to support the private sector transition to a more sustainable future. One recent example was our participation in a Financial Services Development Council (FSDC) research project titled *The State of ESG in Hong Kong* in June of last year.

The aim of the project was to create a comprehensive industry resource that mapped

out the key characteristics of Hong Kong as a growing green and sustainable finance hub in Asia, as well as to chart out a future development road map. As part of this initiative FSDC asked leading practitioners from across various sectors to share learnings and best practices from their own sustainable journey.

Duncan Lee, Director of Investment Environmental, Social & Governance provided insights into embedding ESG considerations into investment frameworks and the importance of robust governance processes to maintain effectiveness.

*For more information on our various stakeholder Engagement and Advocacy efforts please see pages 110 to 113. To learn more about FSDC's research project you can follow this link.*



## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 3

## Broadening Portfolio Inclusions

Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure

Our goal of delivering investment outcomes that consistently support the long-term needs of our policyholders, as well as the longevity of our business, necessitates embedding ESG considerations into our bottom-up investment process in relation to our general account investment portfolio and is reflected in the ESG Ratings given by our research analysts in our ESG Rating Scorecards.

While the progress on achieving a greener and more equitable future for Asia has been encouraging in recent years, reaching the UN SDGs by the 2030 deadline remains hard to imagine. In fact, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) called on the public and private sector to “redouble” efforts to fully implement the 2030 Agenda for Sustainable Development in their 2022 SDG Progress Report<sup>1</sup> after efforts in the region slowed notably coming out of the Covid-19 pandemic, putting the targets “further out of reach.”

It is clear to see that persistent gaps remain in the region, including a growing need for greater investment and technical cooperation between the public and private sector to support its green transition. Southeast Asia alone is estimated to need an additional US\$3 trillion to close a 2.6 to 3.2 gigatonne emissions gap compared to 2030 net-zero targets, according to a recent study by Bain and Temasek<sup>2</sup>. In the end, ultimately maintaining long-run growth momentum in the region and progress toward its sustainable development goals will require continued access to finance and investments.

AIA is critically aware of the need to participate in sustainable financing within the communities in which we operate. Through the mobilisation, aggregation and productive deployment of long-term capital, we play a crucial role supporting the development of regional capital markets. This deployment provides access to important investment to fund infrastructure, and supports both economic prosperity and sustainable outcomes. In addition, we actively engage with our investees, peers and the public sector to lend our technical expertise and perspectives on sustainability to deliver on our Purpose.

We presently anticipate that continuing to embed ESG considerations into our bottom-up investment process in relation to our general account investment portfolio may result in continuing to see instruments such as green bonds, sustainability bonds, renewable and alternative energy and infrastructure in AIA’s investment portfolio. As at 31 December 2022, AIA general account portfolios held US\$4.3 billion in ESG bonds (being the aggregate of green bonds, social bonds and sustainability bonds), US\$6.3 billion in healthcare and US\$1.3 billion in renewable energy.

We continue to report annually on the results of our bottom-up investment process, in relation to our general account investment portfolio, notably investments in sustainable development and energy transition, including capital deployment in clean energy, transportation, healthcare and green bonds.

1. UNESCAP (2022)
2. Bain Insights (2022)



## OUR STRATEGIC PRIORITIES IN DETAIL

### Supporting Sustainable Development



#### INVESTMENTS IN INFRASTRUCTURE

**US\$1.1 BILLION**

IN WATER UTILITIES

**US\$5.1 BILLION**

IN INFRASTRUCTURE-RELATED SECTORS

**US\$2.8 BILLION**

IN ROAD & RAIL INFRASTRUCTURE

**US\$1.3 BILLION**

IN RENEWABLE ENERGY



#### INVESTMENTS IN HEALTHCARE

**US\$6.3 BILLION**



#### INVESTMENTS IN ESG BONDS (GREEN, SOCIAL & SUSTAINABILITY)

**US\$4.3 BILLION**

INVESTMENTS IN ESG BONDS  
(GREEN, SOCIAL & SUSTAINABILITY)

OF WHICH

**US\$2.6 BILLION**

ARE INVESTMENTS IN GREEN BONDS

## OUR STRATEGIC PRIORITIES IN DETAIL

### AIA Vietnam – Anchor Investor to First-Ever Local Currency and Internationally Verified Green Bond

In July 2022, AIA Vietnam was proud to be an anchor investor in the first green bond issued by EVN Finance Joint Stock Company (EVNF), a premier non-bank financial institution in Vietnam, operating in capital mobilisation for the energy sector, credit and investment, inter-bank market trading and services. This is the first-ever onshore, local currency, internationally verified green bond that has attracted institutional investors in Vietnam.

Among the total issuance amount of US\$75 million, GuarantCo, part of the Private Infrastructure Development Group, provided a US\$50 million partial credit guarantee. In this issuance, GuarantCo partnered with the Global Green Growth Institute,

an inter-governmental international development agency, which provided EVNF with technical assistance for structuring the green bond and assisted in the third-party verification of EVNF's Green Bond Framework. This is GuarantCo's third transaction in Vietnam, having supported previous fully guaranteed transactions in the affordable housing and road transportation segments.

EVNF will allocate the bond proceeds for eligible green projects under its Green Bond Framework, including loans towards the fast-growing renewable energy, including but not limited to solar, and energy efficiency sectors in Vietnam. This landmark green transaction will help build market confidence in the

potential of local currency green bonds as a means of raising financing for sustainable infrastructure development in Vietnam.

Wayne Besant, CEO of AIA Vietnam, commented: "We are delighted to partner with GuarantCo in all three bond issuances in Vietnam, from previous fully guaranteed bonds to this partially guaranteed first verified green bond. AIA aims to deliver long-term value by allocating capital to companies that commit to sustainable outcomes. We completed the divestment of directly managed, listed equity and fixed income exposures to coal mining and coal-fired power businesses in 2021 to facilitate the transition to a low-carbon economy. What is good for Vietnam, is good for AIA Vietnam."

**“ AIA aims to deliver long-term value by allocating capital to companies that commit to sustainable outcomes... What is good for Vietnam, is good for AIA Vietnam. ”**



**WAYNE BESANT**  
CHIEF EXECUTIVE OFFICER  
AIA VIETNAM

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 4

## Enhancing Portfolio Exclusions

Enhance portfolio exclusions in consideration of our objective to secure long-term investment outcomes



AIA continues to prioritise proactive engagement with investee companies over outright exclusion or divestment in furthering our net-zero and sustainability goals for our general account investment portfolio. We believe that, when done correctly, engagement offers more opportunity for investors to leverage their influence to drive lasting ESG performance improvements across companies and sectors. It also allows our teams to critically assess the future transition plans and ESG ambitions of companies in harder-to-abate sectors to properly identify if supporting their efforts is appropriate.

Having said this, AIA understands that longer-term stakeholder value, including investment returns, will eventually be impacted by the ultimate decline in sustainability of certain sectors and specific companies. We also believe in ensuring our investments are aligned with our objective of delivering long-term sustainable financial outcomes in support of our Purpose. It is therefore important to note that from a long-term risk management perspective AIA has and will consider excluding specific sectors from our investment programme. This has previously included ceasing future investments into tobacco, cluster munitions and coal mining and coal power generation (more details below).

AIA will continue to review and consider if exclusions are appropriate for our general account investment portfolio. Our carefully maintained exclusion list applies to AIA-managed general account assets and to our general account assets managed by external investment managers as well. Applying our exclusion list internally and externally maintains alignment with our Purpose.

AIA is committed to monitoring regulatory and thematic developments, and regularly reviewing our approach to exclusions to ensure it continues to meet the long-term needs of our investment programme.

### Exclusion Snapshot



#### Tobacco

We took the significant initiative of excluding tobacco manufacturing from our general account investment portfolio in 2018, divesting US\$500 million in corporate equities and bonds. Our view is that tobacco products are inconsistent with our Purpose, including our wellness initiatives and programmes aimed at encouraging healthier lifestyle choices.



#### Cluster Munitions

The Oslo Convention on Cluster Munitions outlines commitments to prohibit the use and manufacture of cluster munitions. Cluster munitions are a controversial weapon that cause significant civilian casualties, with some of our markets signing treaties to ban their manufacture. We do not invest in such businesses in our general account investment portfolio, and our investment exclusion list reflects this commitment.



#### Coal Mining and Coal-fired Power Generation

Following our complete divestment from coal in our general account investment portfolio, we remain committed to making no new investments in businesses involved directly in either mining coal or generating electricity from coal.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 5

## Our Portfolio and Climate Disclosures

Continue to report annual climate disclosure and develop emission reduction targets for our portfolio aligned with our net-zero commitment

As an asset owner, our influence, including our environmental impact, extends to our investments and the diverse sectors in which we invest. We have taken a phased and methodical approach to addressing our investments in carbon-intensive sectors since confirming our support for the Paris Agreement in 2018, including becoming one of the first significant Asian asset owners to carbon footprint their equities investment portfolio in 2019. We have enhanced our climate disclosures through the measurement and disclosure of total financed emissions in relation to our general account investment portfolio as at 31 December 2022.

### Measuring our total financed emissions

Last year, we measured and disclosed the carbon footprint of our Listed Equity and Corporate Bonds within our general account investment portfolio based on the Partnership for Carbon Accounting Financials (PCAF) methodology as at 31 December 2020. PCAF is a globally recognised industry initiative created in 2015 to help financial institutions assess and disclose financed emissions attributable to their

investing and lending activities. We have enhanced this through the measurement of total financed emissions across our general account listed equity, corporate bonds of listed issuers, real estate and power generation project finance investments. This uses the PCAF methodology and is aligned to our investment boundary in relation to our general account investment portfolio for our net-zero commitment and we anticipate submitting targets to SBTi in 2023.

**As at 31 December 2022, the total financed emissions of our in-scope general account investment portfolio was 8.5 million tonnes of CO<sub>2</sub>e, which is comprised of:**



Listed Equity  
**0.9m tCO<sub>2</sub>e**



Corporate Bonds  
**7.5m tCO<sub>2</sub>e**



Real Estate  
**0.05m tCO<sub>2</sub>e**



Power Generation  
Project Finance  
**Less than  
0.01m tCO<sub>2</sub>e**

## OUR STRATEGIC PRIORITIES IN DETAIL

### Methodology and Application

Total financed emissions represents the sum of financed emissions of each issuer. It is calculated, with respect to an issuer in AIA's general account investment portfolio, by multiplying (1) the issuer's scope 1 and 2 emissions by (2) the quotient of (A) AIA's invested holdings in the issuer and (B) the enterprise value including cash of the issuer. The calculation methodology follows PCAF guidance of using absolute data first and, where such data is not available, then proxies if such are available and applicable. AIA defined our Investment boundary for the calculation of total financed emissions in terms of legal entities, asset classes and instrument types. The in-scope asset classes are listed equity, corporate bonds of listed issuers, real estate and power generation project finance. AIA anticipates submitting targets which align to this investment boundary in relation to our general account investment portfolio to SBTi during the course of 2023.

Boston Consulting Group has acted as subject matter experts and provided methodological advisory services to AIA for the calculations of (i) Weighted Averaged Carbon Intensity (WACI) and (ii) total financed emissions in this report. The evaluations and/or calculations as set out in this report are dependent on the integrity of the data provided. Readers are responsible for assessing the relevance and accuracy of the content of this report as well as to seek for independent advice on such matters.

AIA will continue to measure and report the total financed emissions of its in-scope general account investment portfolio annually going forward as this metric aligns to the investment boundary and SBTi targets as part of our net-zero commitment.

AIA also measured and disclosed, in our ESG Report 2021, the WACI of the issuers in our

listed equity portfolio within our in-scope general account investment portfolio. WACI represents how emission-intensive the sales revenue of issuers in our investment portfolio are, weighted by their share of our listed equity portfolio, and is calculated based on the portfolio companies' emissions (or estimates of these emissions where this information is not publicly available) relative to their sales, with the sales information being based on publicly available sources, weighted by the percentage that each portfolio company's market capitalisation represents in the market capitalisation of the whole portfolio. AIA recognises that measurement and disclosure of WACI is part of climate-risk disclosure, although AIA does not have stated commitments or targets in relation to WACI. As at 31 December 2022, the WACI of our listed equity portfolio within our in-scope general account investment portfolio was 231 tonnes of CO<sub>2</sub>e per US\$1 million revenue.

# Bringing Sustainable Investment to Life



**JIAO ZHANG**

CREDIT ANALYST – CREDIT RESEARCH,  
GROUP INVESTMENT

**“Sustainability has truly become a fundamental part of who we are and how we operate day-to-day as a team.”**

As a credit analyst based in Hong Kong, Jiao Zhang has played a hands-on role in implementing AIA's sustainable investment programme. She has a front-row view of how ESG considerations are being integrated across our investment function and the way this supports our local research analysts in achieving long-term sustainable outcomes for our policyholders.

Jiao sees herself wearing two equally important hats day-to-day, at AIA. On the one hand she is a credit analyst looking after investment opportunities in the Mainland China property sector for the Group, reporting directly to Anna Cheung, AIA's Group Head of Credit. At the same time, she has embraced additional sustainability-related responsibilities, like many of her peers, to support the advancement of various ESG initiatives within the Group Investment function.

This includes facilitating further embedding ESG considerations as part of our bottom-up investment process in relation to our general account investment portfolio, as well as reviewing potential investment opportunities in green bonds from coal-restricted entities which support sustainable transition in the region whilst complying with the Investment Governance Framework (IGF), proactively engaging with Mainland Chinese property companies on ESG-related performance, contributing to the recent rollout of AIA's ESG Rating Scorecard in relation to our general account investment portfolio, and experience sharing among her research colleagues to enhance capacity building and communication.

Jiao is quick to point out that each of these initiatives takes collective effort to drive forward, and what has already

been achieved would not have been possible without commitment at all levels. She is proud to say that after a lot of hard work, the sustainable investment processes in place today allow decisions to be made quickly and effectively across the investment lifecycle. Furthermore, Jiao has been very encouraged by just how mindful and enthusiastic the whole team has been toward making continual improvements in the way ESG practices are being adopted in her function.

Diving deeper into the rollout of the ESG Rating Scorecard for example, Jiao highlighted that the entire research team began a staged examination of in-scope investees at the end of 2021. This substantive assessment involved scoring thousands of portfolio companies “from the ground up” leveraging the Group's newly designed ESG Rating Scorecard methodology. The entire process, which was completed in July 2022, helped Jiao gain a deeper, more holistic understanding of obligors in the Mainland China property sector. She added that the scorecard has been a valuable tool for AIA's research analysts over the past year, enabling the team to systematically quantify ESG risks in a way that supplements traditional investment assessments.

Since joining back in 2015 in the Shanghai office and before relocating to Hong Kong thanks to the Group's internal mobility programme, Jiao has always felt that AIA is an employer that “takes action” and “lives up to their Purpose.” Looking forward, she is thankful for the continued support senior leaders give employees to explore and grow in their roles, and is excited to see what will come next on her ESG journey with the Company.



## Sustainable Operations

### In this section

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# Our Sustainable Operations Pillar

To create healthier communities, we require our workplaces, operations, and value chain to embody an element of intrinsic sustainability.

This is woven through the fabric of our organisation, from AIA's commitment to net-zero and our approach to green buildings, to how we have engaged our supply chain and made digitalisation a core part of our future.

“True integration of sustainability in the organisation starts with our operations. It entails continuously improving AIA's and our suppliers' ESG performance.”



**BISWA MISRA**

GROUP CHIEF TECHNOLOGY AND LIFE OPERATIONS OFFICER

# Summary of Strategic Priorities and Progress

| Strategic Priorities   | 2022 Progress  |
|--|--|
| <p><b>1. Ensuring Greener Buildings</b><br/>Ensure that all new buildings and any redevelopments adhere to industry-recognised green building standards</p>                  | <ul style="list-style-type: none"> <li>• All new buildings and redevelopments to be green certified</li> <li>• 11 buildings are green certified</li> </ul>   |
| <p><b>2. Improving Our Environmental Performance</b><br/>Reduce our carbon footprint, while also measuring and managing the amount of waste produced from our operations</p> | <ul style="list-style-type: none"> <li>• Commitment made to achieve net-zero greenhouse gas (GHG) emissions by 2050, also committed to SBTi, draft SBTi near-term targets being developed</li> <li>• Reduction of GHG per employee by 23 per cent, compared with 2019</li> <li>• Waste baselined, total waste amounting to 674 tonnes</li> </ul> |
| <p><b>3. Advancing Digital Transformation</b><br/>Increase digitalisation and automation to reduce the usage of paper</p>  | <ul style="list-style-type: none"> <li>• 87% of our buy, service and claims transactions were submitted digitally</li> <li>• 98% of our buy submission journey is paperless</li> <li>• Across the Group, we have saved 1,750 tonnes (equivalent to more than 350 million pieces) of paper</li> </ul>   |
| <p><b>4. Encouraging Good ESG Practice</b><br/>Encourage improvements in ESG performance with vendors</p>  | <ul style="list-style-type: none"> <li>• The Supplier Code of Conduct applies to all suppliers</li> <li>• By spend, over 60% of Tier 1 suppliers at Group Office are rated in the top 5th percentile of all companies assessed by a globally recognised supplier ratings provider</li> </ul>   |

# Our Strategic Priorities in Detail

## Strategic Priority 1

### Ensuring Greener Buildings

Ensure that all new buildings and any redevelopments adhere to industry-recognised green building standards

Being one of Asia’s largest life and health insurers, we are cognisant of our scale and the role we play as a major employer in the communities in which we operate. As such, our interests are aligned with our communities to ensure sustainability.

Environmental considerations are key in our real estate decision-making and our approach to development is such that all of our recent real estate development and redevelopment projects meet or exceed industry-recognised green building standards.

Sustainability is a key consideration in our real estate strategy – from design and construction of new properties, efficient operation and upgrading of existing spaces, through to the carefully planned demolition of obsolete locations. With our commitment to net-zero as well as the SBTi, we are advancing Group-wide guidelines to ensure we meet our operational targets in this area.

Through the systematic application of green building practices across our operations, we ensure our physical spaces actively contribute to creating a healthier planet, while at the same time providing our employees and tenants with safer, more productive work spaces.

*More details on our approach to property management and real estate investment are available in our Environmental Policy and ‘AIA’s Approach to Sustainable Investment’.*



## ENSURING GREENER BUILDINGS

### MAINLAND CHINA



#### One AIA Financial Center

141 metres

- LEED Core & Shell Accreditation, Gold (2013)
- LEED EBOM Accreditation, Platinum (2017)



#### Two AIA Financial Center

168 metres

- LEED Core & Shell Accreditation, Gold (2017)
- LEED EBOM Accreditation, Platinum (2018)

### HONG KONG SAR



#### AIA Central

185 metres

- LEED EBOM Accreditation, Platinum (2022)
- Hong Kong Building Environmental Assessment Method (2005)



#### AIA Hong Kong Tower

74 metres

- Green Management Award – Service Provider (Large Corporation) – Merit (2022)

### SOUTH KOREA



#### AIA Tower

130 metres

- G-SEED Green Grade 2, Excellent (2013)

### PHILIPPINES



#### Philam Life Center Cebu

72 metres

- LEED Core & Shell Accreditation, Silver (2020)

### SINGAPORE



#### AIA Alexandra

54 metres

- BCA Green Mark (2020)



#### AIA Tampines

38 metres

- BCA Green Mark (2021)

### THAILAND



#### AIA Capital Centre

154 metres

- LEED Core & Shell Accreditation, Gold (2014)
- LEED EBOM Accreditation, Gold (2018)
- Southeast Asia Property Awards, Best Commercial Development (2014)
- Thailand Property Awards, Best Commercial Development (2014)



#### AIA Sathorn Tower

134 metres

- LEED Core & Shell Accreditation, Gold (2015)
- LEED EBOM Accreditation, Platinum (2020)
- Southeast Asia Property Awards, Best Green Development (2015)
- Thailand Property Awards, Best Green Development (2015)



#### AIA East Gateway

168 metres

- Pre-Certification LEED Core & Shell Accreditation, Gold (2021)
- Pre-Certification The WELL Building Accreditation, Gold (2020)

#### Notes

<sup>1</sup> LEED EBOM stands for: LEED Existing Buildings: Operations and Maintenance

<sup>2</sup> HK-BEAM: Hong Kong Building Environment Assessment Method

## OUR STRATEGIC PRIORITIES IN DETAIL

### Better Buildings for Healthy Communities

Modern office design and environmental sustainability are now essential concepts in today's buildings, both for the health and well-being of people who work in them and the health of the environment. The built environment contributes 40 per cent of global greenhouse gas emissions<sup>1</sup>. In addition, people spend the majority of their time indoors, making buildings a crucial part of ensuring healthy communities and a healthy planet.

At AIA, we want all our buildings to be places that support the health and well-being of our

employees and the planet, which is exemplified in AIA East Gateway, a mixed office and retail development in southeast Bangkok, which opened in 2022.

East Gateway is pre-certified Gold level according to LEED (Leadership in Energy and Environmental Design) and was WELL Building Standard Gold-level pre-certified in 2020, demonstrating energy conservation and environmental protection excellence throughout the development.

From structural features that create shade, and triple-layered glass windows that reduce external heat to eco-efficient lighting and automatic temperature control to an AIA Vitality Zone comprising urban farming spaces, rooftop running track and open-air working spaces, the building is truly a holistic centre of well-being and sustainability.

East Gateway is a testament to AIA's commitment to environmental performance as well as human-centred design, benefiting the physical and mental well-being of building users.

<sup>1</sup> IEA (2022)

| Location       | Building                 | WELL Health-Safety Rating |      |
|----------------|--------------------------|---------------------------|------|
| Mainland China | One AIA Financial Center | Awarded                   | 2022 |
| Mainland China | Two AIA Financial Center | Awarded                   | 2022 |
| Hong Kong      | AIA Central              | Awarded                   | 2021 |
| Hong Kong      | AIA Hong Kong Tower      | Awarded                   | 2021 |
| Macau          | AIA Tower                | Awarded                   | 2022 |
| South Korea    | AIA Tower                | Awarded                   | 2022 |

### Employee safety

AIA continues to ensure a safe and secure environment for all our employees. Most of the practices introduced in response to the Covid-19 pandemic remain in effect and have become "business as usual", such as the increased use of virtual and hybrid meetings and limiting business travel to essential travel only.

We maintain high levels of workplace safety and conduct fire drills at all our premises. To ensure that our employees operate in a healthy environment, we continue to monitor air quality at select office spaces. For example, the office space at AIA Hong Kong has been certified as having "Excellent Indoor Air Quality". We also sample air quality at our offices in Singapore and monitor air quality at our offices in South Korea and the Philippines.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 2

## Improving Our Environmental Performance

Reduce our carbon footprint, while also measuring and managing the amount of waste produced from our operations

AIA continues to monitor and reduce the carbon footprint of its operations. In 2022, the Group produced 50,606 tonnes of CO<sub>2</sub>e, or 2.0 tonnes per employee.

Total energy consumption across the Group was 83,040,197 kWh, amounting to 3,269 kWh per employee. The largest contributor to our operational footprint is the electricity used in buildings, which accounts for 43,280 tonnes of our total Scope 2 emissions of 43,283 tonnes. Other sources of emissions include those from our corporate vehicle fleet and business travel.

Our carbon emissions have risen year-on-year as the workforce began returning to the office in 2022 and Covid-19 response measures across the Group naturally abated with the pandemic's withdrawal across the year.

When comparing our carbon intensity to the pre-pandemic levels of 2019, AIA has had a 19 per cent reduction. This can be attributed to energy-efficiency initiatives across the Group and the consideration of renewable energy in select markets. AIA continues to monitor its environmental footprint and such measures, where applicable, throughout the business.

AIA committed to reaching net-zero by 2050 and signed up to the SBTi in December 2021. Currently, we are in the process of developing and validating our targets with SBTi. Post validation of our targets by SBTi, we will begin to report our progress on approved and validated SBTi target metrics. In addition to reporting on SBTi, AIA will continue to evolve our reporting on the TCFD framework, the industry standard for climate-related risk and opportunities disclosure.

*Please refer to AIA's Net-Zero 2050 and SBTi section for more information.*

### Waste management

Occupying significant corporate real estate space across the Asia Pacific region, we understand that the waste AIA produces and its management is important to our sustainability journey. In 2017, an Environmental Policy was established to champion Group-wide efforts to manage our operational footprint. Building on this policy, we launched our internal Environmental Procedures in 2020, which provides greater clarity on waste management. These policies are monitored and reviewed annually or as required, ensuring relevance and effectiveness.

This year, we have taken significant steps in understanding our waste profile and establishing procedures to enhance the monitoring and management of waste generation data. Both our Real Estate and Group ESG functions worked closely together to begin engraining sound waste data management processes.

As committed in our last ESG Report, we have established a benchmark for estimated total waste generated at our premises<sup>1</sup>, taking reference from the guidance of the GRI standards. Our 2022 waste benchmark is based on tracked data from 63 per cent of our premises<sup>2</sup> across 16 business units<sup>3</sup>, which make up a large majority of AIA's premises. An extrapolation<sup>4</sup> approach was used to develop a complete benchmark for the rest of the waste generation data, utilising an external technical partner. In 2022, AIA's total waste generation amounted to 674 tonnes.

