

**AIA Group Limited**  
友邦保險控股有限公司



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STOCK CODE : 1299  
ESG REPORT 2017

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Protection

Serve the holders of more than  
**30 million**  
 individual policies and over  
**16 million**  
 group scheme members across  
 the region



Community Care

**Over  
 US\$5 million**

contributed to community  
 programmes



Environmental  
 Performance

Total carbon emissions of  
**57,842** tonnes,  
 or **2.9** tonnes per employee



Green Buildings

One AIA Financial Centre in  
 Nanhai, Foshan, China achieves  
 the highest rating of LEED  
 Platinum certification



ESG Indices

Included as a constituent of the  
 FTSE4Good index for the first time  
 in 2017



Investments in  
 Infrastructure

**US\$22 billion**  
 invested in infrastructure-related  
 sectors such as electricity,  
 transportation and  
 telecommunications



Community Care

Employees contributed  
**over 130,000**  
 volunteer hours to community  
 causes



Energy Use

Total energy use amounted to  
**91,852,947**  
 kWh, or  
**4,608**  
 kWh per employee



Corporate Governance

Board and Committees composed  
 almost entirely of independent  
 non-executive directors



ESG Indices

The only Hong Kong headquartered  
 company included on the 2018  
 Bloomberg Gender Equality Index

## STATEMENT FROM GROUP CHIEF EXECUTIVE AND PRESIDENT

I am pleased to present AIA Group's second annual Environmental, Social and Governance ("ESG") Report. Our Company's purpose of playing a leadership role in driving social and economic development across the Asia-Pacific region, is aligned with the fundamental ESG principles of sustainable and ethical business practices. Throughout this report, you will find many examples of how through our daily business activities AIA creates shared value among our various stakeholders and the communities in which we operate.

With rapid urbanisation and strong wealth creation, the structural drivers of growth for the Asia-Pacific region remain as powerful and as resilient as ever. The demographic trends underpinning this significant expansion in the economy and industry are also leading to significant social challenges. Many markets across Asia face increasing prevalence of lifestyle-related disease, ageing populations, pollution and climate change, among other social and environmental issues. At AIA, we firmly believe that for companies to be successful, they must not only create financial value but also social value by contributing to society in everything that they do.

As the largest pan-Asian life insurer, AIA is in a unique position through our business to contribute to the sustainability challenges facing our communities throughout Asia. Our comprehensive range of insurance and savings products provide a safety net to millions, addressing the vast and growing "protection gap" that exists in this part of the world. The protection gap is the shortfall in protection required to safeguard our communities against unforeseen health and mortality risks. We also mobilise savings to provide financial security to our customers during their retirement, safeguarding their needs while easing the burden on national welfare systems.

We believe that it is important for us to communicate our positive impact and have taken steps to further quantify the value that we bring in this year's ESG Report. For example, our innovative integrated wellness programme, AIA Vitality, provides analytics that demonstrate the positive impact from meaningful change in the lives of our customers. This report also discuss our significant investments in infrastructure across Asia, where we have invested over US\$22 billion in sectors such as electricity, transportation and telecommunications. This allows us to contribute meaningfully to the development of our communities, while securing investment returns that support the delivery of solutions for our customers' savings and protection needs.

The ESG Report 2017 also discusses how broader sustainability issues influence and affect our business. Given the rising concern around the world in relation to data privacy, cybersecurity and ethical business practices, we have placed a greater emphasis in discussing our practices in these areas. Looking ahead, we will continue to refine our ESG disclosure based on market standards and the evolving informational needs of our stakeholders.

This year, we were pleased that our practices were recognised by a number of independent third parties. In July 2017 we were included on the London based FTSE4Good index series, a testament to our commitment to sustainable development. We are also proud to be acknowledged as a gender inclusive company, being the only Hong Kong headquartered business included on the 2018 Bloomberg Gender Equality index.