Through this foundational process, we have established and will be rolling out procedures for an enhanced waste data collection and management system. Going forward we will be assessing the feasibility of improving data controls across the Group, and data tracking granularity, exploring disclosure of waste managed with breakdowns by type.

<sup>1</sup> The boundary of reporting extends to waste that is generated by the organisation only, as defined by GRI, which translates to waste by full-time employees in premises that are owned or leased by AIA, covering premises which represent a majority of our business operations.  
<sup>2</sup> Percentage value refers to the percentage of the total number buildings within the AIA reporting boundary which were actively tracking waste generation volumes in 2022 and are able to provide tracked data for at least one full month.  
<sup>3</sup> Australia, Mainland China, Hong Kong, Indonesia, Philippines, Malaysia, New Zealand, Singapore, Thailand, Brunei, Cambodia, Macau, Myanmar, South Korea, Sri Lanka, Taiwan.  
<sup>4</sup> Waste generation volumes were extrapolated for premises that were unable to provide tracked data. Average waste intensity (waste volume over floor area occupied by FTEs) of each archetype (i.e. headquarters, branches, and co-occupied premises) was applied to the FTE occupied floor areas of buildings with no data available.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 3

## Advancing Digital Transformation

Increase digitalisation and automation to reduce the usage of paper

Digitalisation can enable paperless operations and improve productivity, reducing waste and costs in the process. We are leveraging our digital transformation strategy to enhance our operational effectiveness and better serve our customers as we unlock new ways to improve the sustainability of our operations.

### Digital transformation: reducing our paper usage

AIA's digital transformation is shaping our own sustainable future by replacing traditional interactions based on form filling and paperwork with more streamlined, frictionless customer experiences. Building on a framework created in 2018, we monitor our levels of digitalisation and automation in operations across all our markets. We are focused on digitalising customer interactions, creating better service options and reducing paper usage across our business.

Our digital transformation strategy has also contributed to operational resilience through

challenging times. The social distancing measures during Covid-19 necessitated the rapid adoption of digital-first operating practices.

We continue to invest in our technology capabilities to increase the availability and accessibility of our products through digital channels and to support increasing numbers of seamless customer interactions online. Customers are now able to buy more products, undertake more self-service via a portal or the My AIA App and submit more claims digitally than ever before – accelerating our progress toward our 2023 corporate strategy targets.

Buy submissions are now 98 per cent paperless. Our Service e-submission improved from 76 per cent to 85 per cent and paperless submission of claims is now at 85 per cent of the total. Overall, 87 per cent of our buy, service and claim transactions are submitted digitally. We continue to focus on electronic output (E-Output), which is at 92 per cent. We plan to reduce paper further in E-Output and increase E-Output via E-Policies and E-Notification.



In 2022,

**1,750 tonnes**  
of paper was saved across  
the Group, equivalent to more than  
**350 million**  
pieces



the height of which  
would almost be equivalent to

**Mount Everest,**  
four times over

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 4

## Encouraging Good ESG Practice

Encourage improvements in ESG performance with suppliers

The scale of AIA's operations across Asia obligates us to actively engage with our partners and suppliers on leading ESG practices. Our Operating Philosophy is the basis of our relationships with these parties as we increasingly expect them to share our ambition for a healthier planet.

We expect our suppliers and vendors to comply with our Supplier Code of Conduct ("Supplier Code") and encourage them to establish their own policies and practices to comply with. Beyond their relationship with AIA, we ask our partners to take reasonable efforts to monitor and ensure that their own supply chain is also aware of the Supplier Code to further encourage good ESG practices in our fourth-party relationships. As at end-2022, most suppliers are party to our Master Professional Services Agreement, which sets out their obligations to comply with the Supplier Code.

The current iteration of the Supplier Code has been in place since 2018 and has been developed considering international charters and conventions that support social well-being and ethical operations, including the

United Nation's Declaration on Human Rights and the International Labour Organisation Core Conventions. The Supplier Code serves as a guide to facilitate discussions around ESG performance and related improvements with our partners.

We encourage our partners and suppliers to continually improve their ESG standards, practices, and principles, and to think holistically about their ESG programmes and the impact they have on our communities. This translates into action plans to minimise their carbon footprint, waste generation and resource consumption while promoting ethical conduct and the well-being of employees throughout their operations. As part of this effort, we committed to a plan in the previous year's ESG Report to assess our Tier 1<sup>5</sup> suppliers on their ESG performance, in 2022.

During the year, we sought the ESG performance ratings of our Tier 1 suppliers<sup>5</sup> from a leading ESG supplier ratings provider for the purposes of enhancing our understanding of our suppliers' ESG performance profiles.

The ratings provider offers an independent assessment of a company's sustainability management system performance, with sustainability recognition levels based on the percentile ranking of their supplier's score.

As at 31 December 2022, by spend, over 60 per cent of Tier 1 suppliers at Group Office are rated in the top 5th percentile of all companies scored, affirming our commitment to working with partners of the highest quality and demonstrable strength in industry best ESG practices. We will further implement such assessments within our supply chain and procurement systems to make use of their information in supplier selection decisions and supplier due diligence processes in 2023.

*For more information on how we engage responsibly with our suppliers, please see our Supplier Code, which has been developed to complement our Group Code of Conduct that is discussed in the Effective Governance section of this report.*

<sup>5</sup> Tier 1 suppliers are AIA's most influential and strategic suppliers based on the degree of risk, spend and criticality of their goods and services supplied.



# Bringing Sustainable Operations to Life



**JONG CHICO**

ASSOCIATE DIRECTOR OF REAL ESTATE INVESTMENT MANAGEMENT, AIA PHILIPPINES

**“Real estate, as a functional unit within the organisation, presents many opportunities for advocating ESG-related programmes.”**

Having worked at AIA Philippines for the past 10 years, Jong Chico, Associate Director of Real Estate Investment Management, has been making significant strides in sustainable operations. With more than 50 real estate assets under his purview, Jong is responsible for ensuring green certification of new developments and in implementing sustainable best practices in the operation of our investment properties and occupied premises.

Over the past three years, under Project Enercon, Jong has required that property and facility managers report on initiatives concerning energy conservation, such as through the reduction of power and water consumption. This has been achieved through replacing lighting with LED systems, light sensors and upgrading air conditioning, which can achieve significant cost and energy savings.

“The intention is to include all such initiatives regardless of the financial savings so that we can instil an ESG mindset within the team,” said Jong.

In addition to the significant progress made by Jong and his team, AIA Philippines has started the shift to renewable energy for key real estate assets in the country. Jong has been working closely to secure renewable power for the Philam Life Tower in Makati and our facilities in Cebu. The ambition for these properties is for complete reliance on renewable energy by the end of 2023.

Jong lives AIA’s Purpose of helping people to live Healthier, Longer, Better Lives, by instituting scalable and lasting change through his work. Key to Jong’s success has been a holistic approach to sustainable operations. With a mixture of properties that are leased and owned, constant interaction and dialogue with multiple stakeholders is required, along with the ability to convince third-party facilities management companies and landlords to take steps towards sustainability. Jong continues to think about new ways to help AIA achieve better outcomes for our planet and communities. “Next, there’s an opportunity to do some urban gardening in some spaces in Philam Life Tower and Cebu,” said Jong.

## BRINGING SUSTAINABLE OPERATIONS TO LIFE



**STEFAN KRAUSE**

HEAD OF FACILITIES, AIA SRI LANKA

**“How can we be more sustainable as a company? How could we drive to preserve our environment in this ever-changing world? These are the questions that drive me every day.”**

Despite recent shortages of essentials and fuel in Sri Lanka, Stefan and his team made significant progress in greening buildings and advancing digital transformation over the past year. “We took up quite a few key initiatives around environmental sustainability,” Stefan said.

Stefan’s priorities were on ensuring greener buildings, improving the environmental performance of facilities, advancing digital transformation, and encouraging ESG awareness across the business.

As the ESG Lead in Sri Lanka, his work spans all areas of AIA’s ESG Strategy, but starts with Sustainable Operations, which “links into many other areas” according to Stefan. Under his watch, AIA Sri Lanka has now obtained an important ISO standard Greenhouse Gas emission certification (ISO 14064 – 1; 2018) for 2022, which would be a first for AIA Sri Lanka. In addition, a digital drive has enabled AIA Sri Lanka to save 11,000 kg of paper in 2022.

AIA Sri Lanka digitalised 75 per cent of buy, service, and claim transactions. “We hope to be consuming zero paper in a few years,” said Stefan.

To drive home awareness and a sustainable mindset among staff members, AIA Sri Lanka commenced a green champion competition amongst the workforce, providing seeds to employee teams to set up their own home gardens. In the face of national food shortages, HR and Facilities teams also set up a model garden nursery for organic plants and vegetables on the rooftop of AIA Tower, a first of its kind in the local industry, with plans to expand.

Beyond headquarters, AIA Sri Lanka has 48 other locations. All new buildings and redevelopments are now being carried out utilising green materials in the development stage, such as with eco-friendly materials for partitions, LED lighting, ergonomically friendly seating and energy-saving lighting.

AIA Sri Lanka’s facilities, therefore, all saw significant drops in energy, water, and paper usage last year. “We’ve demonstrated great progress so far and we’ve also proved how we can scale the sustainable operations of our company, making progress every day. This will have a big impact that will benefit my community and Sri Lanka more broadly,” said Stefan.



## People & Culture

### In this section

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# Our People & Culture Pillar

At AIA, we firmly believe our greatest asset is our people. They span multiple geographies and communities, and make up the culture of our business, delivering on our Purpose to help millions of people across Asia live Healthier, Longer, Better Lives.

Nurturing our culture, building leaders and workforce capability, supporting and developing our people so that they can achieve their potential are key organisational and people priorities for AIA. Our organisation and people strategy enable us to attract, retain and develop outstanding people, making AIA an employer of choice across our markets.

## Nurturing Our Culture

With our unparalleled history of operations in Asia and as the region emerges from the challenges of the global pandemic, we are mindful that our culture brings us together and sets us apart from our competitors.

Our people matter, and we have built an inclusive and engaging environment to support our employees and provide a foundation that helps them thrive, both professionally and personally.

At AIA, we are guided by our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come”.

By acting with our deep-rooted Leadership Essentials of Clarity, Courage and Humanity, we demand and champion a better way.

Our Purpose of helping millions of people live Healthier, Longer, Better Lives guides the decisions and actions that our people make every day and inspires us to support and protect the well-being of those we serve.

Our operating model of empowerment within a framework, together with the principles that underpin our culture, create an engaging environment for our employees to deliver on our people proposition of *Believe in Better*.

“Our organisation and people priorities support our employees to grow and thrive at work and in life, delivering on our people proposition of Believe in Better.”



CARA ANG

GROUP CHIEF HUMAN RESOURCES OFFICER

# Summary of Strategic Priorities and Progress

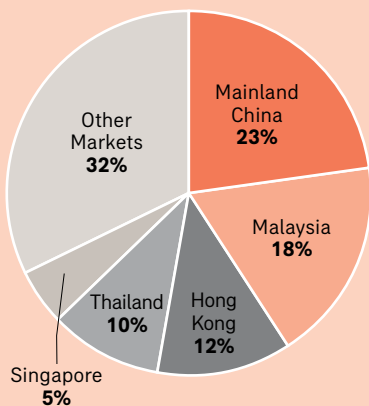
Based on four key strategic priorities, our People & Culture pillar is designed to develop, engage and support our people to grow professionally and personally. We delivered progress across several areas in 2022.

| Strategic Priorities  | 2022 Progress   |
|---|---|
| <p>1. <b>Supporting Development and Career Progression</b><br/>Foster a learning culture that supports the development of our people</p>                    | <ul style="list-style-type: none"> <li>• Launched Agile and Analytics academies to reskill employees</li> <li>• 24 training hours per employee (target: 24 hours per employee by end of 2023)</li> <li>• Top quartile in Gallup’s global finance and insurance industry benchmark of employee engagement for the sixth consecutive year, with 97% participation</li> <li>• Winning multiple employee engagement and people awards including the Gallup Exceptional Workplace Award</li> </ul> |
| <p>2. <b>Accelerating Progress in Diversity and Inclusion</b><br/>Promote workplace diversity and advance our culture of innovation and inclusion</p>       | <ul style="list-style-type: none"> <li>• 58% women employees in workforce (target: gender balanced workforce)</li> <li>• 42% women in senior management (target: 40% women in senior management)</li> <li>• &gt;40% of women in programmes for leadership development (target: 45% by end 2026)</li> <li>• &gt;75 nationalities across AIA Group</li> <li>• Launched Diversity &amp; Inclusion training to all managers</li> <li>• Included in the Bloomberg Gender-Equality Index</li> </ul> |
| <p>3. <b>Strengthening Risk Awareness</b><br/>Embed a culture of ethical decision-making and strong risk management</p>                                     | <ul style="list-style-type: none"> <li>• 100% of employees acknowledged compliance with the AIA Group Code of Conduct on an annual basis (Target: 100%)</li> </ul>  |
| <p>4. <b>Enriching and Rewarding Opportunities for All</b><br/>Ensure fair, accountable and equitable processes for employment, progression and rewards</p> | <ul style="list-style-type: none"> <li>• Launched components of AIA Workforce Well-being programme in our key markets</li> <li>• Delivered a Group-wide Mental Well-being Campaign, raising awareness to foster a mentally healthy workplace</li> </ul>   |

## SUMMARY OF STRATEGIC PRIORITIES AND PROGRESS

### Our Workforce At A Glance

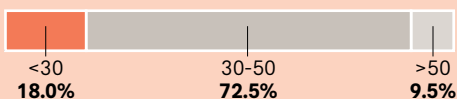
Employee Breakdown by Market<sup>2</sup> (%)



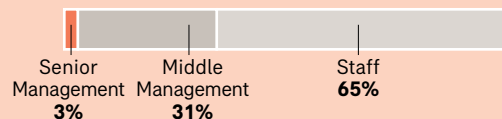
Employee Breakdown by Gender (%)



Employee Demographics by Age Group (%)



Employee Breakdown by Seniority<sup>3</sup> (%)



<sup>1</sup> Total Headcount – As of 31 December 2022, includes full-time and part-time employees on permanent and fixed-term contracts, and excludes interns, agents of the Group, employees of our joint venture Tata AIA Life, and employees of our associate China Post Life.  
<sup>2</sup> Figures for Hong Kong include Group Office employees. Figures for Mainland China and Malaysia include our employees in our shared service centres.  
<sup>3</sup> “Senior Management” captures all GCB08 and above, “Middle Management” captures GCB05-GCB07, “Staff” captures GCB01-GCB04.



TOTAL HEADCOUNT<sup>1</sup>  
**25,405**



AVERAGE AGE  
**37.9 years old**



NATIONALITIES  
**>75**

# Our Strategic Priorities in Detail

## Strategic Priority 1

### Supporting Development and Career Progression

Foster a learning culture that supports the development of our people

#### Building future leaders

Our leaders play a key role in strengthening our culture and sustaining employee engagement. AIA is committed to developing strong internal leadership capability, with a succession pipeline that drives personal growth for our people, shapes our organisation, and ultimately supports sustainable business growth.

#### Leadership development

We provide talent development programmes through the AIA Leadership Centre (ALC), our world-class learning facility in Bangkok, Thailand, both in person and virtually. The ALC collaborates with world-renowned business schools and consulting firms to deliver customised programmes focused on AIA's strategic priorities to our senior leaders, top agency leaders and key partner executives.

We continue to strengthen our approach to leadership development and, consequently, our talent pipeline through our four signature programmes. These programmes develop our leaders

at different stages of their careers. Our “SPARK” and “Leading Across Boundaries” programmes support the development of future senior leaders in our business units and senior Group Office leadership roles. We also support the development of existing and aspiring senior leaders through our “Voyage” and “ASPIRE” programmes.

#### Succession and organisation planning

Our annual Group Organisation and People Review process identifies different talent segments to enable leaders to plan for the succession of all key leadership roles. The success of our targeted approach to talent development and succession planning is evidenced by the many examples of internal key leadership role appointments across the Group. In 2022, more than 15 per cent of leaders in our leadership pipeline were placed into senior leadership positions.

We also continue to enrich our leadership pipeline by attracting top leadership talent from different backgrounds, with the skills needed to shape and drive our future organisation.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Building a future ready workforce

Building workforce capability and developing our people so they can achieve their potential is a key focus for AIA.

We continue to invest in attracting talent and incubating capabilities in core business lines, strengthening our approach to capability building and designing new training programmes to reskill and upskill employees.

Between 1 July 2020 and 31 December 2022, we invested in technology, digital and analytics capabilities, resulting in an increase of 63 per cent<sup>4</sup> in our overall number of employees with these skill sets. This material and ongoing investment marks a step-change in our capabilities and underpins our ability to execute our overall growth strategy.

#### Learning and development

Our learning culture actively supports people in their current roles, while providing a platform for growth and development within AIA. Our focus on learning is a key part of our ambition to ensure our people can upskill, reskill, work more flexibly and adapt to the changing world of work. We take a holistic approach to learning and development

that includes knowledge and skills accumulated from on-the-job experiences, mobility, collaborative projects, structured virtual lessons and digital self-learning, supported by mentoring and coaching.

We believe that career mobility and assignments in different business units or functions provide our employees with new opportunities. These assignments serve as platforms to learn new skills and help develop the individual's AIA network.

To ensure that we continue to develop talent for the future, we continuously research the skills and knowledge requirements of our industry and review feedback from our employees, to design the programmes that address these needs. In addition, our people are required to regularly complete mandatory training on a range of technical, governance and conduct-related topics.

We have launched, and are in the process of designing additional programmes to incubate new talent capabilities and upskill employees in core lines of business across the Group including:

- The AIA Analytics Academy which focuses on building data analytics and business analysis capability across all levels in AIA. The "Converge" learning journey is a bespoke

10-month reskilling programme with apprenticeship opportunities for employees to equip them for business analysis roles. We also upskill senior leaders with a stronger understanding of the power of analytics through the "Analytics for Leaders" programme.

- The AIA Agile Academy, which currently provides two reskilling programmes — the "Agile Practitioner" and the "Agile Team Lead" — to help AIA build internal capability to drive business transformation.
- The AIA Distribution Leadership Programme, which provides a platform for our most senior distribution leaders to further develop their distribution skill sets.

Digital content and delivery methods play an important role in shaping a culture of continuous learning at AIA. All our business units provide employees with access to the AIA Learning Hub, an online platform which provides access to thousands of digital learning courses. In 2022, we curated digital learning programmes with over 110 modules to support learning needs of employees in management and specialist career tracks. More than 900 employees were enrolled in these programmes in markets with these career tracks.

<sup>4</sup> Includes full-time and part-time employees on permanent and fixed-term contracts, and excludes interns, agents of the Group, employees of our joint venture Tata AIA Life, and employees of our associate China Post Life.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Employee coaching and internships

Our leadership programmes include a module on employee coaching and we encourage our employees to expand their networks, seek guidance and foster communications across different departments and seniorities.

Across our business units, we also offer development opportunities for internships. Our programmes provide interns with first-hand experience of what a career at AIA is like and an opportunity to learn critical skills in a fast-moving and customer-focused environment. These programmes also enable us to identify future talent for our business.



## OUR STRATEGIC PRIORITIES IN DETAIL

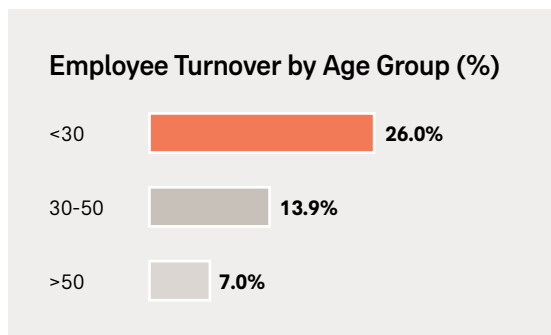
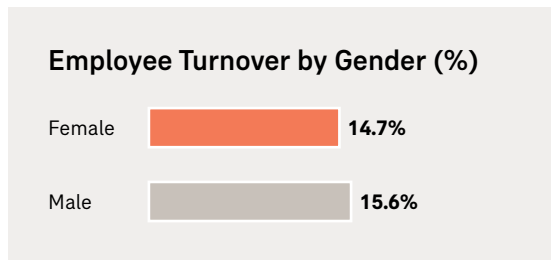
### Employee engagement

Offering a collaborative and inclusive workplace that prioritises employee engagement is a key priority. At AIA, everyone is expected to act like an owner, to have a voice, to make decisions, and make an impact.

We monitor levels of engagement across our business units and functions each year through the Gallup Q12 Employee Engagement Survey. This exercise provides meaningful inputs that enable us to continue building on our strong levels of engagement through the development of targeted and impactful strategies.

In 2022, 97 per cent of our employees responded to the survey and the Group’s employee engagement scores placed AIA at the 94th percentile of Gallup’s global finance and insurance industry benchmark. We are proud that our employee engagement levels are in the top quartile of this benchmark for the sixth consecutive year, and in the top 10th percentile for the second consecutive year. We are also proud to have received the Gallup Exceptional Workplace Award from Gallup this year, a recognition of our highly engaged workforce and a performance-oriented culture.

Our employee turnover rate was 15.1 per cent reflecting the ongoing increased competition for skilled talent in Asia. Managers play a key role in sustaining employee engagement and retaining talent. As we bring people back



together, managers facilitate team conversations to identify actions that they can take to meet the engagement needs of employees.

This focus on team conversations and actions, along with other people initiatives, is important to create a work environment that attracts and retains talent.



**We believe in the value of open dialogue. These conversations and the actions they drive in our teams keep our people engaged and motivated in helping millions of people live Healthier, Longer, Better Lives.**



**CAROL LI**

CHIEF LIFE OPERATIONS OFFICER, AIA CHINA



## OUR STRATEGIC PRIORITIES IN DETAIL

### Recognised as an Employer of Choice

In 2022, our continued focus on our people has resulted in several local and global accolades, including:

- AIA received the “Gallup Exceptional Workplace Award” from Gallup
- AIA China was awarded the “Top Employer China” by Top Employers Institute
- AIA Hong Kong was recognised in “Best Companies to Work for in Asia” by HR Asia
- AIA Malaysia was the Insurance sector winner in “Malaysia’s 100 Leading Graduate Employers” awards by GTI Media and was the “Champion” for five consecutive years in the Insurance sector for “Graduates’ Choice Award” by Talentbank
- AIA Singapore was recognised as one of “Singapore’s 100 Leading Graduate Employers” by GTI Media
- AIA Thailand was certified as a “Best Place to Work” by Best Places to Work
- AIA Vietnam was certified as a “Great Place to Work” by Great Place to Work
- AIA Vietnam, AIA Taiwan, and AIA Cambodia were awarded “Best Companies to Work for in Asia” by HR Asia
- AIA Sri Lanka was recognised in “Best Workplaces in Sri Lanka” and “Best Workplaces for Women in Sri Lanka” by Great Place to Work



## OUR STRATEGIC PRIORITIES IN DETAIL

### Agency Learning and Development

Supporting AIA's large network of agents is essential, as they play a fundamental role in our ability to realise our Purpose of helping people live Healthier, Longer, Better Lives.

AIA's Premier Agency strategy focuses on developing best-in-class agents through innovative approaches to recruitment, learning and development, which is ultimately reflected in the high quality of advice we offer our customers and ability to tailor solutions to their specific needs.

#### Going Digital

In 2022, our agents continued to embrace e-learning via Learning Management System (LMS) platforms, with an adoption rate of 89 per cent across all markets. The platform offers training courses for agents and agency leaders, to help ensure best practices are applied across the Group.

In 2021 we launched SIM 2.0, which aims to develop Advisors as own CMOs. Prioritising digital branding and marketing capabilities, the programme enables AIA Advisors to become competent social media marketers by providing them access to a library of digital content with relevant tools, customer insights, and micro-propositions via the SIM platform to generate leads.

In collaboration with internal and external SMEs, 21 e-learning modules and 10 instructor-led workshops were developed by Group Learning & Development and launched across eight business units as part of their learning roadmaps.

#### Collaborations and Accreditations

In collaboration with universities and business schools, AIA aims to provide our next generation of Premier Advisors with industry-recognised accreditations.

Under the Premier Agent to Premier Advisor (PA to PA) programme, AIA Hong Kong partnered with the HKU School of Professional and Continuing Education (HKUSPACE) and four other institutions to launch the External Accreditation Programme in July, which aims to deepen knowledge in digital marketing for Premier Advisors and Agency Executives. AIA China collaborated with Fudan University to develop certification programmes for life, health and financial planning for Million Dollar Round Table (MDRT) advisors, to enhance their professional knowledge and competencies.

In 2022, we introduced revised modules from the Life Insurance Marketing and Research Association (LIMRA) to upgrade our distribution management capabilities. One new module includes the application-based Managing Agency Profitability Seminar (MAPS), which connects

everyday decisions to bottom-line results through a simulated ecosystem to practice optimising growth and profitability, cost management and implement best practices.

Across the Group, we worked with eight business units to help prepare 176 Agency Executives for the Chartered Insurance Distribution Executive (CIAE) certification by LIMRA.

#### Next Gen Agency Leaders

AIA aims to nurture the next generation of industry leaders and maximise their potential through regional development, recognition and networking platforms such as Aspiring Entrepreneur Society (AIA AES). Group Learning & Development partnered with The Digital Insurer (TDI) to create the Aspiring Entrepreneurship Accelerator (AEA) programme to develop their leadership skills, which will be rolled out in 2023.

As an organisation built on more than 100 years of cultivating trust, AIA remains committed to meeting the long-term learning and development needs of our agents across the region. Through these initiatives, we can contribute to better outcomes for our customers and their families, and a more sustainable insurance industry for future generations.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Beyond Performance to Purpose

Our large network of agents create opportunities every day for people to live Healthier, Longer, Better Lives. Our top performers are also given the opportunity to actively contribute to the community. Members of our MDRT in Mainland China, Malaysia and Thailand, for example, can earn 20 sustainability hours through health and wellness activities, fostering a learning culture and caring for the community in various ways from making donations to volunteering.

Aligned to our Purpose, MDRT x Purpose reinforces the quality of our agency workforce and enhances the value proposition of MDRT within AIA. Agents can also gain reward and recognition as AIA MDRT Purpose Qualifiers, being featured on the Wall of Champions and gaining access to the AIA MDRT Purpose logo and e-certificate to further deepen customer trust and service.

AIA is the only multinational company in history to have been ranked the #1 MDRT

Multinational Company for eight consecutive years, having the most MDRT members from 2015 to 2022. MDRT is a global and independent association that recognises excellence in life insurance and financial services industries.

Our MDRT members exemplify the incredible service and support our people continue to provide to our customers, demonstrating purpose-driven leadership through professional knowledge, strict ethical conduct, and outstanding client service.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 2

## Accelerating Progress in Diversity and Inclusion

Promote workplace diversity and advances our culture of innovation and inclusion

### Supporting a diverse and inclusive culture

AIA's diversity, which encompasses talented people from a range of backgrounds, is one of our strengths. We foster an inclusive workplace that fully embraces and celebrates differences, and encourages open, constructive dialogue. Across our markets, we actively encourage and seek out diverse perspectives because we believe that this results in greater innovation, better decision-making, increased adaptability and improved problem-solving.

As part of their onboarding, all employees joining AIA are required to complete training on AIA's Code of Conduct, which includes our approach to inclusion and non-discrimination. In addition, we have an anti-harassment policy and an e-learning module on unconscious bias and anti-harassment for all employees, outlining expected workplace conduct and professionalism, including channels for escalation. In line with our Code of Conduct, AIA has zero tolerance for harassment, or discrimination in any form, including on the basis of race, colour, religion, gender, nationality, age, disability, military service, marital status or sexual orientation.

We aim to create an inclusive workplace for all and are proud to be an employer of choice for women across the region. Women represented 58 per cent of our employee population<sup>5</sup> and 42 per cent of our senior management across the Group as at 31 December 2022. AIA was recently included in the 2023 Bloomberg Gender-Equality Index, demonstrating our commitment to a diverse and inclusive workplace.

We recognise the importance of understanding different generational needs when shaping policies and practices and also aim to create an inclusive workplace for all age groups. As at 31 December 2022, 68 per cent of our employees are Gen Y and Gen Z<sup>6</sup>.

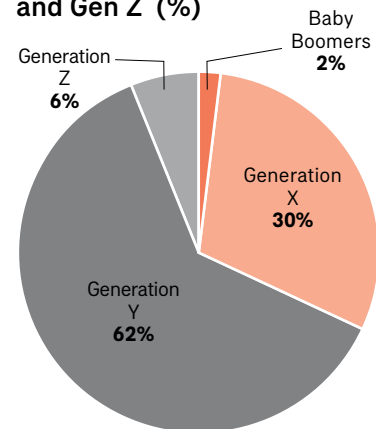
We continue to facilitate professional and personal development and support an inclusive and engaging workplace through local employee-led and executive-sponsored networks to bring people together. We held numerous initiatives at Group level and across our markets this year to elevate employee awareness about diversity, equity and inclusion.



**42%**

**WOMEN IN SENIOR MANAGEMENT POSITIONS**

### Employee Figures for Gen Y and Gen Z (%)



### Female Representation of Total Employees (%)



In multiple markets, colleagues were invited to come together to support the LGBTQ community and allies during Pride Month.

The diversity of cultural and national backgrounds of our employees enriches AIA's social fabric with over 75 nationalities represented across AIA as of 31 December 2022. AIA also values diverse perspectives for effective governance and decision-making. At a senior level, having diverse perspectives on our Board through the range of nationalities and backgrounds represented reflects our different communities and improves our governance and decision-making processes.

<sup>5</sup> Includes full-time and part-time employees on permanent and fixed-term contracts, and excludes interns, agents of the Group, employees of our joint venture Tata AIA Life, and employees of our associate China Post Life

<sup>6</sup> Gen Y is defined as the generation born between 1981 and 1996 and Gen Z is defined as the generation born from 1997 onwards

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 3

## Strengthening Risk Awareness

Embed a culture of ethical decision-making and strong risk management

### Prioritising strong risk management

Building a purpose-driven culture of trust is key to effective risk management, which in turn shapes how our employees navigate the challenges and opportunities that relate to our licence to operate.

Trust underpins the products and services that AIA provides to our customers and is the foundation of all our interactions in the workplace, and with all other external stakeholders.

We hold ourselves to the highest professional standards as defined in our Code of Conduct,

which outlines how we maintain this trust and reflects our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come”.

In addition, AIA’s Operating Philosophy and Code of Conduct identify expected risk awareness and channels for employees to report on potential risks. Frequent training and internal communications ensure that all employees are familiar with the appropriate reporting options, which typically start with an employee’s manager, or our internal or external hotlines.

Employees must certify their compliance with the Code of Conduct and other key policies annually. This enables us to check that employees understand their obligation to speak up and report any potential risks. We assess the degree to which our employees are confident that ethical matters raised by them will be appropriately handled, and whether their manager cultivates an environment where they are comfortable to raise concerns about risk.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 4

## Enriching and Rewarding Opportunities For All

Ensure fair, accountable and equitable processes for employment, progression and rewards

### Recognising and rewarding our people

AIA is committed to supporting our employees in their ongoing performance development as well as providing fair and equitable performance evaluation to recognise their contribution and achievement of results.

Our performance management framework encourages robust dialogues on individual and team progress throughout the year. Our people managers assess performance impact and behaviours of their teams and recommend development activities that will assist with their professional development and growth. We focus on What employees have accomplished and, just as importantly, How they achieved their goals.

We also aim to reward all employees competitively and fairly, irrespective of gender, ethnicity, age, disability or other non-performance related factors to attract, engage and retain our diverse talent. We believe that our existing reward programmes are well-received by employees for their clarity, transparency and market alignment.

In addition, our Employee Share Purchase Plan provides our employees with an opportunity to purchase AIA shares and receive matching shares over time during their employment with us.

### Embedding our Purpose

The health and well-being of our people and their families is a key priority for the Group. Our Group-wide benefits and workforce well-being programmes help our employees and their families live Healthier, Longer, Better Lives. We encourage employees to stay active, understand their health profile and take steps to safeguard their well-being.

We provide our employees with access to *WorkWell with AIA*, a holistic employee well-being offering for our corporate customers, designed to support the physical, mental, social and financial health of employees through a range of initiatives, employee benefits, and tools. Internally we call this *WellBeing@AIA*, and the programme is tailored to the needs of each business unit, which may include well-being learning sessions, on-site and virtual health activities.

We also provide our employees with a range of well-being benefits that may include discounted gym memberships, sporting and recreational facilities, and wellness spaces such as nursing rooms.

To support employees in balancing their personal and professional responsibilities, we continue to offer flexible working arrangements, including hybrid work arrangements as a standard work pattern and alternative working hours.



***Wellbeing@AIA brings WorkWell with AIA to life for our own people. Our well-being initiatives are varied to support our people to make choices to improve their physical, mental, social and financial well-being.***



**DARSHINI MAHENDRANATHAN**  
DIRECTOR, CULTURE AND ENGAGEMENT,  
AIA MALAYSIA





## OUR STRATEGIC PRIORITIES IN DETAIL

### Promoting Employee Well-being

Well-being campaigns were held across our key markets to improve the overall well-being of our employees with virtual, on-site, and off-site initiatives.

AIA Malaysia organised a Wellness Week with on-site employee activities including blood donations, health checks, and Zumba classes. Leaders led from the front, hosting lunch-and-learn wellness seminars on topics including nutrition, mental health and financial planning. To promote healthy eating, the event included vendors selling direct-from-farm veggies at reasonable prices.

Whai Ora Day, AIA New Zealand's first on-site Employee Well-being Expo, offered a variety of activities for employees to encourage a balanced diet, regular exercise, financial stability, and mental health. Local partners provided on-site fitness evaluations, health checks, indoor and outdoor exercises. To bring home the message that healthy habits are not only for off-work hours, AIA Ambassador Ian Jones also led a lunchtime run.

In the month of October, we ran a Mental Well-being Campaign across the Group as part of marking World Mental Health Day.

We hosted a series of conversations with CEOs about caring for their mental health, using our leaders to deliver the message that it is safe to discuss mental

health needs at work. Local markets also organised panels of local leaders and external speakers to reinforce this message.



# Bringing People & Culture to Life



**NELLY KOO**  
DIGITAL INSIGHTS, PRINCIPAL,  
AIA SINGAPORE

**“At AIA, I have the opportunity and support I need to thrive at work and take care of my family.”**

Nelly’s journey with the AIA family began in 2016, when she joined AIA Malaysia. As part of a newly formed team, she had the opportunity to try her hand at different digital marketing areas, such as web content creation, email marketing, and digital analytics. She credits her success then to the guidance she received from her supervisor, who took the time to coach her, challenged her to think critically through open dialogue and cared for her as a person. After a year and a half at AIA Malaysia, Nelly moved to Singapore and took a brief career break.

With her positive work experience with AIA, she did not hesitate to re-join when a similar opportunity arose with AIA Singapore.

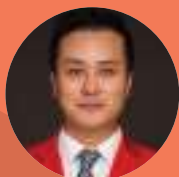
Four years later, she continues to feel respected, empowered, and progressing in her career. Nelly has always found her manager to be approachable, kind and willing to discuss any work or personal challenges she may have. Recently, she expressed an interest in extending her analytics skill set and becoming a stronger data-driven storyteller. Her manager urged her to participate in Converge, a bespoke 10-month business analytics reskilling programme with structured learning involving technical and soft skills, case studies, and on-the-job

applications. Nelly is now at ease with analysing large and complex data sets, developing actionable insights for the business and using data to be a better storyteller. This has allowed her and her team to continually raise the bar on the digital experiences for AIA customers.

While Nelly is focused on growing her career, her family also matters. Before going on parental leave, Nelly had approached her manager to express her concerns about helping her family settle in with a newborn before returning to work. She wanted to be able to focus 100 per cent on work while in the office. Her manager supported her to extend her parental leave and also made other accommodations to help her ease back into work. “I was grateful for the flexibility to be able to care for my child and my family”.

Nelly is inspired to use her new skills to drive business outcomes and deliver on AIA’s Purpose of helping people live Healthier, Longer, Better Lives. She is energised by what she has learned from her leaders, who cared for and invested in her and empowered her to make a positive impact. She is driven to become a better manager herself by applying the same kind of support that was shown to her, towards her own team.

## BRINGING PEOPLE & CULTURE TO LIFE



**JASON TAO**

AGENCY DIRECTOR, AIA CHINA

**“AIA’s vision inspires me and my partners to work for the long term, helping families and businesses protect themselves against risk, guard their health, build wealth and realise their dreams.”**

Jason Tao joined AIA in 2008 because the company’s values aligned with his personal values and passion for helping the community he lives in. As an Agency Director at AIA China, he is constantly inspired by the various initiatives that he is able to participate in, while building a successful business.

The AIA Suzhou Hongde team, which he established, has grown to 200 people, reflecting AIA’s Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come”.

With the ability to catalyse action into good deeds, Jason and his team bring AIA’s Operating Philosophy to life by actively investing in public welfare such as helping students in need, earthquake relief and soccer.

Jason is particularly proud of the work he and his team have done for the Suzhou Children’s Hospital. A partner of a client in Jason’s team, who was a practising nurse in the haematology department of the hospital, asked them if they could sponsor and

hold a Christmas party for sick children. Jason and his team initiated a donation drive to host the event and this has continued for nine consecutive years. They have provided young patients with toys and allowances for poor families, in total amounting over RMB1.16 million, raised from over 5,000 participants, including customers and friends joining along the way. Every year, Jason and his team have conducted a donation campaign and visited the children’s hospital in June and December to participate in the delivery of supplies and other on-site work, which allows the team to see and communicate with clients, strengthen the importance of insurance for their families and elevate their own sense of social responsibility.

Jason is grateful for the opportunity to deliver positive impact to the community and continues to champion these initiatives within his team. The benefits of his efforts continue to grow, with parents of recovered children contacting AIA agents to join the donation campaign to give back in appreciation of the care their children received.



## Effective Governance

### In this section

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# Our Effective Governance Pillar

The Effective Governance pillar of our ESG Strategy is the foundation upon which we have built a responsible business in Asia. It is the result of strong practices built over more than 100 years of operations while we continue to enhance our oversight and decision-making processes to meet the ever-evolving needs of our growing business.

AIA holds itself to the highest standards, and has a clear and comprehensive framework of industry-leading practices, policies and requirements. This is supervised by robust Board and management oversight to support responsible operations across our markets, as this is integral to the culture of the organisation. Our governance framework has continued to adapt as we further integrate ESG into our operations and progress toward our net-zero ambition.

Strong governance processes are a widely recognised precondition to generating sustainable stakeholder value. They provide clarity, transparency and accountability for decisions made at all levels of the business, positioning us to deliver on our commitments to our customers and communities.

**“ I am very proud of the high standards of governance that we apply in all that we do and I am convinced that they are essential to delivering sustainable, long-term value creation. ”**



**MITCH NEW**

GROUP GENERAL COUNSEL AND CHAIRMAN OF THE ESG COMMITTEE

# Summary of Strategic Priorities and Progress

| Strategic Priorities  | 2022 Progress  |
|---|--|
| <p><b>1. Board Governance</b><br/>Foster business integrity and sound decision-making through a diverse and highly qualified Board</p>                                    | <ul style="list-style-type: none"> <li>All Non-executive Directors on the AIA Group Limited Board are independent</li> <li>Board membership broadly reflects a cross-section of the jurisdictions in which we operate</li> <li>All Board committees are chaired by and comprised almost entirely of Independent Non-executive Directors (INEDs)</li> </ul>   |
| <p><b>2. Ensuring Effective Risk Management and Responsible Business Practices</b><br/>Effectively manage ESG-related risks and opportunities throughout our business</p> | <ul style="list-style-type: none"> <li>ESG-related risks and risk tolerances identified and discussed in various governance bodies including the Group Operational Risk Committee and the ESG Committee</li> <li>ESG-related risks, similar to other material risks, are managed within the ERM framework</li> </ul>   |
| <p><b>3. Promoting ESG Best Practices</b><br/>Lead the promotion of ESG best practices across the region</p>  | <ul style="list-style-type: none"> <li>Continued participation with partners and alliances including participating in the UN Global Compact’s Think Lab on Just Transition, and becoming a member of the Asia Investor Group on Climate Change (AIGCC)</li> <li>Contributed to United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance’s (PSI) ESG underwriting guide for life and health insurers</li> </ul> |
| <p><b>4. ESG Ratings and Index Inclusions</b><br/>Establish AIA as a global leader on key ESG indices, ratings, and benchmarks</p>  | <ul style="list-style-type: none"> <li>Recognised as an Industry and Regional ESG Top Performer by Sustainalytics</li> <li>Rated AA by MSCI for two consecutive years</li> <li>Continued inclusion in the Hang Seng Low Carbon Index and the Hang Seng ESG Enhanced Index</li> <li>Included in the Bloomberg Gender-Equality Index (GEI)</li> </ul>  |

# Our Strategic Priorities in Detail

## Strategic Priority 1

### Board Governance

Foster business integrity and sound decision-making through a diverse and highly-qualified Board

The Board is responsible for the development and implementation of the Group's corporate governance practices. It ensures the maintenance of high standards of governance in all aspects of the Company's business, setting the strategic direction for the Group and ensuring accountability and sustainability by maintaining appropriate levels of review, challenge and guidance in its relationship with the Group's management.

The Board includes members with deep experience in our markets in both the public and private sector. This expertise is supported by a structure that enables appropriate oversight and allows for in-depth consideration of various matters by the Board's committees and delegation of operational matters to management, while ensuring that the Board retains overall control.

### Board independence

Providing independent and objective judgement focused on the long-term interests of the Company and its stakeholders is central to the Board's oversight. With the exception of the Group Chief Executive and President, the Board is entirely comprised of INEDs, underscoring our strong commitment to operating according to international best practice.

### Board Committee composition

The Company's corporate governance framework is implemented through a structured hierarchy, which includes the Board and its four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Committee.

Each of the Board Committees is chaired by an INED. The Audit Committee, the Nomination Committee and the Remuneration Committee are composed entirely of INEDs. The Risk Committee includes the Group Chief Executive and President to ensure that it has the benefit of detailed financial and operational information for the purpose of assessing the risks and sustainability of the Group's operations. The Board Committees report to the Board on a regular basis.

### Board diversity

Board diversity is fundamental to ensuring robust corporate governance practices and high-quality decision-making. The Board also reflects a diversity of nationalities, ethnicities, educational backgrounds, functional expertise, gender and age.

As such, the Board is able to draw on the extensive business, financial, government, regulatory and policy experience of its members, whose experience is broadly reflective of the Group's operations and priorities.

*Further details on the Company's corporate governance practices and Board evaluation processes are set out in the Corporate Governance Report as part of the Annual Report 2022, to be published in April 2023.*

### Director training

Every Director of the Company, upon appointment, is provided with detailed induction training on the governance structure of the Group and its operations. In addition, the Board receives regular updates on ESG matters, changes in material accounting and regulatory matters, compliance and conduct, and best practice in relation to the handling of whistle-blowing complaints and anti-corruption programmes.

This supports the Group's approach to pursuing international best practice in its governance programme, including its zero-tolerance approach to bribery and corruption. The Board and its committees are updated regularly on the Group's performance across a range of activities designed to ensure that its high standards are maintained throughout the Group. The AIA Group Compliance Policy is applied alongside the AIA Code of Conduct, which provides guidance on giving and accepting gifts and entertainment.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 2

## Ensuring Effective Risk Management and Responsible Business Practices

Effectively manage ESG risks and opportunities throughout our business

### Effective risk management

AIA continues to maintain a comprehensive approach to risk management that is embedded within well-established frameworks across our businesses. Our approach is grounded in identifying and addressing material risks to the Group, which include those related to ESG topics.

The Board retains ultimate responsibility for the oversight of the Group’s risk management activities and monitors material Group-wide risks, including those related to ESG issues. The Board is supported by the Board Risk Committee (BRC) and executive risk committees including the Operational Risk Committee (ORC) and the Financial Risk Committee (FRC), which comprised senior executives. The ORC and FRC report regularly and in detail to the BRC.

AIA’s Risk Management Framework (RMF) ensures that the necessary capabilities and processes are in place to identify, assess and monitor both existing and emerging risks across the Group. The boards

of directors of operating subsidiaries are also responsible for regularly reviewing this framework to ensure that its application is effective in the local business context.

ESG-related risks present material challenges to our business and could present material consequences to the long-term viability of our operations. With this in mind, AIA believes Effective Governance plays a crucial role in enabling the Group to adequately address and manage these risks consistently over time, as well as position ourselves to capture emerging opportunities that might present themselves. We address such ESG-related risks according to the process outlined in the RMF and categorise them based on the impact to our operations.

AIA seeks to address ESG-related issues through proactive discussion with internal and external stakeholders. Adverse extreme weather events from acute physical climate risks, data protection, cybersecurity, people management and responsible business practices are viewed and treated as

operational risks. A range of potential long-term challenges from material shifts in climate and pollution to lifestyle risk factors and their impact on the health and well-being of people across our markets are viewed as insurance risks.

The risks faced by our business are dynamic and subject to change over time. To address this, AIA regularly tests the adequacy of our risk procedures and updates them when required to ensure they are robust and meet the needs of our operating environment. AIA’s Internal Audit function provides independent assurance on the effectiveness of key controls and recommends improvements as necessary. This function provides assurance that we implement appropriate controls to effectively address material risks posed to our business. Independent assessment regarding the effectiveness of the RMF is conducted regularly.

In addition, AIA also conducts scenario testing and business continuity analysis, considering a variety of stress conditions. Doing so helps us not only update our risk frameworks and action plans, but also provides assurance of stable and continuous operations and the availability of adequate capital to provide protection to our policyholders under the widest range of circumstances.

*For more information on our approach to managing risk at AIA, please refer to the Risk Management section of the Annual Report 2022, to be published in April 2023.*



## OUR STRATEGIC PRIORITIES IN DETAIL

### Responding to Emerging Risks: Responsible Use of Artificial Intelligence

**The Context:** Intelligent systems, including those deploying artificial intelligence (AI), have the potential for wide application in the insurance delivery chain and generate economic and societal benefits, for example, via improving risk pooling and enhancing risk processes. Use of AI in insurance settings include data processing to generate insights into customers, the deployment of conversational agents (chatbots) in interactions with customers and assisting decision-making.

Adoption of AI may pose risks that inadvertently lead to unintended outcomes for the customer (separate from potential risk issues arising from technical implementation). Such risks might be anticipated to include: imperfect interpretation of algorithmic outcomes; disclosures to individuals regarding the use (role or capability) of AI that could be misunderstood; and systematic biases built into algorithms which could put certain groups at a disadvantage without intention.

**The Risks and Impact:** Governments, regulatory authorities and industry bodies are mindful of the evolving risks associated with AI approaches and have been promoting the responsible use of AI. At the same time, most industry-wide initiatives also include voluntary commitments to not limit innovation in this high-potential technology.

**Our Mitigating Actions:** Our Code of Conduct was revised in 2020 to explicitly state AIA’s commitment to developing and using AI technology consistent with AIA’s Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People...and the Right Results will come”. This was done with the goal of ensuring fairness to customers in the design and use of coordinated human-machine analytics and decision-making to avoid creating or reinforcing unintended bias.

In 2021, the Group established a Responsible Use of Artificial Intelligence Standard setting out our principles on the use and application of AI. It introduces four high-level principles as the basis

for AI use in both internally developed or externally sourced solutions:

- Accountability
- Soundness
- Ethics, fairness and justifiability
- Transparency and explainability

The Standard also prescribes roles and responsibilities to effectively cascade requirements throughout the business.

As stated on page 99, AIA has established a dedicated Centre of Excellence (CoE) to both guide and develop AI capabilities, whether developed internally or with an external party, to ensure the quality and responsible use of AI in AIA’s businesses.

This includes training for employees to understand the scope and application of the Standard, as well as ensuring the principles on the responsible use of AI are being considered and understood when utilising AI capabilities across the business.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Responding to Emerging Risks: Cyber Risk in Digital Supply Chains

**The Context:** Today's interconnected ecosystems and technology platforms present significant risks to corporations that can extend far beyond traditional technology value chains to vulnerabilities originating in third- or fourth-party relationships. Identifying these weak points is no easy task. The size of such relationships no longer serves as a useful indicator of their criticality, as attacks at any point can result in significant disruptions, regardless of the volume or frequency of transactions with a specific party.

**The Risks and Impact:** Greater reliance on microservices, third-party application programming interfaces (APIs) and open source components embedded in vendor-provided solutions have raised growing concerns as sources of unforeseen vulnerabilities. Adding to this complication, the "always connected" nature of modern technology services means that traditional point-in-time assessments conducted against service providers struggle to keep up with an increasingly large number of third parties, who in turn rely on their fourth-party providers. This creates an opportunity for malicious actors to target the weakest link in the supply chain with cyber attacks rather than its intended target. Despite having mature processes to prevent, detect and recover from cyber attacks, organisations are increasingly exposed to their data

or services being compromised or disrupted from a wider web of third parties and their respective service providers. Such data breaches could involve the leakage of customer and sensitive information with repercussions on multiple dimensions. In addition to exposing companies to the security practices of the weakest link, incidents are increasingly impacting not just one but multiple companies in a sector, which may lead to incidents having a broader, more disruptive impact.

**Our Mitigating Actions:** As a digitally enabled insurer, these digital supply chain issues are potentially material to our operations. Our technology partners empower us to continue innovating new ways to better serve our customers and more inclusively provide financial services across Asia. It is with these goals in mind that we look to effectively manage this emerging risk. To this end, AIA deploys a number of controls including the maintenance of a register of third-party providers permitted to interact with our data or systems after they have undergone a comprehensive risk-based assessment over their cybersecurity processes and controls. AIA closely monitors this register and has recently reviewed the risk assessment criteria and associated processes for the management of third parties. In addition to the periodic review of supplier controls and

processes, AIA employs a service which provides ongoing monitoring of technical indicators related to our service providers. Managing Digital Supply Chain Risk requires ensuring the integrity, security, quality and resilience of the supply chain and its products and services. In 2022, AIA has redefined its Technology Risk Taxonomy and defined the Digital Supply Chain as a distinct risk category. This means it will now be used in the evaluation of our risk exposures and any insights gained enable us to update our key controls in an appropriate and timely manner.