AIA is an exceptional company and we are well-positioned to capture the significant opportunities that the region presents. Our leadership position allows us to play an instrumental role in contributing to a better and more sustainable tomorrow both as a development and wellness partner. We look forward to continuing our ESG journey, as our business works to help millions more people live healthier, longer, better lives.



**Ng Keng Hooi**

*Group Chief Executive and President*

21 March 2018

## ABOUT THIS REPORT

AIA Group Limited (the “Company” or “AIA”) is pleased to present its second ESG Report, which summarises our ESG performance, accomplishments and challenges over the past year. The 2017 edition of the Report (the “Report”) increases our disclosure of key ESG areas and cross-references supplementary materials in AIA’s Annual Report 2017<sup>1</sup>.

### WHO WE ARE

AIA and its subsidiaries comprise the largest independent publicly listed pan-Asian life insurance group. We have a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent interest in our joint venture in India and a representative office in Myanmar.

We are committed to supporting our communities with products and services that enable them to live healthier, longer, better lives. With a total sum assured of over US\$1 trillion as of 30 November 2017, AIA provides protection to millions of people across the region, including the holders of more than 30 million individual policies and over 16 million group scheme members.

While at AIA we remain very focused on what we want to achieve, we are equally focused on how we go about achieving it. This approach is core to our long-term success and fundamental to our Vision to be the world’s pre-eminent life insurance provider.

### OUR ESG APPROACH

As AIA strives for continuing growth and success, our goal remains that our business activities create shareholder value and have a far-reaching positive impact on the communities in which we operate.

Urbanisation, lifestyle diseases and ageing populations, among other environmental and social issues, impact communities across Asia and strain national medical and welfare networks. We believe we have an important role to play in addressing these challenges by helping our customers achieve financial security and to live healthier, longer, better lives. Our approach to addressing ESG issues generates value for our shareholders, our customers and ultimately the wider economies in which we operate.

Our approach is also underpinned by our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come.” Across the Group, we work proactively and diligently to monitor and reduce our environmental footprint, to ensure effective and ethical governance and to invest in ways that stimulate sustainable economic growth.

The Report outlines our commitment to each ESG area, shares our management approach and provides relevant examples that illustrate our programme.

### REPORT SCOPE

The Report covers the period from 1 December 2016 to 30 November 2017<sup>2</sup>, and has been prepared in accordance with the “Core” option of the Global Reporting Initiative (GRI) Guidelines and the Financial Services Sector Supplement, with reference to the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEx).

The Report, includes environmental and workplace data and, unless otherwise indicated, covers our operations in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia and Sri Lanka (collectively, the “business units”)<sup>3</sup>.

<sup>1</sup> Please refer to this Report in conjunction with Annual Report 2017, in particular the Our People, Corporate Social Responsibility and Corporate Governance Report sections.

<sup>2</sup> The reporting period is consistent with AIA’s financial year for 2017.

<sup>3</sup> Refers to all business units where we maintain majority operational control.

AIA calculates emissions<sup>4</sup> 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 Green House Gas Protocol database. For business travel, emissions for Group Office and AIA Hong Kong are provided directly by our travel agent. With our other markets 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.

For easy reference to our reporting disclosures, the GRI Index, the UN Global Compact, and the HKEx ESG content index are provided at the end of the Report.

Additional information relevant to our ESG performance, including financial data and corporate governance matters, can be found in our Annual Report 2017.

The Company makes every effort to ensure consistency between the Chinese and English version of this Report. However, in the event of any inconsistency, the English version shall prevail.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

From amongst the broad spectrum of ESG issues, our individual businesses prioritise the issues relevant to their stakeholders and that have a direct bearing on their operations.

Our approach to materiality in this Report is based on the best-practice recommendations of the HKEx ESG Guide, the GRI Guidelines and our responsibilities as a signatory to the UN Global Compact.