#### Emerging Trends

The demographic changes worldwide, and specifically within our region, will shape both public and private healthcare in the near term. Rapid digitalisation of industries and our everyday lives will continue to change the way we live and work. The challenges of climate change continue, and biodiversity preservation is a critical topic for governments and corporations to navigate. And while volatility in the macro environment is not new, the interconnectedness of risk factors has increased in recent years.

These risks are examples of the types of emerging trends we see across the markets we operate in, and globally, and will continue to monitor these risks over the years to come.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Responsible business practices

Our business is built on more than 100 years of trust. We believe that delivering on our Purpose of helping people live Healthier, Longer, Better Lives depends critically on the constant pursuit of integrity, accountability and transparency at all levels.

AIA serves tens of millions of customers and their families, providing financial security and protection across multiple generations. Being there for our customers each day, through defining moments in life and when they need us most, is a great source of pride for us. As we take steps to further embed our ESG Strategy, we are committed to ensuring we maintain only the highest standards of responsible business practices across our operations.

### Code of conduct

Our Code of Conduct provides clear guidance on how we conduct business and applies to everyone who works at AIA. It reflects our Operating Philosophy, namely, "Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come". It defines the highest standards of professionalism to which we hold ourselves, and is key to maintaining trust and building sustainable relationships with all stakeholders – customers, agents, distribution partners, regulators and investors.

The Code of Conduct has been translated into multiple languages to ensure that all employees and agents can access it in a comprehensible way. All employees are required to undertake training on the Code of Conduct when joining AIA and complete an annual

certification attesting to their familiarity and compliance with the Code. Training on the Code is supplemented with leadership programmes to equip AIA leaders with practical training to manage situations involving decision-making dilemmas.

Every employee is expected to take personal responsibility for observing standards of integrity and to report any suspected violation of the Code of Conduct. We empower employees to identify and escalate any issues without fear of retaliation. Non-compliance with the Code is subject to disciplinary action, which can include dismissal where appropriate. AIA's business partners, including its agents, distribution partners and suppliers are expected to follow the same responsible practices as our employees.

*For more information, we invite you to read our Code of Conduct.*

### Preventing bribery and corruption

Under our policies, employees and other persons representing AIA are prohibited from offering, accepting, paying or authorising any bribes or participating in any form of corruption in any business interaction that involves AIA and government officials, our customers or our employees.

Anti-corruption training is compulsory for all employees. Reviews are conducted from time to time to monitor compliance with the Anti-Corruption Policy, which outlines the roles and responsibilities of employees. Our business units are responsible for implementing processes and controls to reduce the risk of corruption.

### Preventing fraud

AIA is committed to a zero-tolerance approach towards fraud. AIA's Anti-Fraud Policy sets out standards for managing the risk of fraud, including training as well as preventive and detective measures.

Incidents and allegations or suspicions of fraud are assessed and investigated. If substantiated, AIA is committed to taking a fair and proportionate approach in administering disciplinary and other actions, including the loss of employment and/or employment-related benefits, the reporting of fraud incidents to law enforcement and the seeking of legal remedies through civil courts.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Whistle-blower Protection Programme and Policy

Any AIA stakeholder, including employees, distributors, customers and suppliers, may raise concerns about a violation of the Code of Conduct or other behaviour that falls short of the high standards expected by the Group.

Reporting channels include a 24-hour, multilingual third-party administered ethics hotline, which supports complete anonymity. Reporting through internal channels (such as dedicated internal email addresses and contact with Internal Audit or Compliance) accounted for 69 per cent of the reports received during the year. All allegations are assessed using a consistent process and, whenever warranted, investigated.

The Whistle-blower Programme is overseen by the Board Audit Committee, which receives regular reports from Group Compliance on the number and nature of issues raised and the progress of all material investigations. AIA's Whistle-blower Protection Policy prohibits retaliation against an employee providing a good faith report of a suspected violation of the Code of Conduct, AIA policies or the law.

In 2022, the Programme received reports on a broad range of issues, including: customer complaints, human resources and work grievances, matters relating to individual circumstances such as conflicts of interest, matters of workplace respect, matters of unethical conduct and questions about business practices. Among investigations completed in calendar years 2021-2022, 44 per cent covered allegations which were at least partly substantiated.

### Our approach to Anti-Money Laundering and Countering the Financing of Terrorism

To prevent the use of its products and services for money laundering and terrorist financing, AIA is committed to a strict programme of compliance with all applicable Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) laws.

The Group AML/CFT Programme includes a risk-based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. Business units use AML/CFT monitoring software to screen, risk profile and monitor customer activity, or an online tool to screen customers.

All new employees are required to complete AML/CFT training. Tied agents are also required to receive appropriate AML/CFT training. In addition, our Group Economic Sanctions Policy sets out standards to manage the risk of dealings with governments, individuals and entities subject to sanctions programmes.

“

**Our effective risk frameworks enable us to anticipate and manage emerging risks, while demonstrating flexibility for continued growth.**



**JAYNE PLUNKETT**  
GROUP CHIEF RISK OFFICER

”

## OUR STRATEGIC PRIORITIES IN DETAIL



### Our commitments to our customers

At AIA, we aim to meet customer expectations and earn our customers' trust by adhering to high standards of quality and customer service throughout the customer journey. As part of the product approval process, business units are required to:

- Assess that each product complies with applicable laws, regulations, and internal policies; and
- Review product and marketing materials to ensure adequate and clear information is provided.

AIA's intermediaries play a major role in building trust with our customers through their professionalism. To support this, and manage sales conduct risk,

we have a business quality framework. The key elements of the framework include:

- Screening and selection of prospective intermediaries to ensure they are fit and proper;
- Market conduct guidelines that define proper behaviour for intermediaries;
- Training programmes on AIA products and sales processes that cover Know-Your-Customer due diligence;
- Sales processes including financial needs analysis for product suitability and affordability assessments; and
- Interactive Point of Sale (iPoS) technology that guides our agents through the sales process, and embeds controls to ensure a consistent and high-quality customer experience.

We monitor adherence to our standards via measures such as direct verification calls with customers and a mystery shopping programme. Efforts to deceive customers, for instance, through unsupported or fictitious claims about our products or those of our competitors, are dealt with using stringent measures including disciplinary action (up to and including termination).

We have policies to promote transparency in communications regarding product disclosures with customers. For example, internal standards on sales illustrations establish the minimum requirements for benefits illustration and disclosure for AIA products.

Through interactions with customers, our goal is to clearly communicate key information about product features and projected returns, insurance policy values and charges.

### Responsible Artificial Intelligence at AIA

AIA is committed to the principle that the development and use of AI applications should be consistent with our Operating Philosophy. Our Responsible Use of Artificial Intelligence Standard sets out high-level principles (including ethics, fairness, transparency and 'explainability') as the basis for AI use in both internally developed or externally sourced solutions, to promote the benefits of intelligent systems while pursuing fairness to our customers.

AIA has also established a dedicated AIA Centre of Excellence to both guide and develop AI capabilities, whether developed internally or with an external party. This is a safeguard to the quality and responsible use of AI in AIA's business.

We are now developing training to be shared with our business units on the scope and application of the Standard and AIA's AI Centre of Excellence. The aim is to ensure that the determined principles on the responsible use of AI, which aligns with our Operating Philosophy, are understood throughout AIA's operations.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Engaging with our customers

How we engage with our customers has a direct bearing on our ability to help them live Healthier, Longer, Better Lives. Our interactions with millions of policyholders across Asia are also an opportunity to build deeper relationships, gain richer insights and improve understanding so that we can better achieve lasting improvements in physical, mental, financial and environmental health and wellness for our customers.

Our customers have different needs and goals throughout their lives. We aim to stay up to date with these changing dynamics to provide relevant and timely products and services that are personalised, giving our customers peace of mind as they face life's challenges.

### Listening to our customers

Getting regular feedback from our customers empowers us to meet the evolving needs of policyholders through high-quality value propositions that offer distinctive, personalised and meaningful customer experiences. Regular inputs from customers also play an important part in maintaining responsible business practices by identifying areas of the customer journey where we are doing well and others where we might be falling short.

One way we garner some of these insights is through our regular customer experience research. This research helps us understand more about how customers interact with AIA at different stages of the customer journey to strengthen our offerings and the way we interact with policyholders. In 2022, we have continued to improve on our annual Customer Relationship Survey (CRS) to deepen the insights we are able to gather across the business.

A total of 14 markets have conducted a CRS last year. AIA leads major competitors in a number of our key markets on a Net Promoter Score (NPS) and Customer Effort Score (CES) basis across our learn, buy, service and claim journeys – an achievement we are very proud of as a company. AIA ranked first in Mainland China, Malaysia, Hong Kong, the Philippines and Taiwan on an overall NPS basis.

We also carried out a Real-time Customer Survey (RCS) to collect customer feedback immediately after service interactions, with a closed loop mechanism for service recovery, continuous improvement and performance management. RCS allows us to understand more about how customers interact with AIA at different stages of the customer journey and refine the experience to better meet their requirements.

In total, 12 markets conducted RCS in 2022, with more rolling out into the first quarter of 2023. RCS is focused on action for customers and service recovery

following any negative feedback. Our systems provide alerts to our customer service team for satisfaction rates below three stars. If customers have given consent to be contacted, our staff follow up and offer recovery actions. We then record those resolutions and leverage them for driving continuous improvement.

### Handling of customer complaints

The Group has set out a Servicing Operations Standard which outlines complaints handling principles for Group and business units. This is to ensure that complaints are handled fairly, consistently and promptly as defined by this Standard, Business Unit Standard Operating Procedures and local regulations. AIA aims to handle all complaints and investigations in a prompt, efficient, fair and transparent manner. The average time taken to resolve a complaint in 2022 was 13 days. We have also established a process for disclosure to local regulators. Across all of last year we have received less than 0.0018 complaints per customer.



## OUR STRATEGIC PRIORITIES IN DETAIL

### In Action: Enhancing Customer Experience

A cornerstone of our strategic priorities is the delivery of seamless omnichannel customer experiences with best-in-class engagement. We believe that personalised experiences and simplified frictionless journeys for our customers will generate a range of business benefits, including significant improvements in customer satisfaction, loyalty and retention.

With a focus on delivering easy, friction-free, digital, AI-enabled customer interactions across buy, service and claims, our continuing investments in Technology, Digital and Analytics (TDA) are enabling a reorientation of our customer journeys towards Empathetic, Automated, Simple, Engaged (EASE).

A key driver for the success of our Leading Customer Experience Strategy has been the implementation of a comprehensive customer experience (CX) measurement framework across the Group. The analysis of feedback collected through our surveys, like CRS and RCS, helps us prioritise our transformation efforts.

Customer feedback across the Group has told us that faster transaction turnaround times (TAT) and claims experience are key drivers of satisfaction. We have increased the percentage of all completed same day customer transactions across the Group to more than 65 per cent in December 2022.

Top performing markets include South Korea and Philippines, which respectively saw a 98 per cent

service request and 87 per cent health claims same day completion rate in December 2022.

We are re-engineering our new business processes end-to-end to create frictionless journeys without pending applications. In support of this, we are simplifying our underwriting rules and eliminating unnecessary requirements from customers. To this end, we have deployed AI-based decision-making capabilities into our underwriting processes in several markets. In Mainland China, AI-enabled Smart Underwriting has been implemented with auto-underwriting now at 75 per cent. Hong Kong has also seen the buy Straight-through Processing (STP) rate increase of 11 per cent through simplification of medical underwriting rules and enhancements to iPOS e-submission journeys.

Continued investments in our digital platforms have brought new online agent and customer self-servicing capabilities, resulting in digital servicing submissions increasing to 87 per cent and overall service STP now standing at 79 per cent, with seven markets achieving 70 per cent or more.

We are also re-engineering our cashless and reimbursement claims processes through simplifying rules, resulting in speedier claims settlement. 70 per cent of claims are being settled in less than a day across all markets and digital claims payments are now at 93 per cent. Malaysia has seen a 15 per cent claims STP uplift through AI initiatives, which are significantly improving the cashless claims experience.

With the objectives of driving routine customer and agent requests to online self-service, call centre staff will be redeployed to provide higher value customer engagement, and our regional call centre transformation programme is well under way. Investments in CRM tools in our markets are resulting in benefits such as higher First Contact Resolution with 13 markets at over 90 per cent.

In addition, we have launched several initiatives to increase adoption of digital platforms and remove paper from our buy, service and claims processes resulting in digital e-submission rates increasing to 87 per cent and overall e-communication increasing to 92 per cent.

In 2022, we made strong progress towards and are on track to achieve our ambitions of 90 per cent end-to-end STP. Over the past year we have surpassed average insurance peers making AIA a market leader in STP at 70 per cent.

All of these initiatives have resulted in our NPS ranking increasing significantly. AIA was acknowledged as the first for NPS in five local business units in the Annual Customer Relationship Survey. With all markets deploying the RCS for key Moments of Truth, we are tracking an overall Customer Satisfaction (CSAT) score of 96 per cent across across Contact Center interactions, Buy, Service and Claims journeys.

## OUR STRATEGIC PRIORITIES IN DETAIL

### Ensuring data privacy and security

We are trusted with a wide range of sensitive information from our customers, employees and business partners in the provision of our solutions, and it follows that customer privacy and data protection are of paramount importance to the Group.

#### Data privacy

We respect the privacy of our customers, employees and business partners as we believe that the trust and confidence placed in us to properly handle personal information cannot be compromised. AIA's Data Privacy Policy outlines the Group's statement of values and provides guidance on how personal data should be collected, used, stored, transferred and disposed by the Group and its affiliates.

Its implementation across the Group is reinforced through operational controls such as the use of Privacy Impact Assessments (PIAs), a risk assessment process implemented to evaluate the impact of certain business activities on data privacy for the purpose of avoiding or minimising such adverse impacts and to ensure that adequate safeguards are in place.

The Data Privacy Policy requires our businesses to conduct a PIA prior to business decisions being finalised, including the commencing of any new business initiative or project that may have an impact on personal data, conducting certain automated decision-making or processing of any sensitive personal data, and major changes in organisational practices involving personal data amongst others.

*For more information on data privacy at AIA, please see our Privacy Statement.*

### Data protection and cybersecurity

AIA is committed to protecting the interests of our customers, partners, employees and stakeholders, ensuring high standards of information security. AIA has developed information security policies and standards consistent with those of leading companies globally to ensure that our systems, processes and information are secure. Key cybersecurity updates are provided to the Board Risk Committee regularly and the full Board at least annually.

Our Group Chief Technology and Life Operations Officer and his dedicated information security team oversee the implementation and operation of cybersecurity controls across the Group. The team maintains a focus on protecting AIA from cyber threats by detecting any anomalies, effectively responding to cybersecurity issues, enhancing defensive controls and investing in security analytics. This includes focusing on key systems that process our customer data and support business processes.

All cybersecurity issues are handled by the Director of Information Security, who reports directly to the Head of Group IT Operations. We also partner with leading information security service providers to further secure our operational environment. We safeguard our critical assets from cyber threats using classification and threat modelling techniques and strengthen cybersecurity controls through continuous assessment and testing.

AIA strongly believes that cybersecurity is the responsibility of every employee. Therefore, we educate our employees and external contractors about how to protect themselves and AIA from cyber threats through web-based awareness and readiness training and by conducting regular cyber-defence assessments including ethical hacking and incident management drills.

In 2022, AIA continued to maintain the International Organization for Standardization (ISO) 27001 certification covering identity access management, cybersecurity and cloud security operations. We will also continue to invest in Information Technology safeguards, including in the areas of Cloud Security, Cyber Defence Automation and Zero Trust Security, to ensure sufficient operational controls which meet our information security objectives.

### Assessing third-party security

To adapt to changing business models, AIA engages service providers to carry out a range of business functions. To ensure effective third-party security management, AIA has developed a robust framework and processes to assess and monitor the information security controls implemented by third parties and continuing compliance with AIA's information security requirements.

AIA has also established the necessary levels of insurance coverage to protect the organisation against cybersecurity-related events and incidents.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Protecting intellectual property rights

We work hard to protect AIA’s brand from misrepresentation and misuse. All of our intellectual property is protected by registering trademarks or patents (“Marks”) either locally for specific business unit use or across all jurisdictions for cross-jurisdictional use. We seek to register all

our Marks under one entity, AIA Company Limited, for effective control and oversight.

Our extensive trademark portfolio is managed centrally by Group Legal to ensure consistent application of use guidelines and avoid dilution resulting from inconsistent usage. To enhance this process, we also work closely with an

external provider to monitor, report on and prosecute unauthorised use of our Marks across all jurisdictions.

AIA maintains written agreements with our business partners detailing the ownership rights of our Marks and allowing for specific use by our business partners while the agreements are in effect.



## OUR STRATEGIC PRIORITIES IN DETAIL

### Strategic Priority 3

## Promoting Best ESG Practices

Lead the promotion of ESG best practices across the region

AIA proactively contributes to discussions and activities on critical ESG themes shaping Asia's future. This includes supporting the development of relevant regulations, collaborating with peer companies and regulators on industry best practices and working to promote sustainability research to play our part in advancing the sustainability agenda in the region. We also regularly sponsor educational initiatives to ensure the development of local expertise as part of our commitment to further develop financial markets and financial literacy.

In addition, we continually engage with our investors on ESG themes to solicit feedback, share insights and knowledge, as well as identify industry developments that matter most to our shareholders. Our proactive engagement efforts help ensure we stay up to date with emerging trends, risks and understanding to further support our role as a leading responsible business in Asia. Only through ongoing dialogue with the public and private sector can we hope to make a meaningful impact.

AIA is committed to transparent collaboration on ESG issues and enhancing internal practices in accordance with international best practice. AIA is an active member of a growing list of global and regional ESG associations where we will continue to participate in building a more sustainable financial services industry.

| ESG-related Organisation   | Level of Membership | Joined |
|--|---------------------|--------|
|  UN Global Compact  | Signatory           | 2016   |
|  Women in Finance Asia (WiFA)                               | Member              | 2018   |
|  Task Force on Climate-related Financial Disclosures (TCFD) | Supporter           | 2018   |
|  Hong Kong Green Finance Association (HKGFA)                | Member              | 2018   |
|  30% Club (Hong Kong Chapter)                               | Member              | 2018   |
|  Climate Action 100+                                       | Member              | 2019   |
|  Principles for Responsible Investment (PRI)              | Signatory           | 2019   |
|  Principles for Sustainable Insurance (PSI)               | Signatory           | 2021   |
|  Science Based Targets Initiative (SBTi)                  | Signatory           | 2021   |
|  Asia Investor Group on Climate Change (AIGCC)            | Member              | 2022   |

## OUR STRATEGIC PRIORITIES IN DETAIL

### Developing best practices for the global insurance industry

AIA has been a proud signatory to the United Nations Environment Programme Finance Initiative (UNEP FI)'s Principles for Sustainable Insurance (PSI) since 2021. This past year, we were able to reinforce this commitment and play an important role in helping address material ESG risks in the global insurance industry. We did so by partnering with UNEP PSI and other leading insurers to launch the first-ever ESG underwriting guide for life and health insurers.

Published in June 2022, the guide helps industry participants navigate a complex range of ESG considerations throughout the underwriting process and explains how insurers can better mitigate ESG risks for their businesses in the future.

We look forward to continue working closely with UNEP PSI and its signatories on collectively advancing the global sustainability agenda for insurers.

#### Strategic Priority 4

### ESG Ratings and Index Inclusions

Establish AIA as a global leader on key ESG indices, ratings and benchmarks

In 2022, AIA maintained its strong performance across a range of ESG ratings and its inclusion in internationally recognised sustainability indices.

As at December 2022, we are one of the largest Hong Kong-headquartered constituents of the Hang Seng Corporate Sustainability Index. We have also maintained the MSCI ESG Rating of 'AA', and have been included in the Bloomberg Gender-Equality Index, which recognises transparency in gender data reporting.

### Advancing ESG Initiatives in Thailand


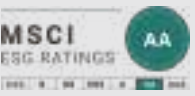
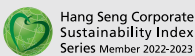

In recent years, it has become clear that Thailand recognises the importance of supporting global efforts to achieve a more sustainable future. In line with the country's bold commitment at COP26 to reach carbon neutrality by 2050 and net-zero by 2065, the Kingdom's finance regulators and government agencies have been hard at work enhancing ESG disclosure practices, encouraging knowledge sharing and establishing a holistic sustainable finance taxonomy to accelerate the country's sustainability goals. Each of these notable initiatives are being driven in close collaboration with the financial sector.

We recognise that there is still a lot to do, but we are proud to be taking an active role in the local market to support its sustainable transition. In recognition of our ongoing ESG engagement





and commitment in Thailand, the Office of the Insurance Commission (OIC) has recently named AIA Thailand as "The Life Insurance Company with Outstanding Sustainability Development in Insurance Business" for the second consecutive year. As a result of this recognition, AIA Thailand was honoured to be invited by the OIC to present at the Thailand Insurance Symposium 2022, where we shared best practices and insights from our own ESG journey with other industry practitioners.

As of October 2022, AIA Thailand has become a member of the Global Compact Network Thailand Chapter where we will have a prominent voice to advance ESG practices with our peers. Our ultimate aim is to play a leading role in helping to drive change and facilitate the ESG journeys of others through this forum beyond just the insurance sector.

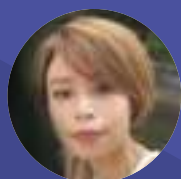
## OUR STRATEGIC PRIORITIES IN DETAIL

| Organisation  | Description   | 2022   | 2021                                  | 2020                                  | 2019                                  |
|---|---|--|---------------------------------------|---------------------------------------|---------------------------------------|
|    | <p>Morningstar Sustainalytics provides high quality analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies. AIA has consistently been placed in the top 10th percentile of the insurance industry in Sustainalytics' ESG Risk Rating assessment. We have also been "ESG Industry Top Rated" as well as "ESG Regional Top Rated" for two years in a row</p> |  |                                       |                                       |                                       |
|   | <p><b>Percentile (Insurance)</b></p>  | <p><b>Top 10<sup>th</sup> percentile</b></p> | <p>Top 10<sup>th</sup> percentile</p> | <p>Top 10<sup>th</sup> percentile</p> | <p>Top 10<sup>th</sup> percentile</p> |
|   | <p><b>Percentile (Global Universe)</b></p>  | <p><b>Top 10<sup>th</sup> percentile</b></p> | <p>Top 10<sup>th</sup> percentile</p> | <p>Top 10<sup>th</sup> percentile</p> | <p>Top 10<sup>th</sup> percentile</p> |
|    | <p>Formerly known as "Morgan Stanley Capital International", the MSCI ESG ratings measure a company's resilience to long-term, industry-material ESG risks. The AA rating identifies AIA as an industry leader in managing its most significant ESG risks and opportunities</p>   | <p><b>AA</b></p>                             | <p>AA</p>                             | <p>A</p>                              | <p>BBB</p>                            |
|    | <p>The Hang Seng Corporate Sustainability Index Series provides benchmark for sustainability investments. Constituent selection is based on a robust process that includes consideration of the results from a sustainability assessment undertaken by Hong Kong Quality Assurance Agency (HKQAA), an independent and professional assessment body, using its proprietary sustainability assessment and rating framework</p>  | <p><b>A+</b></p>                             | <p>A+</p>                             | <p>A+</p>                             | <p>A+</p>                             |
|  | <p>The ISS ESG Corporate ESG Performance Status takes into account ESG challenges that are profoundly distinct in individual sectors, as well as for companies and states, by assigning different "ISS ESG Prime" absolute performance thresholds</p>   | <p><b>Prime</b></p>                          | <p>Prime</p>                          | <p>Prime</p>                          | <p>Prime</p>                          |

## OUR STRATEGIC PRIORITIES IN DETAIL

| Organisation  | Description  | 2022            | 2021     | 2020     | 2019   |
|---|--|-----------------|----------|----------|--------|
|  | <p>CDP is a not-for-profit organisation which enables investors, companies, cities, states and regions to manage their environmental impacts by assessing climate risks and low carbon opportunities.</p>                                      |                 |          |          |        |
|   | <p><b>CDP Climate Change Score</b></p>   | <b>C</b>        | B        | A-       | C      |
|  | <p>FTSE4Good Index Series is designed to measure the performance of companies with strong ESG practices and is administered by the Financial Times Stock Exchange-Russell Group (FTSE Russell). AIA has been a FTSE4Good member since 2017</p> | <b>Member</b>   | Member   | Member   | Member |
|   | <p><b>Asia/Pacific ESG Leaders 50 Index</b></p>  | <b>Included</b> | Included | Included | N/A    |
|  | <p>STOXX Limited is a Swiss globally integrated index provider. AIA has been included in their Asia/Pacific ESG Leaders 50 Index and Global ESG Leaders Index since 2020</p>   |                 |          |          |        |
|   | <p><b>Global ESG Leader Index</b></p>  | <b>Included</b> | Included | Included | N/A    |
|  | <p>Hang Sang Indexes Company officially launched the HSI ESG Enhanced Index and HSI Low Carbon Index in 2021. AIA has been included as a constituent to both of these indices since inception</p>  |                 |          |          |        |
|   | <p><b>Hang Seng Index (HSI) ESG Enhanced Index</b></p>   | <b>Included</b> | Included | N/A      | N/A    |
|   | <p><b>Hang Seng Index (HSI) Low Carbon Index</b></p>   | <b>Included</b> | Included | N/A      | N/A    |

# Bringing Effective Governance to Life



**SHARON CHEUNG**  
ASSOCIATE DIRECTOR,  
CORPORATE COMPLIANCE, AIA HONG KONG

**“I get to work with the best in the industry.”**

Based in Hong Kong, Sharon helps manage AIA’s anti-money laundering (AML) and sanctions risk exposure by ensuring adequate controls are in place, often working with Operations, Product, Marketing and Distribution Channels throughout the product life cycle.

Initially working in Group Compliance, Sharon has now been leading the Corporate Compliance team at AIA HK Risk Compliance since April 2022, overseeing several AML functions including Data Analytics, Transaction Monitoring and Screening, Governance and Quality Assurance. Her team also ensures that customer data is properly collected as per AIA’s Data Privacy Policy and advises business units on AML and counter-financing of terrorism (CTF) risks.

Since joining AIA in 2016, Sharon has enjoyed working alongside industry leaders in compliance and IT. In her own words the exposure she has been given is “second to none.” Sharon’s journey with AIA has been filled with stimulating and fast-paced projects that ultimately strengthen AIA’s systems in the face of emerging and material risks.

One project she’s particularly proud of was upgrading the AML system Group-wide. Upgrading such a widely used system required clear co-ordination and communication with stakeholders who would be impacted, as well as a lengthy testing process to ensure the new version met quality standards and regulatory expectations. Through agile working, Sharon’s dedicated team was able to address these complex technical and business requirements.

On top of ensuring effective risk management processes are in place, Sharon also embodies AIA’s Purpose in the management and support of her own team. As a leader, Sharon is passionate about protecting the well-being of her team, by strongly encouraging regular exercise and ensuring they have a balanced workload. “The unparalleled commitment and resilience of my team are on display from beginning to end.”

## BRINGING EFFECTIVE GOVERNANCE TO LIFE



**JUNG JUN (JJ) LEE**

HEAD OF COMPLIANCE, AIA KOREA

**“I want employees to know that collectively, across AIA’s business units and functions, we are truly committed to advancing ESG in a credible way.”**

Having joined the AIA family more than 15 years ago as a marketing strategist before quickly shifting to help build out a budding compliance function in South Korea, Jung Jun Lee said that he has had the privileged opportunity to see the regional business evolve and grow over the years. That being said, he was sure to stress that while a lot of things have changed since he started out with the company way back in 2007, through it all, the Group has always aimed to stay true to its values.

Today, these values have become deeply enshrined in AIA’s Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come” for more than 12 years, and more recently encapsulated in the Group’s overarching Purpose. When asked about his primary role as the Head of Compliance for AIA Korea, Jung Jun elegantly explains that his job is much more than maintaining the integrity of the company’s Code of Conduct and ethical business practices. Rather, he sees himself as an employee community advocate for preserving and embedding the core principles AIA has always stood for over the last century.

In line with this ambitions, Jung Jun expanded his remit this past year to become the designated local ESG lead for the South Korea business unit. While he admits that his career up until this point has had him focus his attention on the “S” and “G” of ESG, Jung Jun is excited to start working closely with senior

leadership to support AIA Korea in embracing the “E” both operationally and culturally, as well as eventually integrating the Group’s upcoming net-zero targets into his local market in the coming years.

He observes that from a functional perspective, having compliance take a leading position in ESG implementation should signal to all internal and external stakeholders that AIA is “really serious” about achieving its sustainability goals. There is an added benefit that compliance already naturally takes a holistic view of the business to manage risks, regularly engaging various functions from “every corner of the business” – from the front to back office - a necessary perspective for effective ESG integration in any organisation.

Jung Jun highlights that, so far, early ESG engagement efforts at AIA Korea have been met positively. He adds that feedback from many local employees is that they welcome seeing more visible progress and the roll-out of new sustainability initiatives following the announcement of the broader Group-level ESG Strategy in 2021. Looking forward, while AIA Korea is still in the early days of ESG Strategy localisation, Jung Jun hopes employees know that the entire team is committed to taking the right steps to advance the programme in a credible way.

# Internal Engagement and External Advocacy

Building an internal culture of sustainability is a key priority. In 2022, we deepened employee engagement through a number of initiatives to inspire, engage and educate employees across functions and markets on ESG topics.

## Engaging our internal stakeholders: Our employees – winning hearts and minds

- AIA launched a regular cadence of ESG newsletters to our employees, showcasing

progress and stories from our markets. We hosted milestone events including a townhall with guest speaker Mark Carney, UN Special Envoy for Climate Action and Finance, and former Governor of the Bank of England and the Bank of Canada.

- We held our inaugural business unit ESG Leaders Conference that took place at the AIA Leadership Centre in Bangkok on 20 and 21 October 2022, bringing together ESG leaders and champions from virtually all of our markets

and Group Office to support our goal of Clarity, Community, and Collective Action. Through a series of internal and external sessions and workshops, our business unit counterparts aligned with the need to execute our ESG Strategy, and left the conference feeling inspired and enthusiastic to accelerate ESG initiatives in their markets. The majority of our business units have now established executive-level ESG committees to govern local ESG Initiatives and to drive accountability over the delivery of their ESG Strategy in their respective markets.





## INTERNAL ENGAGEMENT AND EXTERNAL ADVOCACY

### Engaging our strategic partners

#### **Bancassurance Summit:**

- AIA extended its efforts to champion ESG aspirations within its broad partnership network in the Asia Pacific. AIA hosted the **AIA APAC Bancassurance Summit 2022** on 19 October 2022, a virtual conference of AIA and our bank partners to harness the

opportunities towards sustainable development and to co-create blended business and social value. Under the theme of “Building a Sustainable Future”, the event engaged discourse with over 700 participants from 33 bank partners across AIA’s geographic footprint.

- Various topics were explored in the event in the context of sustainable development, including customer engagement, health and wellness, as well as digitalisation. These discussions enhance our sales process and help us remain unique, differentiated and relevant, enabling us to Ascend Together.
- Our senior leaders and those of our strategic bank partners joined the CEO Roundtable, and shared thoughts on how our partnership has been adapted towards sustainability goals through health and wellness and digitalisation. A collective pledge was made, and on behalf of the bank partners, AIA planted 10,000+ trees across their markets to recognise the joint collaboration of creating a sustainable future.



## INTERNAL ENGAGEMENT AND EXTERNAL ADVOCACY

In 2022, we stepped up on our external engagement and advocacy efforts. Engaging with key stakeholders through regular dialogues and participating in sustainability-related forums help us to define our strategic priorities, build trust and create value to accelerate progress towards a sustainable future.

### Engagement efforts aimed at aligning the world to a 1.5-degree future

The Paris Agreement was adopted by 196 parties at 21st Conference of the Parties (COP 21) in December 2015, with a goal to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. This requires countries to achieve net-zero by mid-century. Aside from contributions made by governments and the public sector, finance and participation from the private sector is essential in supporting the transition to a net-zero economy. As the largest pan-Asian life and health insurer, AIA undoubtedly has a role to play in this transition.

In 2022, AIA has sponsored and participated in a number of globally significant conversations,

advocacy efforts, and internal awareness and capacity-building activities centred not only around our climate aspirations in line with the Paris Agreement, but also social issues such as just transition, and contributed to related thought leadership initiatives. The following represents the highlights of our internal and external engagements, research and thought leadership initiatives, and external recognition of our efforts:

- AIA became a Global Climate Patron of the UN Global Compact (UNGC), amongst the first corporate in Asia to do so. This sponsorship unlocks engagement at scale, allowing us to access and engage companies from diverse sizes, geographies and stages of sustainability.
- AIA participated actively at COP 27 in Sharm el-Sheikh, Egypt. COP is the most significant global annual conference on climate change in the world. Our participation included Dr. Mark Kony, Group Chief Investment Officer, providing opening remarks at the 'Tenth Annual High-Level Meeting of Caring for Climate', as a supporting partner to Climate Action's 2022 Sustainable Innovation Forum and Innovation Zone, and participating

as an expert panellist on a number of panels with topics ranging from financing the energy transition to ESG in emerging markets.

- As a representative of AIA's sponsorship of the Financial Times' Moral Money Summit Asia, Dr. Mark Kony delivered a keynote address regarding the acceleration of ESG integration to unlock value and drive progress.
- Ms. Amita Chaudhury, Group Head of Sustainability, gave her views in a panel hosted by the Economist, on the spirit of sustainability and keeping ahead of ESG metrics and measures.
- Ms. Chaudhury also delivered the keynote address at the World Sustainability Congress 2022, spoke on a panel at Uniting Business Live organised by the UNGC Private Sector Forum during New York Climate Week and at the UNGC's session on demystifying just transition and adaptation for business as part of COP 27.
- As a Climate Patron, AIA partnered with the UNGC to launch the Just Transition Business Brief, to help companies worldwide understand the actions they can take to support an equitable and resilient future.



## INTERNAL ENGAGEMENT AND EXTERNAL ADVOCACY

### Research, thought leadership and participation in ESG initiatives

- AIA contributed to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance's (PSI) ESG Underwriting Guide for Life and Health Insurers, the first of its kind, helping insurers align their businesses with ESG standards and objectives.
- AIA Australia released a report highlighting the widespread impact that human interactions with the environment have on health. The report summarises existing scientific literature and highlights the mutual connection between health and environmental factors, such as air pollution and climate change.
- In partnership with Cathay Pacific Airways, AIA participated as a launch customer of Asia's first major Corporate Sustainable Aviation Fuel Programme, paving the way for more sustainable air travel and freight.

### Recognition of our efforts

- AIA is proud to be ranked in the top 10 of Fortune's 2022 Change the World list of 54 global companies addressing society's biggest challenges, citing our complete divestment from directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses.
- Institutional Investor Research awarded AIA with All-Star status in 2022<sup>1</sup>, including first place for Best ESG, reflecting the results of their survey from 4,854 investment professionals at 1,612 financial services firms<sup>2</sup>.
- AIA was awarded Outstanding ESG Enterprise in the EDigest Outstanding Listed Enterprises Award 2022, recognising our progress on our sustainability journey amongst listed entities in Hong Kong.

<sup>1</sup> Institutional Investor (2022)

<sup>2</sup> Institutional Investor (2022)

# Our TCFD Report

During our century of operations in Asia, the region has experienced an unprecedented increase in surface air temperature with its related adverse weather events, posing a threat to its social and economic sustainability. Climate change may cause direct damage to infrastructure and supply chains and is increasing vector-borne and water-borne diseases, undernutrition, mental disorders, and allergy-related illnesses in Asia. This has also caused economic loss and damage across Asia which will be exacerbated under higher warming.

As the largest pan-Asian life and health insurer we do our part in addressing the impact of climate change, including the disclosure of the climate-related risks and opportunities most pertinent to the organisation. In line with this commitment towards our stakeholders, AIA has supported the voluntary adoption of the Task Force on Climate-related Financial Disclosures (TCFD)<sup>1</sup> since 2018.

This report outlines our climate-related financial disclosure, in line with the TCFD Recommendations for “Guidance for All Sectors” and “Supplemental Guidance for the Financial Sector”, with a focus on recommendations relevant to insurance companies.

To ensure that the information prepared is reliable, our emissions data within the Metrics and Targets section continues to be reviewed by AIA’s external auditors (PwC) in 2022. Their Limited Assurance Report can be found at the end of this Report.

## Advocating for climate

The urgency and immensity of the climate emergency require the actions and decisions across governments, markets and organisations. With our scale, influence and heritage of trust built over a century of operations, we believe that we are uniquely positioned to bring others together so that we can collectively anticipate, mitigate and adapt to the impacts of climate change. We believe that our Purpose of helping millions of people live Healthier, Longer, Better Lives is predicated upon a healthy planet.

The following represents our efforts in 2022 to engage with others with an objective to drive a systemic change towards a Just Climate Transition for a more sustainable future:

- Participated in the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27), including:
  - “UN Global Compact’s session on ‘Demystifying Just Transition and Adaptation for Business’”, where we discussed the actions corporates must take to advance Net-Zero Just Transition accounting for the workforce, customers, suppliers and communities.
  - “Financing 1.5 Degrees”, a Sustainable Innovation Forum, where the importance of finance in meeting the world’s climate commitments and AIA’s approach to sustainable investment were brought to the forefront.
- Contributed to thought leadership around climate, including the inaugural ESG Underwriting Guide

for Life and Health Insurers launched by the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance (UNEP FI PSI) in partnership with a number of insurers worldwide; the “Just Transition: A Business Brief” by United Nations Global Compact, and “The Role of Insurance in Promoting Social Sustainability” report by The Geneva Association (GA), an international association whose members are insurance and reinsurance CEOs.

- Held the first-ever internal Business Unit ESG leaders conference, and participated in the CEO Roundtable, an annual summit bringing together senior leaders from AIA and those of our strategic bank partners, to share thoughts on Health & Wellness, Digitalisation and Climate-related topics.
- Engaged UN Special Envoy on Climate Action and Finance Mark Carney, who addressed our Board and leaders across the business on the topic of ‘Leadership in Climate Action and Sustainable Finance’.
- Joined the Asia Investor Group on Climate Change (AIGCC) as a member, through our Monetary Authority of Singapore (MAS)-regulated Singapore asset management company AIA Investment Management (AIAIM).
- Held a series of internal capacity-building sessions for AIA’s senior executives throughout the Group regarding net-zero and science-based targets.
- Since November 2021, AIA Group Chief Executive and President Lee Yuan Siong served as Vice Chairman of the GA. With this engagement, AIA will provide thought leadership to the industry on ESG matters, including climate-related aspects.

<sup>1</sup> Established by the Financial Stability Board (FSB), TCFD provides reporting recommendations on climate-related financial disclosures and promotes consistent disclosure of decision-useful climate-related financial information.

OUR TCFD REPORT

# Governance

AIA has an important role to play in addressing climate change impacts and supporting a just transition towards a low-carbon, climate-resilient global economy. To achieve this, AIA has established clear structures for our systems, processes and distinct roles necessary to ensure the integration of ESG-related risks and opportunities (including climate) into the organisation's strategy and business decision-making.

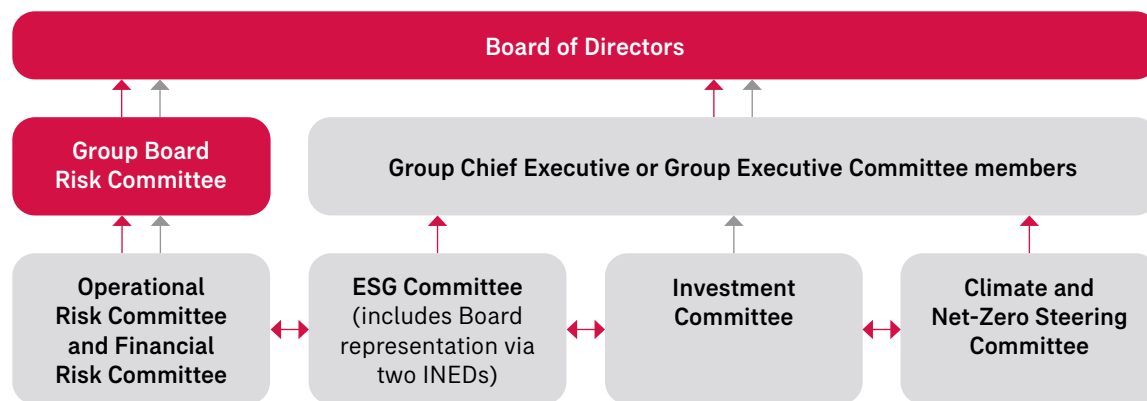
*For further details of AIA's commitment on upholding high standards of governance, refer to the Effective Governance section of this report.*



## Governance of climate change risks and impacts

The management and monitoring of progress over ESG-related topics, including climate, are overseen by AIA's Board, supported by management and other functional bodies.

### OVERVIEW OF MANAGEMENT OVERSIGHT & FUNCTIONAL BODIES



**Legend**

- Group Board/Group Board sub-committee
- Group Executive-Level committee
- Reporting/sharing of material ESG-related matters
- Reporting/sharing of all other matters

## OUR TCFD REPORT

### Governance

#### Board-level governance

The Board of Directors (“The Board”) has ultimate oversight over AIA’s ESG matters, including climate-related risks and opportunities. The Board is involved in setting the Group’s overall risk appetite as well as addressing ESG matters which include climate-related topics and overall progress of AIA’s climate commitments. The responsibility of managing these issues rests with AIA’s management committees and functional bodies.

The following table summarises the various Board committees’ responsibilities on ESG, including climate-related topics.

| Management Committee                    | Responsibilities  | Management Reporting Line  | Reporting Frequency  |
|---|---|--|--|
| <b>Board of Directors</b>               | <ul style="list-style-type: none"> <li>Oversees AIA’s risk management activities and the implementation of an effective group ERM framework</li> <li>Reviews the risk appetite statement of the Group and approving any material business activities deviating from risk appetite and tolerable limits, including ESG-related risks</li> <li>Reviews materials relevant to the reporting of ESG-related matters</li> </ul>  | <ul style="list-style-type: none"> <li>Supported by BRC</li> <li>Group’s BRC and Group Executive committees report to Board of Directors</li> </ul>                              | <ul style="list-style-type: none"> <li>At least four times a year</li> </ul> |
| <b>Group Board Risk Committee (BRC)</b> | <ul style="list-style-type: none"> <li>Determines the Group’s risk appetite and ensures that the Company establishes and maintains an appropriate and effective risk management framework, including considerations for ESG-related risks</li> <li>Ensures that the material risks, including ESG-related risks, are identified with mitigation actions in place</li> </ul> <p>Where material, ESG-related risks and opportunities will be assessed and escalated to the Group Board.</p> | <ul style="list-style-type: none"> <li>Operational Risk Committee and Financial Risk Committee report to Group’s BRC</li> <li>Group BRC reports to Board of Directors</li> </ul> | <ul style="list-style-type: none"> <li>At least four times a year</li> </ul> |

## OUR TCFD REPORT

### Governance

## Management-level governance

In tandem with board-level oversight, climate-related responsibilities have also been assigned to management-level positions or committees. AIA's four functional bodies have taken on the role of assessing and managing the climate-related issues identified.

The following table outlines the various functional bodies and their respective roles and responsibilities in the assessment and management of ESG, which includes climate-related topics.

| Functional Bodies  | Responsibilities   | Management Reporting Line   | Reporting Frequency  |
|--|--|---|--|
| <b>Operational Risk Committee and Financial Risk Committee</b> | <ul style="list-style-type: none"> <li>Ensures that the material risks facing the Group, including ESG-related risks, have been identified, monitored and mitigated</li> <li>Reviews the adequacy and effectiveness of the risk management framework that relates to the Group's management of material risks, including ESG-related risks</li> </ul>                            | <ul style="list-style-type: none"> <li>Reports to Group Board Risk Committee</li> </ul>   | <ul style="list-style-type: none"> <li>At least four times annually</li> </ul>   |
| <b>ESG Committee</b>   | <ul style="list-style-type: none"> <li>Develops, monitors and supports the implementation of ESG Strategy (including providing progress updates on Group's ESG Strategy)</li> <li>Oversees ESG reporting and disclosure</li> <li>Provides updates to Board and senior management on ESG matters</li> <li>Addresses ESG issues related to climate risk within business</li> </ul> | <ul style="list-style-type: none"> <li>Chaired by Group General Counsel with membership including two INEDs</li> <li>Discusses and escalates ESG risks to the Board through Risk Committee, when needed</li> <li>Shares and reports on pertinent issues around ESG amongst other management-level committees</li> </ul> | <ul style="list-style-type: none"> <li>At least on a quarterly basis</li> <li>Bi-annual reporting to Board to update on material issues</li> </ul> |
| <b>Investment Committee</b>                                    | <ul style="list-style-type: none"> <li>Reviews and approves investment ESG requirements set out in the Investment Standards under the IGF relating to AIA's general account investment portfolio</li> <li>Oversees adherence to AIA Investment Standards</li> </ul>  | <ul style="list-style-type: none"> <li>Chaired by Group Chief Investment Officer</li> <li>Reports to Group Chief Executive</li> </ul>   | <ul style="list-style-type: none"> <li>At least four times annually</li> </ul>   |

## OUR TCFD REPORT

### Governance

| Functional Bodies                                     | Responsibilities   | Management Reporting Line  | Reporting Frequency   |
|---|--|--|---|
| <p><b>Climate and Net-Zero Steering Committee</b></p> | <ul style="list-style-type: none"> <li>Oversees robust SBT baseline (with respect to, in the case of our investment assets, our general account investment portfolio) and decarbonisation target setting</li> <li>Oversees strategy and governance to drive Group-wide GHG emission reductions in compliance with SBT pathway (with respect to, in the case of our investment assets, our general account investment portfolio)</li> <li>Oversees climate-related strategies and a long-term integrated climate transition plan, building on the foundation of SBT pathway to achieve overall climate objectives of the Group, including periodic review of company's climate targets in compliance with SBT with respect to, in the case of our investment assets, our general account investment portfolio</li> <li>Provides regular updates on Climate and Net-Zero matters to the Group Chief Executive &amp; Board to ensure they have all information necessary to fulfil their duties and responsibilities</li> <li>Collaborates with committees, such as ESG Committee, Investment Committee to provide inputs on the above</li> </ul> | <ul style="list-style-type: none"> <li>Chaired by Group General Counsel</li> <li>Supported by the Group Net-Zero and SBTi Working Group comprising of the following teams that provide input to overall working process to ensure adherence to the overall SBTi framework.                             <ul style="list-style-type: none"> <li>Group ESG</li> <li>Group Investment</li> <li>Finance and facilities management</li> <li>Internal Audit (Group Risk)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>As frequently as need be to undertake its role effectively for the duration of the initiative</li> </ul> |



OUR TCFD REPORT

# Strategy




As a life and health insurer and a significant asset owner with operations in 18 markets comprising 25,000 employees, a network of agents and multiple partners, climate change potentially poses significant risks for our business. Our climate change strategy addresses the physical, transition and liability risks and opportunities caused by climate change.

## Our climate change strategy

First announced in 2021, our ESG Strategy set forth a long-term programme that focuses on the identification, assessment and management of climate risks and opportunities. Our approach has paved the way for sustainability initiatives, bringing us closer to achieving our climate commitments and improving the environmental performance of our operations through initiatives such as greening our portfolio of buildings.

With climate-related matters incorporated within our ESG Strategy, AIA has committed to the SBTi in 2021 and is currently setting SBTs to substantially reduce the greenhouse gas emitted from our operations and investments.

Our approach to decarbonising our operations and investment portfolio is outlined in the table below.

|   | Decarbonisation in our operations   | Decarbonisation in our investment portfolio   |
|---|---|---|
| <b>Commit</b><br>      | <ul style="list-style-type: none"> <li>Committing AIA Group to net-zero emissions and SBTi by setting targets under the SBTi methodology.</li> </ul>  | <ul style="list-style-type: none"> <li>Committing AIA Group to net-zero emissions and SBTi by setting targets under the SBTi methodology.</li> </ul>  |
| <b>Assess</b><br>     | <ul style="list-style-type: none"> <li>As part of our commitment to net-zero by 2050 and to the SBTi, we are undertaking steps including the computation of baseline emissions from our operations to set demonstrably robust targets to reduce GHG emissions in line with the SBTi methodology;</li> <li>This also involves evaluating the levers available to our premises and our corporate vehicle fleet to help us achieve our commitments.</li> </ul> | <ul style="list-style-type: none"> <li>Embedding and explicitly considering ESG factors, including climate change, as part of our bottom-up investment decisionmaking in relation to our general account investment portfolio that is driven through the Investment Governance Framework including the implementation of our ESG Rating Scorecard to our general account investment portfolio;</li> <li>Actively divested from, and no longer investing in, exposures to coal mining and coal-fired power businesses in our entire directly managed listed equity and fixed income assets in our general account investment portfolio.</li> </ul> |
| <b>Transform</b><br> | <ul style="list-style-type: none"> <li>Through the actions outlined above, the aim is to activate the viable and available levers across our premises and our corporate vehicle fleet in order to decarbonise and meeting our near term Science Based Targets.</li> </ul>   | <ul style="list-style-type: none"> <li>Further embedding the consideration of ESG factors in our bottom-up investment process in relation to our general account investment portfolio, which has resulted in our continued investments in green finance and renewable energy; and</li> <li>Improving open and transparent climate-related disclosures, including ongoing progress on our commitments, in line with the recommendations of the Financial Stability Board's TCFD.</li> </ul>  |

OUR TCFD REPORT

**Strategy**

**Climate-related risks and opportunities**

Over the next decade, it is likely that climate risks will become a major focus for how we perceive and manage risk. The recent WEF Risk report identifies 'natural disasters and extreme weather events', 'the failure to mitigate climate change' and 'failure of climate-change adaptation' as top global risks. AIA is abreast of its exposure to various climate-related externalities and defines the climate vulnerability span as short-term (0 to 1 year); medium-term (1 to 3 years); and long-term (3 to 30 years).