In 2017, our materiality assessment process evaluated global sustainability challenges in the context of their importance to AIA. As part of this exercise, internal stakeholders, including the Group’s functional heads, contributed their perspectives regarding ESG reporting and the broader ESG issues relevant to our business. The assessment also considered ESG issues relevant to our industry and our operating locations and included the following steps:

### Step 1: Identification – Industry Benchmarking

- Relevant ESG issues were identified based on feedback from investors, sustainability indices and the ESG reports of AIA’s local and international industry peers.
- The materiality of each ESG issue was determined based on the frequency of its disclosure by selected peer companies.

### Step 2: Prioritisation – Stakeholder Engagement

- We engaged key internal stakeholders on ESG issues affecting AIA.
- Stakeholders were also asked to rank each of the shortlisted ESG issues according to their view of its importance to the operations of the AIA Group.

### Step 3: Validation – Determining Material Issues

- AIA’s senior executives validated the range of ESG issues being reported to ensure the results of the materiality assessment were in line with and reflective of issues important to our business.
- Issues were plotted on a five-point scale within a materiality matrix, where five represents “High Importance”, and one represents “Low Importance”.

As a result of this process in 2017, our Report highlights ESG issues determined to be of importance to our business as included in the table below. These 16 issues are discussed both in this Report and in AIA’s Annual Report 2017.

<sup>4</sup> Scope 1 greenhouse gas (“GHG”) emissions are from the fuel burnt by our corporate vehicle fleet, private air travel, generators and corporate kitchens; they include all markets where AIA has operational control. Scope 2 GHG emissions are those produced as a result of the electricity that we use; they include all AIA markets where AIA has operational control. Scope 3 GHG emissions are those produced indirectly from commercial business travel by airplane.

## ABOUT THIS REPORT

Relevant ESG Issues			
Workforce wellness	Pollution (air & water)	Digitalisation	Urbanisation
Cybersecurity	Financial performance	Rising wealth	Lifestyle-related disease
Data protection	Effective governance	Ageing populations	Climate change
Staff development and training	Diversity & inclusion	Ethical business practices	Recruitment & retention

## WORLD-CLASS GOVERNANCE

### DOING BUSINESS IN THE RIGHT WAY

Our approach to effective governance is underpinned by our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come.” This approach applies across all our operations and throughout our governance practices and forms the foundation on which we do business.

This section describes our practices to ensure good governance and complements the information in the Corporate Governance Report section of our Annual Report 2017.

#### Code of Conduct

The AIA Group Code of Conduct (the “Code”) provides clear guidelines for workplace professionalism and ethical business conduct that align with international best practice. Each employee is expected to take personal responsibility for observing the highest standards of integrity and conduct, and to report any concerns without fear or hesitation.

The Code has been translated into six languages across the Group’s markets and employees are required to undertake training to familiarise themselves with the Code on joining AIA. All employees are required to complete an annual certification of understanding and compliance. Training on the Code is supplemented with an ethical leadership programme in business, which equips AIA’s leaders with practical tools in managing situations involving ethical dilemmas. The programme considers employee feedback on perceptions of our culture.

The Code includes channels for reporting any potential non-compliance. Non-compliance with the Code is subject to disciplinary action, which may include dismissal. AIA’s business partners, including its agents, suppliers, distribution partners and others who act on behalf of AIA, are expected to apply the same standards and to follow the same responsible practices as our employees. For further details, we invite you to read our Code linked [here](#).

### PREVENTING BRIBERY AND CORRUPTION

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

Our Group-wide Anti-Corruption Policy and Guidelines (Anti-Corruption Guidelines) sets a high standard that is observed across our operations. Anti-corruption training is compulsory for all employees, with online and face-to-face training. Reviews and assessments are conducted from time to time to monitor compliance with the programme.

The Anti-Corruption Guidelines also outline the roles and responsibilities of employees to ensure compliance. Our business units are responsible for implementing processes and controls to reduce the risk of corruption and ensure compliance with Group standards, as well as all relevant local laws and regulations.