Apart from identifying and managing ESG-related risks including climate, we also monitor opportunities for innovative solutions that could be incorporated into existing or new products, propositions and business processes.

**Climate-related risks**

Climate-related risks can be classified into two primary categories:

- Risks related to the physical impacts of climate change; and
- Risks related to the transition to a low-carbon economy.



The following table introduces the typical climate-related risks for life and health insurers, and how they affect principal risks identified within our risk taxonomy. The RMF, further detailed under the Effective Governance Pillar, outlines the process through which all risks, including those relating to

and caused by climate change, are identified, assessed and managed. In the following sections, we look deeper into select non-exhaustive examples of transition and physical risks and their impact on AIA as an insurer and asset owner for illustrative purposes.

## OUR TCFD REPORT Strategy

| Typical Climate-Related Risks for Life and Health Insurers |   | Common Manifestations of Risks  | Primary Exposure to Insurers                                       | Exposure to Insurance Liabilities                                  | Exposure to Investment Assets  |   |
|--|---|---|--|--|--|---|
| Physical   | Acute   | Increased severity of extreme weather events such as cyclones and floods      | <ul style="list-style-type: none"> <li>Operational Risk</li> </ul> | <ul style="list-style-type: none"> <li>Mortality</li> </ul>        | <ul style="list-style-type: none"> <li>Equity Risk</li> </ul>              |   |
|  | Chronic   | Changes in precipitation patterns and extreme variability in weather patterns | <ul style="list-style-type: none"> <li>Insurance Risk</li> </ul>   | <ul style="list-style-type: none"> <li>Morbidity</li> </ul>        | <ul style="list-style-type: none"> <li>Property Risk</li> </ul>            |   |
|  |   | Rising mean temperatures  |  | <ul style="list-style-type: none"> <li>Lapse</li> </ul>            | <ul style="list-style-type: none"> <li>Foreign Exchange Risk</li> </ul>    |   |
| Rising sea levels  |   |   | <ul style="list-style-type: none"> <li>Expenses</li> </ul>         | <ul style="list-style-type: none"> <li>Credit Risk</li> </ul>      |  |   |
| Transition   | Policy and Legal  | Increased carbon pricing  | <ul style="list-style-type: none"> <li>Investment Risk</li> </ul>  | <ul style="list-style-type: none"> <li>Lapse</li> </ul>            | <ul style="list-style-type: none"> <li>Interest Rate Risk</li> </ul>       |   |
|  |   | Enhanced emissions reporting obligations                                      | <ul style="list-style-type: none"> <li>Structural Risk</li> </ul>  | <ul style="list-style-type: none"> <li>Expenses</li> </ul>         | <ul style="list-style-type: none"> <li>Equity Risk</li> </ul>              |   |
|  | Market and Technology   | Substitution of existing products and services with lower emissions options   | <ul style="list-style-type: none"> <li>Business Risk</li> </ul>    | <ul style="list-style-type: none"> <li>Operational Risk</li> </ul> | <ul style="list-style-type: none"> <li>Pandemic and Catastrophe</li> </ul> | <ul style="list-style-type: none"> <li>Property Risk</li> </ul>         |
|  |   | Unsuccessful investment in new technologies                                   |  |  |  |   |
|  |   | Costs of transition to lower emissions technology                             |  |  |  |   |
|  |   | Changing customer behaviour   |  |  |  |   |
|  |   | Uncertain market signals  |  |  |  |   |
|  |   | Reputation  |  |  |  |   |
|  | Reputation  | Shifts in consumer preferences  |  |  |  | <ul style="list-style-type: none"> <li>Foreign Exchange Risk</li> </ul> |
|  |   | The stigmatisation of industry sector   |  |  |  | <ul style="list-style-type: none"> <li>Credit Risk</li> </ul>           |
|  | Increased stakeholder's concerns or negative stakeholder feedback |   |  |  |  |   |
| Liability  | Litigation  | Exposure to litigation  | <ul style="list-style-type: none"> <li>Operational Risk</li> </ul> | <ul style="list-style-type: none"> <li>Lapse</li> </ul>            |  |   |
|  | Regulatory Enforcement  | Mandatory regulation of existing products and services                        |  | <ul style="list-style-type: none"> <li>Expenses</li> </ul>         |  |   |
|  |   | Mandatory disclosure of climate-related information                           |  |  |  |   |

## OUR TCFD REPORT

### Strategy

#### Physical risks

Physical risks associated with climate change may be acute (event-driven), or chronic (driven by longer-term shifts in climate patterns). Acute physical risks manifest themselves as adverse weather events such as wildfires, storms and floods. These events may cause damage to AIA properties and facilities, which commonly results in financial losses, business interruptions and diminished real estate holding values in affected areas. Chronic physical risks may lead to a greater prevalence of vector-borne and respiratory illnesses, heart disease and increasing heat-related morbidity and mortality, which will affect AIA as a life and health insurer.

AIA protects the well-being of our community through insurance and investment solutions. We intend to help them build greater resilience against the potential impact of extreme weather and climate-related diseases. Through our risk mitigation and diversification measures, reinsurance programme and broad global presence, AIA aims to address climate change implications and the physical risks identified for AIA and its customers.

### The impact of the environment and its links to non-communicable diseases

With research linking environmental issues such as air pollution, climate change, agriculture and food, and urbanisation to non-communicable diseases (NCDs), the environment has been recognised as a key contributor to disease. The correlation between adverse health and environmental factors has been supported by mounting evidence in this area.

Initially, there were four key modifiable behaviours – physical inactivity, poor nutrition, smoking and excess alcohol, that resulted in four major NCDs – cancer, diabetes, respiratory and heart diseases. In keeping with the latest evidence and data on global disease, AIA Australia has included a fifth NCD in recent years – mental health conditions and disorders, and a fifth modifiable behavioural risk factor: our interaction with the environment<sup>2</sup>.

The links between the environmental factors on NCDs are expected to escalate with time.

- **Air pollution** is second only to tobacco smoking in causing global NCDs. Globally, almost one-third of the cardiovascular disease burden is attributable to household and ambient air pollution, second-hand tobacco smoke and exposure to toxins such as lead.
- **Climate** plays an important role in human health and well-being. Climate change itself can directly and indirectly increase the incidence of NCDs. For example, climate change may increase the risk of cardiovascular disease directly via air pollution and extreme temperatures, and indirectly via changes to food availability.

- **Dietary choices** links the environment with human health. Strong evidence has indicated that food production has been the largest driver for global environmental change as they have contributed to a series of environmental events such as climate change, biodiversity loss, freshwater use and land-system change. Rising incomes and urbanisation were other key drivers which catalysed a global dietary transition where traditional diets were replaced by diets higher in refined sugars, refined fats, oils and meats. These dietary shifts have caused increasing diet-related diseases and environmental degradation.

There are also additional implicit links between our interaction with the environment and our mental health. These can be positive – for example, the beneficial impact of access to green spaces on mental health. In contrast, the effects of climate change can cause significant mental distress.

<sup>2</sup> 5590+ AIA Australia (2021)

## OUR TCFD REPORT

### Strategy

#### Transition risks

Transition risks refer to the risks faced by companies from policy action, technology or market changes aimed to accelerate the transition to a low-carbon economy. Adoption of carbon taxes, requirements for increased environmental disclosures and regulations on stringent environmental risk management are examples of transition risks that can pose an effect on both our business and the companies in which we invest.

From the table detailing typical climate-related risks for life and health insurers, the following two tables highlight illustrative transition risks that influence AIA.

#### Risk 1: Reputation Risk

##### Description

AIA has a long-standing reputation for our responsible business practices, and this has enabled us to deliver sustainable, long term value creation to our stakeholders. Any threats to AIA's reputation and goodwill must be identified, minimised and/or managed, as appropriate.

We regularly monitor potential reputational risks faced by AIA. Potential reputational risks include failure to act on climate change and possible concerns of 'greenwashing'. Reputational risk may change consumer preferences and raise stakeholder concerns that can lead to significant impact on AIA's goodwill.

##### Action Taken and Results

AIA enacts a number of actions to reduce the likelihood and severity of significant adverse reputation risk events. These include:

1. Establishing multiple channels to capture feedback and opinions from a variety of stakeholders. This helps us align our actions in line with stakeholder expectations. Our ESG Committee briefs the Board and senior management on the communication outcomes of our stakeholder engagement and appraises them on the adequacy of our response.
2. AIA actively participates in ESG evaluations by independent reputable third-party rating agencies (including DJSI, CDP, Sustainalytics, MSCI). This helps in identifying possible controversies and ensures stewardship on ESG and climate action.

#### Risk 2: Market Risk

##### Description

Insurance companies make large investments in diversified assets and portfolio of companies. The impact of climate change on various asset classes (such as commercial real estate, listed equity and corporate bonds and project finance) can be substantial if the changes in asset values are not sufficiently understood and managed.

There is a distinct possibility that stranded assets in carbon intensive industries may rise due to a systemic shift towards a low-carbon future. Inadequate valuation of these assets and lack of integration in investment decisions may impact the performance of our investment portfolio.

##### Action Taken and Results

We have taken a proactive approach to address this risk by integrating, on a mandatory basis, the consideration of various ESG factors in our bottom-up investment process applicable to general account assets. We have developed our proprietary ESG Rating Scorecard which applies to our directly managed general account assets. We have also developed a distinct scorecard in relation to our general account assets to assess external asset managers on their ESG frameworks and processes. We also engage with our investee companies to understand their position on various climate risks.

## OUR TCFD REPORT

### Strategy

#### Climate-related opportunities

Through stakeholder engagement, we have continuously refined our ESG Integration Strategy to effectively address the needs of AIA and our stakeholders and identify opportunities to enhance AIA's long-term value and reduce overall emissions.

The following two tables highlight two illustrative opportunities identified by AIA.

#### Opportunity 1: Transition towards greener buildings

|                                 |  |
|---------------------------------|--|
| <b>Description</b>              | Energy efficient buildings help in improving operational eco-efficiency while reducing energy costs. We aim to be efficient in our operations, and as part of this agenda, our new or redeveloped offices are expected to meet accredited green standards. Adhering to green standards criteria helps us become energy efficient and contributes to our ambition of meeting SBTi targets in line with our Net-Zero Transition.   |
| <b>Action Taken and Results</b> | <p>The Group aims to transition its real estate buildings towards sustainable buildings. We plan to establish ways to integrate energy efficiency into our operations and portfolio. Further details are set out in the Sustainable Operations section as part of our ESG Report 2022.</p> <p>For example, Project Enercon implemented at AIA Philippines replaced office lighting with LED systems and sensors and upgraded the air conditioning system, which has helped us achieve cost and energy savings.</p> |

#### Opportunity 2: Increased demand for funds that invest in companies that have positive environmental credentials

|                                 |   |
|---------------------------------|---|
| <b>Description</b>              | <p>Investing in companies which demonstrate sound ESG practices, as assessed by us as part of our bottom-up investment process, is a strategy for us to seek and earn financial returns by driving sustainable outcomes and behaviour in a way that is consistent with the values outlined in the Sustainable Investment pillar.</p> <p>Studies increasingly show that employing ESG criteria in investment decision-making improves financial performance<sup>3</sup>. ESG considerations must be managed and mitigated to create long-term stakeholder value.</p> |
| <b>Action Taken and Results</b> | <p>AIA has embedded the consideration of ESG factors in our bottom-up investment process, as reflected in the assessment by our research analysts of investee companies in the general account investment portfolio using our ESG Rating Scorecard, which has resulted in continued investment in instruments such as renewable energy and green bonds.</p> <p>AIA has recently launched a Sustainable Multi-Thematic Fund.</p>   |

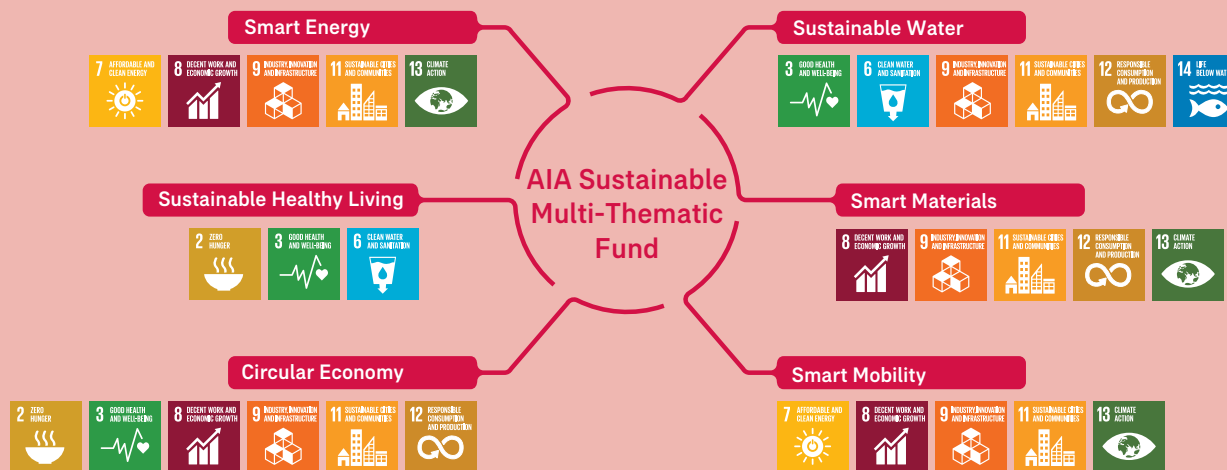
<sup>3</sup> Fidelity International (2018)

## OUR TCFD REPORT Strategy

### First AIA Sustainable Multi-Thematic Fund in Singapore

Integrating sustainability factors into customers' portfolio selection and investment decisions, as well as real-world impact across key sustainable themes, is imperative when delivering long-term financial returns.

AIA Singapore has collaborated with Robeco, a leading Netherlands-based investment firm at the forefront of sustainable investing, to deliver the AIA Sustainable Multi-Thematic Fund for the Singapore Investment Linked Products (ILP) market. This bespoke multi-thematic fund consists of underlying strategies focused on sustainable outcomes surrounding the fields of Smart Energy, Sustainable Water, Smart Materials, Smart Mobility, Circular Economy and Sustainable Healthy Living, with the intention of taking exposure to equities of companies that exhibit a high level of sustainability and which present a positive influence on the UN SDGs.



## OUR TCFD REPORT

### Strategy

## Climate change scenarios and our insurance operations

Insurers can be exposed to climate-related risks in both their insurance and asset portfolios. To effectively prioritise and make meaningful decisions, AIA selected three initial Group-wide scenarios<sup>4</sup> for AIA's climate risk stress testing framework amongst various climate scenarios provided by reputable climate scenario sources, such as the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC). The three initial scenarios are:

1. **Net-Zero 2050** which assumes there is immediate stringent policy action and innovation to limit global warming. CO<sub>2</sub> removal is used to accelerate decarbonisation but is kept in line with sustainable levels of bioenergy production. Global Net-Zero CO<sub>2</sub> emissions are reached by 2050. Some jurisdictions (US, EU, and Japan) reach Net-Zero for all greenhouse gases.
2. **Delayed Transition** which assumes that annual emissions do not decrease until 2030 and strong policies are introduced to limit warming to below 2°C. Climate policies and the level of actions vary widely across countries and regions, with limited CO<sub>2</sub> removal. As a result, emissions exceed the carbon budget temporarily and subsequently decline faster than in other scenarios. For some countries, this leads to both higher transition and physical risks than Net-Zero 2050.

3. **Current Policies** which assume the continuation of any currently implemented climate policies and no further action. Emissions grow until 2080 leading to 3°C of warming and severe physical risks.

These initial scenarios identified help us deepen our understanding of the potential implications of climate

change on our business, strategies and financial performance under different conditions, and enable us to address potential climate-related risks and opportunities. Going forward, we will continue re-evaluating benchmark scenarios and improving the quality of risk disclosures.



<sup>4</sup> Group-wide scenarios refer to scenarios that are applicable to entities under AIA Group based on a standardised methodology/assumption.



OUR TCFD REPORT

# Risk Management

At AIA, climate change related risks are assimilated into our risk management framework.

## Identifying and assessing climate risks

As a transverse risk, climate-related risks are woven within AIA's RMF outlining AIA's resilience to monitor and respond to principal risks such as operational risk, business risk, structural risks, investment risk and insurance risk built on a "Three Lines of Defence" model:

| Three Lines of Defence | Role                 | Responsibility   |
|------------------------|----------------------|--|
| First Line             | Executive Management | Work together to ensure ESG-related risks are anticipated and managed, regardless of the ownership over any specific ESG issue |
| Second Line            | Risk and Compliance  |  |
| Third Line             | Internal Audit       | Internal review of risk management   |

### Risk mapping exercise

We recognise financial risks of climate change are generated by both physical and transition climate risks.

Available scientific research and other credible reports provide insights on possible transmission channels, including First Order Effects – human health and well-being, ecosystems and human systems; and Second Order Effects – supply and demand, prices, migration, economic growth, conflict and labour market. For instance, increasing acute physical risks such as heatwaves, droughts and floods would affect First Order Effects such as human health and well-being, thereby causing

Second Order Effects such as the increase in the frequency of insurance claims, and as a result impact and escalate insurance risk – a principal risk identified within AIA's Risk Taxonomy (*refer to table found in Climate-Related Risks and Opportunities for mapping of typical climate-related risks for life and health insurers and principal risks faced by insurers*).

### Qualitative materiality assessment

A qualitative materiality assessment can be used to convey first-hand insight into the materiality of AIA's exposure to a set of climate-related risks, both from physical and transition risk perspectives.

### Qualitative materiality assessment on insurance liabilities

Physical risk from climate change can influence health and policyholder behaviour.

As noted by other life insurers and regulators, there is limited credible data and methods to quantify the impact of climate risk on life insurance liabilities. This limitation is further elaborated in the Information Paper on Environmental Risk Management issued by the Monetary Authority of Singapore (MAS) in May 2022. The scenario exercises on climate risk conducted by the regulators currently focus on the impact on assets for life insurers (e.g., 2021 Bank of England CBES, and 2021/2022 MAS IWST).

## OUR TCFD REPORT Risk Management

### Qualitative materiality assessment on investment assets

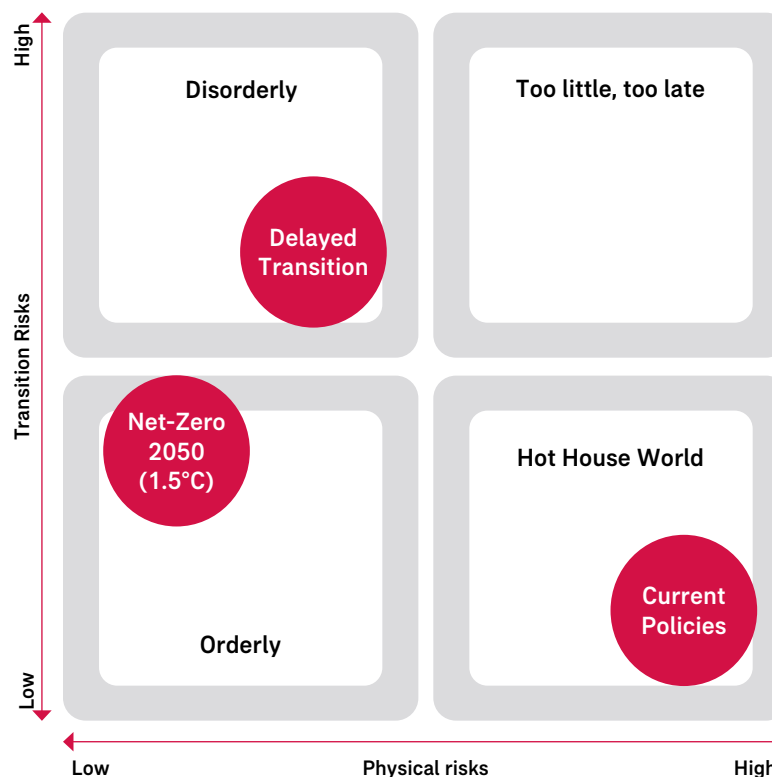
Investment assets are expected to be susceptible to transition risk under delayed transition in the long-term, while physical risk is less material and differs by geography.

### Network for Greening the Financial System scenarios framework

AIA recognises transition risk may be counterbalanced by physical risk. In scenarios where physical risk is high, there is little or no policy directed towards lowering global temperatures (i.e., low transition risk). Similarly, scenarios with low physical risk were due to result that typically correlates jurisdictions with aggressive policies, implying high transition risk.

The graphic adopted from the Network for Greening the Financial System (NGFS) depicts the relative magnitude of transition and physical risks under the scenarios identified by AIA.

While climate stress testing methods continue to evolve and global standards remain in development, climate scenarios and approaches are expected to improve over time with research and increasing empirical evidence. When climate stress testing assessment matures, we expect industry best practices to emerge, facilitating direct comparisons between publicly available scenario models. We will continue to monitor the ongoing development in this space.



Details of three scenarios refer to Climate Change Scenarios and Our Insurance Operations.

OUR TCFD REPORT

# Metrics and Targets

AIA continually tracks the advances in evolving pathways, methodologies, metrics and targets to assess and manage climate-related risks and opportunities. This includes monitoring our commitment to net-zero and the Science Based Targets initiative (SBTi), where we are progressively developing targets in-line with the SBTi methodology.

The Group has in the past disclosed climate metrics in-line with industry best practice. This includes an adherence to the recommendations of the TCFD. Given our commitment to net-zero and the SBTi, AIA is in the process of developing targets in line with the SBTi methodology.

As we align to the new methodology to be applied in future iterations of this report, the current reporting cycle will be a transition period with regard to climate reporting. The following descriptions document the implications of this context as well as the current and future interactions of the TCFD and SBTi disclosure expectations.

## Climate metrics related to our investment portfolio

AIA will report on climate metrics recommended by the two widely adopted industry standards – TCFD and the SBTi. This specifically concerns Scope 3 Category 15 emissions, also known as “Financed Emissions.”

While both the TCFD recommendations and the SBTi enable organisations to augment climate data and enhance consistency of climate action, they have different purposes and objective. The TCFD recommendations help guide AIA’s assessment and management of climate-related risks and opportunities, while the SBTi serves as a framework and methodology to help AIA set emissions reduction targets in line with latest climate science, aligned to the objectives of the Paris Agreement.

In 2022, AIA will measure Financed Emissions across our Listed Equity, Corporate Bonds and Direct Real Estate portfolio – a metric that is both recognised by TCFD and the SBTi. This will serve as an indicator of alignment between the two standards and progress towards our SBTi commitment. Additionally, AIA will also continue to measure the Weighted Average Carbon Intensity (WACI) for Listed Equity to maintain consistency with prior years’ reporting, as recommended by the TCFD.

From 2023 onwards, AIA will also measure and report on metrics related to our near-term SBTi investment targets, once validated by the SBTi. These will include the share of our in-scope portfolio held in companies with their own validated Science Based Targets, as well as emission intensities across our power generation and direct real estate portfolios.

## Climate metrics related to our operations

For 2022, for Scope 1 and 2 emissions, AIA will continue reporting in line with the 2021 reporting scope and will not change our methodology until the SBTi baseline and targets have been validated.

Going forward, AIA will align Scope 1 and 2 reporting to SBTi recommendations, which also fulfils TCFD recommendations.

Regarding Scope 3 operational disclosures, we will continue to disclose our emissions from business travel.



OUR TCFD REPORT  
**Metrics and Targets**

**Energy and emissions**

| Total GHG Emissions per Scope (in tonnes of CO <sub>2</sub> e)        | 2022   | 2021   | 2020   | 2019   | 2018   |
|---|--------|--------|--------|--------|--------|
| <b>Scope 1</b>  | 3,433  | 1,322  | 2,167  | 3,640  | 4,149  |
| <b>Scope 2</b>  | 43,283 | 27,968 | 38,029 | 45,263 | 43,016 |
| <b>Scope 3</b>  | 3,890  | 1,336  | 2,354  | 10,846 | 8,596  |
| <b>Total GHG Emissions</b>  | 50,606 | 30,626 | 42,550 | 59,746 | 55,761 |
| <b>Total GHG Emissions Intensity per employee (Scope 1, 2, and 3)</b> | 2.0    | 1.3    | 1.8    | 2.6    | 2.7    |

In 2022, the Group accounted for 50,606 tonnes of CO<sub>2</sub>e, or 2.0 tonnes per employee. The increase in our overall footprint this year was mainly due to the resumption of business travel as well as return to office working arrangements post the Covid-19 pandemic.

Total energy consumption across the Group was 83,040,197 kWh, amounting to 3,269 kWh per employee.

The largest contributor to our operational footprint is the electricity use in our buildings, which contributes to 43,280 tonnes out of our total Scope 2 emissions of 43,283 tonnes.

Other sources of emissions include those from our rented and owned corporate vehicle fleet, and business travel.

While we strive to reduce carbon emissions and minimise the negative impact on the environment, we believe that partnerships are critical in combating climate change and building a sustainable future.

In support of finding ways to decarbonise heavy emitting sectors such as aviation, AIA participated as a launch partner for Cathay Pacific's Sustainable Aviation Fuel programme, the first of its kind in Asia. Planetary health and human health are interconnected, and for us, contributing to this partnership is aligned with our Purpose of helping people live Healthier, Longer, Better Lives.

**Assured data**

As we build data and process confidence, our Sustainability information, including emissions data, is reviewed and assured by AIA's external auditors PwC, and we continue to add more locations to the assurance scope. For this reporting period, these locations include AIA Group Office, AIA Singapore, Hong Kong, Thailand, Mainland China, Malaysia, Indonesia, the Philippines, New Zealand, Australia and South Korea.

Please refer to the Assurance Statement on page 131 for a further breakdown of our operations from buildings in scope of this data assurance exercise.

**Data calculation methodologies**

AIA calculates emissions according to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government. We identify emission factors on electricity consumption for each operating region via the sustainability reports of utility companies or the Greenhouse Gas Protocol database, and the List of Emission Factors published by the Institute for Global Environmental Strategies.

AIA relies on third-party data where this is available, with business travel emissions data for Group Office and AIA Hong Kong provided directly by our travel agent. At our other markets where these data are not available, we refer to the Carbon Neutral Calculator for Short – Medium haul flights by the United Kingdom's Department for Environment, Food, and Rural Affairs (DEFRA) emission factors.

We calculate emissions from any private air travel according to the recommended practice of the International Air Transport Association (IATA). AIA also refers to the Fifth Assessment Report from the International Panel on Climate Change, in reference to any Global Warming Potential (GWP) factors used.

# Independent Practitioner's Limited Assurance Report

To the Board of Directors of AIA Group Limited



We have undertaken a limited assurance engagement in respect of the selected sustainability information of AIA Group Limited (the "Company") and its subsidiaries (collectively "the Group" or AIA) as listed below, under the 'Identified Sustainability Information' section, and identified with a ✓ in the Company's Environmental, Social and Governance (ESG) Report that covers the twelve-month period from 1 January 2022 to 31 December 2022 ("ESG Report 2022").

## Identified Sustainability information

The Identified Sustainability Information for the twelve-month period from 1 January 2022 to 31 December 2022 is summarised below:

- Electricity usage (indirect energy use)
- Energy consumption from use of fossil fuels and gas (direct energy use)
- Total energy consumption
- Scope 1 Greenhouse Gas (GHG) emissions (Note 1)
- Scope 2 GHG emissions (Note 2)
- Scope 3 GHG emissions (Note 3)
- Total GHG emissions (Scopes 1, 2, 3)
- Paper saved in operation (Note 4)
- Green building certificate (Note 4)
- Water consumption and intensity (Note 4)
- Number and percentage of women employees in workforce; in senior leadership (Note 4)
- Number of employees – by market, gender, age group and workforce seniority (Note 4)
- Employee turnover rate – by gender, age group and market (Note 4)
- Average training hours – by gender, workforce seniority, per employee (Note 4)
- Charitable donation (Note 4)

Note 1: Emissions produced directly from the consumption of diesel, petrol, Towngas, natural gas, liquefied petroleum gas and jet fuel.

Note 2: Emissions produced indirectly from the consumption of electricity and Towngas.

Note 3: Emissions produced indirectly from commercial business travel by air planes, except from AIA Australia, AIA China, AIA Korea, AIA New Zealand, AIA Philippines and AIA Indonesia.

Note 4: The sustainability data comprised the Group's 17 markets globally, and they are Australia, Brunei, Cambodia, Mainland China, Hong Kong SAR, India, Indonesia, South Korea, Macau SAR, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Sri Lanka, Thailand, Taiwan (China) and Vietnam.

Selective quantitative energy and emission data was provided for 11 of the Group's locations and related operations excluding the operation activities of the Company's insurance agents and these are the only locations included in the Identified Sustainability Information for the twelve-month period from 1 January 2022 to 31 December 2022, namely:

- the Company's Group Office operations in Hong Kong SAR conducted from its premises located at AIA Central (1 Connaught Road Central, Central), Hopewell Centre (183 Queen's Road East, Wan Chai) and 625 King's Road, North Point;
- the operations of AIA Hong Kong conducted from its premises located at AIA Hong Kong Tower (734 King's Road, Quarry Bay), Kerry Building (683 King's Road, Quarry Bay) and AIA Finance Centre (712 Prince Edward Road East, Kowloon);
- the operations of AIA Singapore conducted from its premises at AIA Alexandra (371 Alexandra Road), AIA Tampines (3 Tampines Grande) and AIA Tower (1 Robinson Road);
- the operations of AIA Malaysia conducted from its premises at AIA Menara (99, Jalan Ampang, 50450, Kuala Lumpur) and AIA Wisma (89, Jalan Ampang, Kuala Lumpur);

- the operations of AIA China conducted from its premises at One AIA Financial Center and Two AIA Financial Center (No.89 Zone Gui Cheng Street, Nanhai District Foshan City); AIA Building (17 Zhongshan Rd (E-1), Waitan, Huangpu, Shanghai);
- the operations of AIA Thailand conducted from its premises at AIA Thailand Tower 1&2 (181 Surawong Road, Bangkok);
- the operations of AIA New Zealand conducted from its premises at AIA House (74 Taharoto Road, Smales Farm, Auckland), AIA Thrive (57 Market Road, Remuera, Auckland) and AIA Christchurch (126 Oxford Terrace, Christchurch);
- the operations of AIA Philippines conducted from its premises at Philam Life Head Office (16<sup>th</sup> – 18<sup>th</sup> Floor Six/NEO Building, 5<sup>th</sup> Avenue corner 26<sup>th</sup> Street, Bonifacio Global City, Taguig City 1634), Philam Life Center Cebu (L1/L2, B16 Cardinal Rosales/Samar Loop/Masbate Rd., Cebu City, Cebu) and Philam Life Alabang (Acacia Ave. & Industry St., Madrigal Business Park, Alabang, Muntinlupa City); and
- the operations of AIA Indonesia conducted from its premises at Jakarta Head Office (Jl. Jend. Sudirman Kav.48A, Jakarta Selatan), Surabaya AIA Centre (Pakuwon Tower lantai 25, Jl. Embong Malang Surabaya), and Tangerang Branch Office (Karawaci Office Park Blok G 30-32, Lippo Karawaci, Tangerang).
- the operations of AIA Australia conducted from its premises at 4 Dawn Fraser Avenue (4 Dawn Fraser Avenue, Sydney Olympic Park, NSW); and
- the operations of AIA Korea conducted from its premises at AIA Tower, Seoul, Korea (216 Sunhwa-dong, Jung-gu, Seoul).

For the purposes of this limited assurance report, the selected quantitative data is defined above as the "Identified Sustainability Information".

Our limited assurance report is in respect of the twelve-month period from 1 January 2022 to 31 December 2022 information for the Identified Sustainability Information of the locations mentioned above only and we have not performed any procedures with respect to earlier periods, other locations or any other elements included in the ESG Report 2022 and, therefore, do not express any conclusion thereon.

## Independent Practitioner's Limited Assurance Report

### To the Board of Directors of AIA Group Limited

#### Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in the ESG Report 2022 under the section "About this Report".

#### The Company's Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

#### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Identified Sustainability Information;

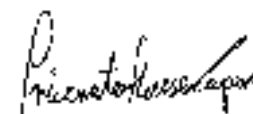
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately measured, recorded, calculated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the twelve-month period from 1 January 2022 to 31 December 2022 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared for and only for the Board of Directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong  
9 March 2023

# Regulatory and Mandatory Disclosures

## Global Reporting Initiative and Hong Kong Stock Exchange Guide Content Index

This Report complies with the Comply or Explain Requirements of the Hong Kong Stock Exchange ESG Guide, and GRI Standards Guide published on 30 June 2022. AIA has reported the information cited in this GRI content index for the period January 2022 to December 2022 with reference to the GRI Standards and to allow for easy navigation to relevant sections of the Report. Additional data and information is highlighted in the Content Index and commentary table of ESG Data Book Supplement. This includes any changes to methodology or KPIs not discussed in the main body of the Report.

This Report also serves as our 2022 communication regarding the progress of our implementation of the UN Global Compact (UNGC) Ten Principles, which have been outlined below:

| GRI Standard Disclosure Including UNGC | HKSE ESG Reporting Guide Reference                    | Disclosure   | Section Cross Reference and Additional Information   |
|--|---|--|--|
| GRI 2-1a                               |   | Name of organisation   | About AIA Group  |
| GRI 2-1b                               |   | Nature of ownership and legal form                           | About AIA Group  |
| GRI 2-1c                               |   | Location of headquarters                                     | About AIA Group  |
| GRI 2-1d                               |   | Markets served   | About AIA Group  |
|  |   | Scale of the organisation                                    | About AIA Group<br>People and Culture – Our Workforce at a Glance<br><i>Please also refer to the Group's Annual Results for the year ended 31 December 2022 for details on net sales and total capitalisation.</i> |
| GRI 2-7                                | KPI B1.1  | Information on employees and other workers                   | People and Culture – Our Workforce at a Glance; ESG Data Book Supplement   |
| GRI 2-6                                | GD B5<br>KPI B5.1<br>KPI B5.2<br>KPI B5.3<br>KPI B5.4 | Supply chain description                                     | Sustainable Operations – Encouraging Good ESG Practice<br>ESG Data Book Supplement   |
| GRI 2-6                                |   | Significant changes to the organisation and its supply chain | Our Approach to ESG<br>There have been no significant changes to the organisation and its supply chain.  |
| GRI 2-23<br>GRI 3-3                    |   | Report how the Precautionary Principle is applied            | Effective Governance – Effective Risk Management and Responsible Business Practices  |
| –                                      |   | External Initiatives   | People and Culture – Supporting Development and Career Progression<br>Effective Governance – Promoting ESG Best Practice, ESG Ratings and Index Inclusions   |
| GRI 2-28                               |   | Membership of associations                                   | 2022 ESG Highlights – Key ESG Memberships and Supporting Commitments   |
| GRI 2-22                               | Governance Structure 13                               | Statement from senior decision-maker                         | Statement from Group Chief Executive and President<br>Our Approach to ESG – ESG Governance at AIA  |
| GRI 2-23                               |   | Values, principles, standards and norms of behaviour         | Our Approach to ESG<br>Effective Governance – Responsible Business Practices<br><i>Please also refer to AIA's Code of Conduct.</i>   |

## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC | HKSE ESG Reporting Guide Reference       | Disclosure   | Section Cross Reference and Additional Information  |
|--|--|--|---|
| GRI 2-9                                |  | Governance structure of the organisation                   | Our Approach To ESG<br>Effective Governance – Board Governance<br><i>Please also refer to information on our Leadership Team.</i>   |
| GRI 2-29                               | Overall Approach Reporting Principles 14 | List of stakeholders engaged by the organisation           | Our Approach to ESG – Engaging Our Stakeholders   |
| GRI 2-30 UNGC 3                        |  | Collective bargaining agreements                           | Labour unions are present across a number of AIA's business units. However, we do not track the percentage of employees covered under these agreements.   |
| GRI 2-29                               | Overall Approach Reporting Principles 14 | Identifying and selecting stakeholders                     | Our Approach to ESG – Engaging Our Stakeholders   |
| GRI 2-29                               | Overall Approach Reporting Principles 14 | Approach to stakeholder engagement                         | Our Approach to ESG – Engaging Our Stakeholders<br>Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices<br>The Group ESG Committee meets four times a year to discuss stakeholder feedback, including determining material ESG issues.<br>Feedback is reported to the Group ESG Committee through existing stakeholder channels and is not limited to the Report preparation process. |
| –                                      | Overall Approach Reporting Principles 14 | Report any key topics and concerns raised by stakeholders  | Our Approach to ESG – Materiality: Focusing on What Matters   |
| GRI 2-2                                | Reporting Boundary 15                    | Entities included in the consolidated financial statements | About AIA Group<br>About this Report  |
| GRI 3-1                                |  | Defining report content and topic boundaries               | Our Approach to ESG – Materiality: Focusing on What Matters   |
| GRI 3-2                                | Reporting Principles 14                  | List of material topics                                    | Our Approach to ESG – Materiality: Focusing on What Matters   |
| GRI 2-4                                |  | Restatements of information                                | NA  |
| GRI 3-2                                | Reporting Boundary 15                    | Changes in reporting                                       | Inclusion of waste disclosure to be disclosed as a significant change, please see Sustainable Operations – Improving Our Environmental Performance<br>The post Covid-19 pandemic impact caused an increase in overall carbon footprint in 2022, such that year-on-year comparisons are not meaningful. See Our TCFD Report – Metrics and Targets  |
| GRI 2-3                                |  | Reporting period   | ESG Data Book Supplement  |
| –                                      |  | Date of most recent Report                                 | AIA's ESG Report 2021 was published on 10 March 2022  |
| GRI 2-3                                |  | Reporting cycle  | AIA's ESG Report is published annually  |
| GRI 2-3                                |  | Contact point for questions regarding the report           | Feedback on this Report   |
| GRI 1                                  |  | GRI Content Index  | ESG Data Book Supplement  |
| GRI 2-5                                | Overall Approach Disclosure              | External Assurance   | Independent Practitioner's Limited Assurance Report   |



## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC | HKSE ESG Reporting Guide Reference | Disclosure  | Section Cross Reference and Additional Information  |
|--|------------------------------------|---|---|
| <b>Management Approach</b>             |                                    |   |   |
| GRI 3-3                                | Governance Structure 13            | Explanation of why topics are material and its boundary                           | Our Approach to ESG   |
| GRI 3-3                                | Governance Structure 13            | The management approach and its components for material topics                    | Our Approach to ESG   |
| GRI 3-3                                | Governance Structure 13            | Evaluation of the management approach for material topics                         | Our Approach to ESG   |
| <b>Economic Performance</b>            |                                    |   |   |
| GRI 3-3                                | Governance Structure 13            | Discussion of management approach and related policies                            | Our Approach to ESG – ESG Governance at AIA<br><i>Please also refer to the further detail on our Leadership Team.</i>   |
| GRI 201-1                              |                                    | Direct Economic Value generated and distributed                                   | Health and Wellness – Engaging Communities Across Asia, Improving Access to Quality Healthcare, Building Better Integrated Health and Wellness Outcomes<br>Sustainable Investment – Deepening ESG Engagement<br><i>Please also refer to the Group's Annual Results for the year ended 31 December 2022.</i>   |
| GRI 201-2                              | KPI A4.1                           | Financial implications and other risks and opportunities due to climate change    | Climate related issues are discussed throughout our ESG Report, particularly in 'Our TCFD Report'.<br>Actions taken to manage climate related issues are discussed in 'Our Approach to ESG – AIA's Net-Zero 2050 and Science Based Targets'.  |
| <b>Indirect Economic Impacts</b>       |                                    |   |   |
| GRI 3-3<br>UNGC 7<br>UNGC 8<br>UNGC 9  | Governance Structure 13            | Discussion of management approach and related policies                            | Our TCFD Report – Governance of Climate Change Risks and Impacts<br>Sustainable Investment – Deepening ESG Engagement   |
| GRI 203-1                              | KPI B8.1                           | Focus areas of contribution and infrastructure investments and services supported | Sustainable Operations – Ensuring Greener Buildings<br>Sustainable Investment – Broadening Portfolio Inclusions<br>Health and Wellness – Engaging Communities Across Asia   |
|  | KPI B8.2                           | Resources contributed (e.g. money or time) to the focus area                      | ESG Data Book Supplement  |
| GRI 203-2                              |                                    | Significant indirect economic impacts   | Health and Wellness – Engaging Communities Across Asia<br>Sustainable Investment – Our Portfolio and Climate Disclosures  |
| <b>Anti-Corruption</b>                 |                                    |   |   |
| GRI 3-3                                | GD B7                              | Discussion of management approach and related policies                            | Effective Governance – Effective Risk Management and Responsible Business Practices   |
| GRI 205-2                              | GD B7<br>KPI B7.3                  | Communication and training about anti-corruption policies                         | Anti-corruption training is compulsory for all employees. Refer to 'Effective Governance – Preventing Bribery and Corruption'.<br>Anti-corruption training as part of the onboarding process is provided to new joiners of the Company. The policy relating to anti-corruption is provided to the directors.<br><i>Further, refer to AIA's Code of Conduct.</i> |

## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC      | HKSE ESG Reporting Guide Reference | Disclosure  | Section Cross Reference and Additional Information   |
|---|------------------------------------|---|--|
| <b>Anti-Corruption</b>                      |                                    |   |  |
| GRI 3-3                                     | KPI B7.2                           | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.  | Effective Governance – Whistle-Blower Protection Programme and Policy  |
|   | GD B7                              | Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.                          | ESG Data Book Supplement   |
| <b>Energy</b>                               |                                    |   |  |
| GRI 3-3<br>UNGC 7<br>UNGC 8<br>UNGC 9       | GD A2<br>GD A3                     | Discussion of management approach and related policies (Environmental policies) Policies on minimising the issuer's significant impact on the environment and natural resources | Sustainable Operations<br>Our TCFD Report – Our Climate Change Strategy<br><i>Please also refer to AIA's Environmental Policy.</i> |
| GRI 302-1                                   | KPI A2.1<br>KPI A2.3               | Energy consumption within the organisation  | Our TCFD Report – Metrics and Targets<br>ESG Data Book Supplement  |
| GRI 302-3                                   | KPI A2.1                           | Energy intensity  | Our TCFD Report – Energy and Emissions<br>ESG Data Book Supplement   |
| GRI 302-4                                   | KPI A2.3                           | Reduction of energy consumption   | ESG Data Book Supplement   |
| <b>Emissions</b>                            |                                    |   |  |
| GRI 3-3<br>UNGC 7<br>UNGC 8                 | GD A1<br>GD A2<br>GD A3<br>GD A4   | Discussion of management approach and related policies (Environmental policies)   | Sustainable Operations<br>Our TCFD Report – Climate change Strategy<br>ESG Data Book Supplement                                    |
| GRI 305-1                                   | GD A1                              | Greenhouse gas (GHG) emissions (scope 1)  | Our Approach to ESG – AIA's Net-Zero 2050 and Science Based Targets  |
| GRI 305-2                                   | KPI A1.1                           | Greenhouse gas (GHG) emissions (scope 2)  | Sustainable Operations – Improving Our Environmental Performance   |
| GRI 305-3                                   | KPI A1.2                           | Other greenhouse gas (GHG) emissions (scope 3)  | Our TCFD Report – Metrics and Targets  |
| GRI 305-4                                   | KPI A1.5                           | Greenhouse gas (GHG) emissions intensity  | ESG Data Book Supplement   |
| GRI 305-5                                   |                                    | Reduction of greenhouse gas (GHG) emissions<br>Emission targets   |  |
| <b>Environmental Management Initiatives</b> |                                    |   |  |
| GRI 306-3 (a)                               | KPI A1.3                           | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)   | ESG Data Book Supplement   |
| GRI 306-3 (a)                               | KPI A1.4                           | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)   | ESG Data Book Supplement   |

## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC      | HKSE ESG Reporting Guide Reference | Disclosure   | Section Cross Reference and Additional Information   |
|---|------------------------------------|--|--|
| <b>Environmental Management Initiatives</b> |                                    |  |  |
| GRI 3-3<br>GRI 306-4<br>GRI 306-5           | KPI A1.6                           | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved  | Hazardous waste is irrelevant to AIA. Non-hazardous waste is sorted and recycled at selected business units. Since this is our baseline year of disclosing non-hazardous waste, we have not set targets yet. However, we continue to raise awareness on the importance of waste reduction through signage and internal communications.<br><br>Refer to ESG Data Book Supplement. |
| GRI 301-1                                   | KPI A2.5                           | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced  | ESG Data Book Supplement   |
| <b>Environmental Compliance</b>             |                                    |  |  |
| GRI 3-3<br>UNGC 7<br>UNGC 8                 | GD A1                              | Discussion of management approach and related policies (Environmental policies)  | Our TCFD Report<br>Sustainable Operations<br>ESG Data Book Supplement<br><br>Air emissions such as NOx and SOx are immaterial to AIA as a financial institution.<br><i>Please also refer to AIA Environment Policy.</i>  |
| 307-1<br>UNGC 7                             | GD A1                              | Non-compliance with environmental laws and regulations   | ESG Data Book Supplement   |
|   | KPI A3.1                           | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them                               | Sustainable Operations<br>Our TCFD Report – Our Climate Change Strategy  |
| <b>Water Consumption</b>                    |                                    |  |  |
| GRI 303-5                                   | KPI A2.2                           | Water consumption in total and intensity   | ESG Data Book Supplement   |
| GRI 3-3                                     | KPI A2.4                           | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved                           | ESG Data Book Supplement   |
| <b>Employment</b>                           |                                    |  |  |
| GRI 3-3                                     | GD B1                              | Employment related policies and approaches<br>Compliance with relevant human resources related laws and regulations that have a significant impact on the issuer | People and Culture – Supporting Development and Career Progression, Accelerating Progress in Diversity and Inclusion, Enriching and Rewarding Opportunities for All<br><br>ESG Data Book Supplement  |
| UNGC 6<br>GRI 401-1                         | GD B1<br>KPI B1.2                  | Employee turnover  | People and Culture – Supporting Development and Career Progression<br>ESG Data Book Supplement<br><br>We currently disclose this information in percentages instead of absolute totals for staff across the Group due to sensitivities.  |

## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC     | HKSE ESG Reporting Guide Reference | Disclosure   | Section Cross Reference and Additional Information  |
|--|------------------------------------|--|---|
| <b>Occupational Health &amp; Safety</b>    |                                    |  |   |
|  | GD B2                              | General Disclosure Information on policies and compliance with relevant laws and regulations relating to providing a safe working environment  | Sustainable Operations<br>People and Culture  |
| GRI 403-10                                 | KPI B2.1                           | Number and rate of work-related fatalities   | ESG Data Book Supplement  |
|  | KPI B2.2                           | Lost days due to work injury   | ESG Data Book Supplement  |
| GRI 3-3                                    | KPI B2.3                           | Description of occupational health and safety measures adopted, how they are implemented and monitored   | Sustainable Operations – Better Buildings for Healthy Communities, Employee Safety  |
| <b>Training and Education</b>              |                                    |  |   |
| GRI 3-3                                    | GD B3                              | Employment related policies and approaches on training and development   | People and Culture – Supporting Development and Career Progression  |
| UNGC 6<br>GRI 404-1                        | KPI B3.2                           | The average training hours completed per employee by gender and employee category  | ESG Data Book Supplement  |
| <b>Diversity &amp; Equal Opportunities</b> |                                    |  |   |
| GRI 3-3                                    | GD B1                              | Employment related policies and approaches related to inclusion and anti-discrimination  | People and Culture – Accelerating Progress in Diversity and Inclusion   |
| UNGC 6<br>GRI 102-8                        | KPI B1.1                           | Total workforce by gender, employment type, age group and geographical region  | People & Culture – Our Workforce at Glance<br>ESG Data Book Supplement  |
|  | KPI B3.1                           | The percentage of employees trained by gender and employee category  | ESG Data Book Supplement  |
| <b>Labour</b>                              |                                    |  |   |
| GRI 3-3<br>GRI 408-1 (c)<br>UNGC 5         | GD B4<br>KPI B4.1                  | Businesses should uphold the effective abolition of child labour and elimination of all forms of forced and compulsory labour<br>Description of measures to review employment practices to avoid child and forced labour | Sustainable Operations – Encouraging Good ESG Practice<br>ESG Data Book Supplement<br><i>Please also refer to our Supplier Code of Conduct.</i> |
| GRI 409-1 (c)<br>UNGC 4                    | KPI B4.2                           | Description of steps taken to eliminate such practices when discovered   | Sustainable Operations – Encouraging Good ESG Practice<br>ESG Data Book Supplement<br><i>Please also refer to our Supplier Code of Conduct.</i> |
| <b>Local Communities</b>                   |                                    |  |   |
| GRI 3-3                                    | GD B8                              | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests                                    | Our Approach to ESG – Engaging our Stakeholders<br>Health and Wellness – Engaging Communities Across Asia                                       |
| GRI 203-1 (a)<br>UNGC 1                    | GD B8<br>KPI B8.1                  | Focus areas of community contribution  | Health and Wellness   |
| GRI 201-1 (a-ii)                           | KPI B8.2                           | Resources contributed to the focus area  | ESG Data Book Supplement  |

## Regulatory and Mandatory Disclosures

| GRI Standard Disclosure Including UNGC         | HKSE ESG Reporting Guide Reference     | Disclosure  | Section Cross Reference and Additional Information   |
|--|--|---|--|
| <b>Socio Economic Compliance</b>               |  |   |  |
| GRI 3-3  | GD A1, A2, A3<br>GD B1, B2, B3, B4, B5 | Policies related to compliance within all social and environmental areas, including human resources   | Our TCFD Report<br>Sustainable Operations – Improving Our Environmental Performance, Encouraging Good ESG Practice<br>People and Culture – Accelerating Progress in Diversity and Inclusion, Strengthening Risk Awareness<br>ESG Data Book Supplement<br><i>Please also refer to AIA's Environmental Policy.</i> |
|  | GD B4, B2, B1<br>GD A1, A2, A3         | Significant fines and non-monetary sanctions for non-compliance with laws and regulations in relation to social and economic areas  | ESG Data Book Supplement   |
|  | KPI B7.1                               | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases   | ESG Data Book Supplement   |
| <b>Product Responsibility</b>                  |  |   |  |
| GRI 3-3  |  | Initiatives to enhance financial literacy by type of beneficiary  | Health and Wellness – Engaging Communities Across Asia   |
| GRI 3-3<br>GRI 416-2<br>GRI 417-2<br>GRI 418-1 | GD B6                                  | Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress  | Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices<br>People and Culture – Strengthening Risk Awareness<br>ESG Data Book Supplement<br><i>Please also refer to AIA's Code of Conduct.</i>  |
|  | KPI B6.1                               | Percentage of total products sold or shipped subject to recalls for safety and health reasons   | ESG Data Book Supplement   |
| GRI 3-3  | KPI B6.2                               | Number of products and service-related complaints received and how they are dealt with  | Effective Governance – Handling of Customer Complaints   |
|  | KPI B6.4                               | Description of quality assurance process and recall procedures  | ESG Data Book Supplement   |
| GRI FS10, FS11                                 |  | Percentage and number of companies held in AIA's portfolio with which AIA has interacted on environmental or social issues. Percentage of assets subject to positive and negative environmental or social screening | Sustainable Investment – Deepening ESG Engagement<br><i>Please also refer to AIA's Approach to Sustainable Investment.</i>   |
|  |  | Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, and redevelopment  | Sustainable Operations – Ensuring Greener Buildings  |
| <b>Data Protection &amp; Privacy</b>           |  |   |  |
| GRI 3-3  | KPI B6.5                               | Description of consumer data protection and privacy policies, how they are implemented and monitored  | Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices   |
|  | KPI B6.3                               | Description of practices relating to observing and protecting intellectual property rights  | Effective Governance – Protecting Intellectual Property Rights   |
| GRI 418-1                                      |  | Substantiated complaints concerning breaches of customer privacy and losses of customer data  | Effective Governance – Ensuring Data Privacy and Security  |

## Regulatory and Mandatory Disclosures

### ESG Data Book Supplement (Global Reporting Initiative and Hong Kong Stock Exchange Commentary Table)

Disclosures that are not covered in the above sections of the report, that need further detail, or that are additional are explained and summarised in the following commentary table. The information provided in the following tables covers the 12-month period (1 January 2022- 31 December 2022)

#### GENERAL DISCLOSURES

| Material Topic Disclosure Including UNGC Principles  | HKSE ESG Reporting Guide Reference | Disclosure                                 | Supplementary Information |
|--|------------------------------------|--|---------------------------|
| <b>Energy</b>  |                                    |  |                           |
| GRI 302-1  | KPI A2.1                           | Energy consumption within the organisation |                           |
|  |                                    | <b>2021</b>                                | <b>2022</b>               |
| Direct energy consumption  |                                    | 5,467,590 kWh                              | 13,545,160 kWh            |
| Indirect energy consumption  |                                    | 47,910,866 kWh                             | 69,495,037 kWh            |
| Total energy consumption   |                                    | 53,378,456 kWh                             | 83,040,197 kWh            |
| Direct energy consumption for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea (Excludes Australia and South Korea for 2021)   |                                    | 4,570,574 kWh ✓                            | 12,749,048 kWh ✓          |
| Percentage of direct energy consumption assured  |                                    | 84%  | 94%                       |
| Indirect energy consumption for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea (Excludes Australia and South Korea for 2021) |                                    | 32,280,407 kWh ✓                           | 42,096,763 kWh ✓          |
| Percentage of indirect energy consumption assured  |                                    | 67%  | 61%                       |
| GRI 302-3  | KPI A2.1                           | Energy intensity per full-time Employees   |                           |
|  |                                    | <b>2021</b>                                | <b>2022</b>               |
| Energy intensity per employee  |                                    | 2,226 kWh                                  | 3,269 kWh                 |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles  | HKSE ESG Reporting Guide Reference | Disclosure                                       | Supplementary Information            |
|--|------------------------------------|--|--------------------------------------|
| <b>Emissions</b>   |                                    |  |                                      |
| GRI 305-1  | GD A1                              | Greenhouse gas (GHG) emissions and GHG intensity |                                      |
| GRI 305-2  | KPI A1.1                           |  |                                      |
| GRI 305-3  | KPI A1.2                           |  |                                      |
| GRI 305-4  | KPI A1.5                           |  |                                      |
| GRI 305-5  |                                    |  |                                      |
|  |                                    | <b>2021</b>                                      | <b>2022</b>                          |
| Greenhouse gas (GHG) emissions (scope 1)   |                                    | 1,322 tonnes of CO <sub>2</sub> e                | 3,433 tonnes of CO <sub>2</sub> e    |
| Total Scope 1 emissions for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea<br>(Excludes Australia and South Korea for 2021)                  |                                    | 1,088 tonnes of CO <sub>2</sub> e ✓              | 3,198 tonnes of CO <sub>2</sub> e ✓  |
| Greenhouse gas (GHG) emissions (scope 2) (Location-Based)  |                                    | 27,968 tonnes of CO <sub>2</sub> e               | 43,283 tonnes of CO <sub>2</sub> e   |
| Total Scope 2 emissions for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea (Location-Based)<br>(Excludes Australia and South Korea for 2021) |                                    | 17,556 tonnes of CO <sub>2</sub> e ✓             | 24,536 tonnes of CO <sub>2</sub> e ✓ |
| Greenhouse gas (GHG) emissions (scope 2) (Market-Based)  |                                    | 27,968 tonnes of CO <sub>2</sub> e               | 43,283 tonnes of CO <sub>2</sub> e   |
| Total Scope 2 emissions for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea (Market-Based)<br>(Excludes Australia and South Korea for 2021)   |                                    | 17,556 tonnes of CO <sub>2</sub> e ✓             | 24,536 tonnes of CO <sub>2</sub> e ✓ |
| Total Emissions (for the group)  |                                    | 30,626 tonnes of CO <sub>2</sub> e               | 50,606 tonnes of CO <sub>2</sub> e   |
| Other greenhouse gas (GHG) emissions (scope 3)   |                                    | 1,336 tonnes of CO <sub>2</sub> e                | 3,890 tonnes of CO <sub>2</sub> e    |
| Total Scope 3 emissions for Group Office, Hong Kong, Singapore, Thailand and Malaysia  |                                    | 215 tonnes of CO <sub>2</sub> e ✓                | 2,216 tonnes of CO <sub>2</sub> e ✓  |
| Total assured emissions for our assured markets: Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, the Philippines, Australia, and South Korea (Excludes Australia and South Korea for 2021)                     |                                    | 18,859 tonnes of CO <sub>2</sub> e ✓             | 29,950 tonnes of CO <sub>2</sub> e ✓ |
| Greenhouse gas (GHG) emissions intensity (Total emissions per employee)  |                                    | 1.3 tonnes of CO <sub>2</sub> e                  | 2.0 tonnes of CO <sub>2</sub> e      |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles   | HKSE ESG Reporting Guide Reference | Disclosure   | Supplementary Information   |
|---|------------------------------------|--|---|
| <b>Environmental Management Initiatives</b>   |                                    |  |   |
| GRI 306-3 (a)   | KPI A1.3                           | Total waste generated  |   |
|   |                                    | <b>2021</b>  | <b>2022</b>   |
| Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)     |                                    | As a life insurer, our policies do not require the input of any hazardous materials, nor do we produce any hazardous substances. As a result, the production of hazardous waste is not applicable to our operations.   | As a life insurer, our policies do not require the input of any hazardous materials, nor do we produce any hazardous substances. As a result, the production of hazardous waste is not applicable to our operations.  |
| GRI 306-3 (a)   | KPI A1.4                           | Total waste generated  |   |
|   |                                    | <b>2021</b>  | <b>2022</b>   |
| Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) |                                    | AIA's waste consists of food and office products such as paper, which does not have a material impact at this time. Going forward, AIA will consider the need to measure our waste footprint aims to measure our waste footprint.  | AIA has started measuring its non-hazardous 'office waste' that includes waste generate from our operations. AIA's total waste generation in 2022 amounted to 674 tonnes.<br><br>Please see 'Sustainable Operations – Improving Our Environmental Performance' section for more detail. |
| GRI 3-3<br>GRI 306-4<br>GRI 306-5   | KPI A1.6                           | Total waste generated  |   |
|   |                                    | <b>2021</b>  | <b>2022</b>   |
| Description of how hazardous and non-hazardous wastes are handled, reduction target(s) and results achieved                         |                                    | Non-hazardous waste is sorted and recycled at selected business units. AIA has begun measuring its non-hazardous waste from 2022. We continue to raise awareness on the importance of waste reduction through signage and internal communications. As a life insurer the production of hazardous waste is not applicable to our operations. See A1.3 and A1.4 as to why AIA does not measure hazardous waste currently. We currently, do not have waste related targets. However, it is the Group's priority to reduce waste and we undertake initiatives to reduce our waste. |   |
| GRI 303-5   | KPI A2.2                           | Water consumed   |   |
|   |                                    | <b>2021</b>  | <b>2022</b>   |
| Total water consumed  |                                    | 180,312* tonnes of water   | 390,444* tonnes of water ✓  |
| Water Intensity (per employee)  |                                    | 11.5 tonnes*   | 23.2 tonnes* ✓  |

\* Based on data shared by 12 BU's, AIA is unable to report on water usage in buildings where water meters are shared with other building tenants, or where it is included in total rental costs



## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles   | HKSE ESG Reporting Guide Reference                             | Disclosure  | Supplementary Information  |
|---|--|---|--|
| <b>Environmental Management Initiatives</b>   |  |   |  |
| GRI 302-1   | KPI A2.3   | Energy consumption/energy use efficiency targets  |  |
| Reduction of energy consumption   |  | <p><b>2021</b></p> <p>No specific targets were set for energy efficiency, as AIA's greenhouse gas emissions reduction targets inherently reflect an improvement in energy efficiency.</p>   | <p><b>2022</b></p> <p>No specific targets were set for energy efficiency, as AIA's carbon targets inherently reflect an improvement in energy efficiency.</p> <p>Given our net-zero commitment, energy efficiency is a large driver in the actualisation of our SBTi targets. However, we have no specific targets for energy efficiency, but we are in the process of developing our energy efficiency programme.</p> |
| GRI 3-3<br>GRI 303-1  | KPI A2.4   | Water efficiency targets  |  |
| Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them   |  | <p><b>2021</b></p> <p>Water consumption and efficiency are not material issues to AIA as a life insurer.</p>  | <p><b>2022</b></p> <p>There is no material issue in sourcing or using water that is fit for purpose. Further, water consumption and efficiency are not material to AIA as a life insurer.</p>  |
| GRI 301-1   | KPI A2.5   | Packaging material  |  |
| Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced   |  | <p><b>2021</b></p> <p>Packaging material is not applicable to the nature of our operations as a life insurer.</p>   | <p><b>2022</b></p>   |
| <b>Compliance with ESG Regulation</b>   |  |   |  |
| UNGC 2<br>UNGC 7  | GD A1<br>GD B1<br>GD B2<br>GD B4<br>GD B6<br>GD B7<br>KPI B7.1 |   |  |
| Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to the HKSE ESG Subject Areas of Emissions, Employment, Health and Safety, Labour Standards, Product Responsibility and Anti-Corruption |  | <p><b>2021</b></p> <p>There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.</p> <p>There are no newly applicable or developing laws or regulations related to ESG areas that have had a significant impact on our business.</p> | <p><b>2022</b></p> <p>There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.</p> <p>There are no newly applicable or developing laws or regulations related to ESG areas that have had a significant impact on our business.</p>  |
| Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases   |  | <p><b>2021</b></p> <p>There are no concluded legal cases during the reporting period.</p>   | <p><b>2022</b></p> <p>There are no concluded legal cases during the reporting period.</p>  |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles | HKSE ESG Reporting Guide Reference | Disclosure  | Supplementary Information   |
|---|------------------------------------|---|---|
| <b>Employment</b>                                   |                                    |   |   |
| GRI 3-3   | GD B1                              | Employment related policies and approaches toward working hours and rest periods  | Working hours are determined by AIA's business units, taking into account any local legislation governing working hours and rest periods in the jurisdictions where we operate.<br>As discussed in People and Culture section of the Report, AIA also offers flexible working options at select business units.   |
| <b>Labour</b>                                       |                                    |   |   |
| GRI 408<br>GRI 409<br>UNGC 5                        | B4<br>B4.1<br>B4.2                 | Policies in place to prevent child and forced labour.<br>Description of steps taken to eliminate such practices when discovered   | Child and forced labour are not ESG issues that are material to day-to-day operations in the financial services industry, which typically require highly skilled and technical services.<br>This KPI is immaterial to our operations. As a financial services provider we rely on highly skilled individuals for our day-to-day operations.<br>AIA prohibits the use of child labour within our supply chain, as outlined by our Supplier Code of Conduct.<br><i>For further details please refer to our Supplier Code of Conduct.</i><br>Further, within our investment portfolio, ESG considerations, including Human Rights, are embedded within our investment process via the IGF. |
| <b>Occupational Health &amp; Safety</b>             |                                    |   |   |
| GRI 403-9<br>GRI 403-10                             | KPI B2.1                           | Number and rate of work-related fatalities  |   |
|   |                                    | <b>2021</b><br>This disclosure is immaterial to the nature of operations for life and health insurers. Our employees are not typically exposed to high-risk activities that may cause any physical harm on a day-to-day basis. Please refer to People and Culture section of this Report for details of our initiatives to foster a healthy and safe workplace. | <b>2022</b><br>This disclosure is immaterial to the nature of operations for life and health insurers. Our employees are not typically exposed to high-risk activities that may cause any physical harm on a day-to-day basis. Please refer to People and Culture section of this Report for details of our initiatives to foster a healthy and safe workplace.   |
| –   | KPI B2.2                           | Lost days due to work injury  |   |
| Lost days due to work injury                        |                                    | <b>2021</b><br>Our employees are not typically exposed to high risk activities that may cause any physical harm and lost workdays. This is immaterial to the nature of operations at life and health insurers.<br>Please refer to the Sustainable Operations section of this Report for details of our initiatives to foster a healthy and safe workplace.      | <b>2022</b>   |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles | HKSE ESG Reporting Guide Reference | Disclosure  | Supplementary Information  |
|---|------------------------------------|---|--|
| <b>Supply Chain Management</b>                      |                                    |   |  |
|   |                                    | <b>2021</b>   | <b>2022</b>  |
|   | KPIB5.1                            | Number of suppliers by geographical region  | We currently do not disclose information about our all suppliers broken by region due to the sensitive nature of this information. However we disclose the details of our Tier 1 suppliers, Please see 'Sustainable Operations – Encouraging Good ESG Practice', which highlights our Tier 1 suppliers.  |
| GRI 2-6   | KPI B5.2                           | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored | Supply chain management and the monitoring system are described under 'Sustainable Operations – Encouraging Good ESG Practice'. Further, refer to 'Effective Governance'.<br><br><i>Please also refer to our Supplier Code of Conduct.</i>   |
| GRI 2-6   | KPI B5.3                           | Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored                        | AIA requests its suppliers to consider ESG considerations as part of our supplier registration process. AIA has also begun utilising a third-party ESG supply chain assessment scorecard for social and environmental performance of suppliers.<br><br>For further details, please refer to 'Sustainable Operations – Encouraging Good ESG Practice'.  |
| GRI 3-3   | KPI B5.4                           | Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored     | While we encourage suppliers to perform better on ESG related aspects (as discussed in 'Sustainable Operations – Encouraging Good ESG Practice') we currently do not monitor the promotion of environmentally preferable products and services.<br><br>The Group's internal Environmental Procedures provide guidance on sustainable sourcing.<br><br>Under the Supplier Code of Conduct, AIA may choose to enquire about any ESG-related practices or policies during the supplier registration process, and or embed specific ESG-related provisions within contract terms and conditions.<br><br>To monitor suppliers' performance, AIA may also conduct its own due diligence, including audits or investigations in relation to possible breaches of law, regulation or company policy as it deems appropriate. |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles  | HKSE ESG Reporting Guide Reference | Disclosure   | Supplementary Information  |
|--|------------------------------------|--|--|
| <b>Diversity and Equal Opportunities</b>             |                                    |  |  |
| GRI 405  | KPI B1.1                           | Total workforce employment type  |  |
|  |                                    | <b>2021</b>  | <b>2022</b>  |
| Full time  |                                    | 98.9%  | 98.9%  |
| Part time  |                                    | 1.1%   | 1.1%   |
| GRI 401  | KPI B1.2                           | Employee turnover by geographical region   |  |
|  |                                    | <b>2021</b>  | <b>2022</b>  |
| Employee turnover by geographical region             |                                    | This is not disclosed due to sensitivity.  | This is not disclosed due to sensitivity ✓   |
| UNGC 6<br>GRI 404-1                                  | KPI B3.1                           | Percentage of employees trained by gender and employee category  |  |
|  |                                    | <b>2021</b>  | <b>2022</b>  |
| Percentage of employees trained by gender            |                                    | Percentage of employees trained by gender and employee category not disclosed due to sensitivity   | Percentage of employees trained by gender and employee category not disclosed due to sensitivity   |
| Percentage of employees trained by employee category |                                    |  |  |
| UNGC 6<br>GRI 404-1                                  | KPI B3.2                           | The average training hours completed per employee by gender and employee category.   |  |
|  |                                    | <b>2021</b>  | <b>2022</b>  |
| Average training hours                               |                                    | 17.1 hrs   | 24 hrs ✓   |
| Average training hours (by gender)                   |                                    | <ul style="list-style-type: none"> <li>Females: 16.8 hrs</li> <li>Males: 17.4 hrs</li> </ul>   | <ul style="list-style-type: none"> <li>Male – 24.6 hrs ✓</li> <li>Female – 24.0 hrs ✓</li> </ul>   |
| Average training hours (by seniority)                |                                    | <ul style="list-style-type: none"> <li>Senior leaders: 33.5 hrs</li> <li>Middle Management: 20.1 hrs</li> <li>General Staff: 15.1 hrs</li> </ul> | <ul style="list-style-type: none"> <li>Senior management – 27.0 hrs ✓</li> <li>Middle management – 25.3 hrs ✓</li> <li>General Staff – 23.8 hrs ✓</li> </ul> |
| Average non-mandatory training hours (by gender)     |                                    | –  | <ul style="list-style-type: none"> <li>Male – 20.0 hrs</li> <li>Female – 19.9 hrs</li> </ul>   |
| Average non-mandatory training hours (by seniority)  |                                    | –  | <ul style="list-style-type: none"> <li>Senior management – 24.0 hrs</li> <li>Middle Management – 21.3 hrs</li> <li>General Staff – 19.3 hrs</li> </ul>       |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles  | HKSE ESG Reporting Guide Reference                         | Disclosure  | Supplementary Information   |
|--|--|---|---|
| <b>Local Communities</b>   |  |   |   |
| GRI 201-1 (a-ii)   | KPI B8.2   | Resources contributed to the focus area   |   |
|  |  | <b>2021</b>   | <b>2022</b>   |
| Charitable donations   |  | Over US\$9 million  | Over US\$11 million ✓   |
| Employees volunteered  |  | Over 6,500 hours  | Over 13,000 hours   |
| <b>Product Responsibility</b>  |  |   |   |
| –  | KPI B6.1   | Percentage of total products sold or shipped subject to recalls for safety and health reasons | This is not applicable as our products are intangible and not subject to any recall procedures. |
| –  | KPI B6.4   | Description of quality assurance process and recall procedures                                | Recall procedures and quality assurance are not applicable to the nature of our operations.     |
| <b>Health and Wellness</b>   |  |   |   |
|  |  | <b>2021</b>   | <b>2022</b>   |
| AIA Vitality and AIA China Wellness  | Number of live markets                                     | 11  | 12  |
| Telemedicine   | Number of live markets                                     | 10  | 10  |
| Personal Case Management   | Number of live markets                                     | 12  | 12  |
| Regional Health Passport   | Number of live markets                                     | 7   | 8   |
| Based on AIA Vitality members who have reported their data, a member's AIA Vitality Age is their actual age relative to a variety of health factors.   | Members' improved Vitality Age since joining the programme | 0.49  | 0.27  |
| Based on AIA Vitality members who have reported their data, the number of AIA Vitality Customers with either 1 biometric result from unhealthy to healthy OR Vitality age improvement + Personal Case Management Customers with a change in diagnosis or treatment optimised | Year-on-year increase                                      | 22.5%   | 18.0%   |

## Regulatory and Mandatory Disclosures

| Material Topic Disclosure Including UNGC Principles | HKSE ESG Reporting Guide Reference | Disclosure                                   | Supplementary Information   |
|---|------------------------------------|--|---|
| <p><b>AOB</b></p>                                   |                                    | <p>AIA One Billion additional disclosure</p> | <p>Of our cumulative total 258 million people engaged through AIA One Billion, the number assured on Community Programmes and Inspiring and Educational Digital initiatives, Partnerships and Events before duplication discount factor was 1,257 million, representative of 95% of the total number covering the period of 1 January 2021 to 31 December 2022. PwC was engaged to conduct a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. PwC has issued its unmodified limited assurance conclusion containing its findings on the number engaged for Community Programmes and Inspiring and Educational Digital Initiatives, Partnerships and Events before duplication discount factor disclosed by the Group.</p> |

# About this Report

This Report provides a summary of the Group's ESG performance and key sustainability milestones in 2022. In addition, we also share details on our purpose-driven five pillar ESG Strategy, which outlines our approach to material ESG issues and performance improvement across our operations.

We are committed to maintaining transparent disclosure of our ESG progress and performance, as well as keeping open dialogue with all our key stakeholders.

## Our approach to ESG reporting

AIA has a responsibility to be transparent and accountable to all our stakeholders, which includes reporting on how we make a difference in our communities, address sustainability challenges and make a lasting and meaningful impact within our markets. As noted previously on pages 15 to 16, our key stakeholders include our customers, employees and agents, governments and regulators, investors and communities.

This Report is produced in accordance with the Global Reporting Initiative (GRI) Standards Guide published 30 June 2022, with reference to the ESG Reporting Guide (ESG Guide) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKSE). The contents of this Report meet the ESG 'comply or explain' requirements under the Rules Governing Listing of Securities on HKSE.

As a signatory to the United Nations Global Compact (UNGC), AIA also reports on our progress toward the UN Global Compact Ten Principles. We also include our Report against the Task Force on Climate-related Financial Disclosures (TCFD).

In addition, this Report addresses stakeholder feedback, including the disclosure requirements of key ESG rating agencies and indices.

Moreover, our ESG Strategy also supports a number of the United Nations Sustainable Development Goals (UN SDGs) established in 2015 as a "blueprint for peace and prosperity for people and the planet."<sup>1</sup> This alignment has been summarised in the table on pages 20 to 24. AIA has a vested interest in achieving these environmental, social and governance goals, as doing so benefits our clients, employees, shareholders and the communities we serve.

## Report content scope

The information provided in this Report covers our activities in 2022, both at the Group level and across our diverse operations around the region. Where possible we have also included historical data to help illustrate our performance over time.

To provide a comprehensive review of our impact and performance, this Report includes data from all business units where we maintain majority operational control and excludes data from Tata AIA Life where we own a 49 per cent interest in a joint venture and our investment in China Post Life, where we own a 24.99 per cent equity stake.

For easy reference to our reporting disclosures, the GRI Index, the UNGC and the HKSE ESG content index are provided at the end of this Report. AIA makes every effort to ensure consistency between the English and Chinese versions of this Report. However, in the event of any inconsistency, the English version shall prevail.

This Report was reviewed and approved by the Company's Board on 9 March 2023.

Additional information relevant to our ESG performance, including financial data and corporate governance matters, can be found in our Annual Report 2022.

## Measuring our progress

We have set goals in the key areas under our five pillar ESG Strategy to help guide our actions and measure progress going forward. We have undertaken extensive trend and peer benchmarking to identify remaining gaps and to inform decisions related to where to scale up action and focus. This has helped us identify the pillars and E, S and G areas where we can do more.

If we make progress in these areas, we will reinforce our efforts to maintain high scores on ESG ratings and indices and improve disclosure and performance. On pages 20 to 24, we have summarised relevant targets and progress made in 2022. In addition to this, we have also expanded on this aspect in depth within each of the strategic pillar chapters throughout this Report to give a holistic view of our progress in 2022.

Reporting in this way enables us to keep in step with regulatory developments in line with our robust effective governance framework. Taking a proactive approach to reporting also provides opportunities to play a role in informing and shaping standards, best practices and contributing to knowledge sharing to accelerate positive change across the industry and the communities we operate in.

<sup>1</sup> UN General Assembly (2015)

# Thank you for your interest in our ESG Report.

Feedback from our diverse set of stakeholders is crucial for us to continue improving on our ESG performance and disclosure practices.

If you have any questions, comments or feedback please contact our ESG team at [esg@aia.com](mailto:esg@aia.com) or write us at the address below:

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