### PREVENTING FRAUD

AIA espouses a zero-tolerance approach towards fraud and seeks to embed effective fraud management controls. All employees are expected to act with honesty and integrity. Suspected fraud is investigated and appropriate actions are taken if substantiated. In addition to termination of employment, other possible actions may include the loss of employment-related benefits, the reporting of the fraud to law enforcement authorities for prosecution or seeking a legal remedy against the employee for the fraud that has been committed.

AIA’s anti-fraud policy and guidelines set out our fraud risk management framework including training, preventive and detective measures to uphold ethical standards. Our operating entities implement procedures to prevent, or facilitate early detection of fraudulent practices to protect customer interests and those of AIA.



### **OUR APPROACH TO ANTI-MONEY LAUNDERING (AML) AND COUNTER TERRORIST FINANCING (CTF) AND SANCTIONS**

AIA is committed to a strict programme of compliance with all applicable AML/CTF laws and regulations to prevent the use of its products and services for money laundering and terrorist financing purposes.

The AIA Group AML/CTF Policy and Guidelines set out detailed requirements of the Group AML/CTF Programme. This programme includes a risk based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA uses a comprehensive AML/CTF monitoring software or online tool to screen, risk profile and monitor customer activity.

All new employees are required to complete AML and CTF Training. Tied agents also are required to receive appropriate AML/CTF training.

In addition, our AIA Group Economic Sanctions Compliance Policy & Guidelines set out standards to manage the risk of dealings with governments, individuals and entities subject to sanctions programmes.

### **ESG GOVERNANCE**

The Company's Board of Directors retains ultimate responsibility for the oversight of the Group's risk management activities and monitors material Group-wide risks whether they are risks relevant to the industry or unique to the Group and its businesses. The Board is supported in this respect by the Risk Committee, which is further supported by two Executive Risk Committees, namely the Operational Risk and Financial Risk Committees, which together oversee the management of risk throughout the Group.

ESG related risks, such as those related to ethical business practices and cybersecurity, are addressed through the Operational Risk Committee and where material, are escalated to the Board Risk Committee. Any such risks that require Board level review or decisions are then reported to the full Group Board by the Chairman of the Board Risk Committee. AIA's Risk Management Framework mandates the consistent application of the Risk Management Process across the Group, while our governance structures enable timely identification, assessment, escalation, and treatment of risk issues. We strongly encourage you to read the Risk Management and Internal Control section of the Corporate Governance Report of the Annual Report 2017 for further details.

Our internal audit team provides independent assurance on the effectiveness of our key controls and recommends control improvements. Internal Audit's focus on current and emerging ESG risk areas such as human resources management, technology security and infrastructure, and data privacy, etc., enable them to provide assurance, via independent verification and testing, that the appropriate controls are in place to address these risks.

AIA's ESG Manager also provides a bi-annual update to the Group's Executive Committee and to the Board on AIA's ESG performance and progress.

AIA has established an ESG Committee that includes a number of Group senior executives with responsibility to provide further oversight on ESG related strategies, policies and KPIs and to report regularly to the Group Board.

**TRANSPARENT AND NEED-BASED SALES PRACTICES**

AIA has in place a business quality framework which ensures that our products and practices meet the expectations of our customers. This includes the following elements:

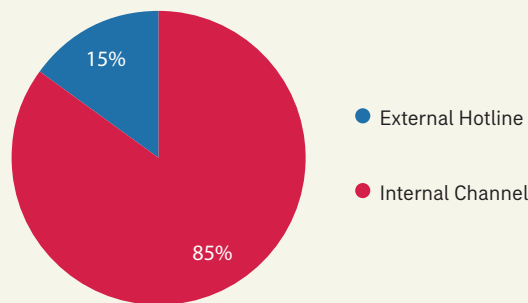
- An agency Code of Conduct which outlines our standards of integrity, behaviour and compliance obligations applicable to our tied agents.
- An agency training programme on sales conduct, and a Guideline on the agency sales process. AIA’s agency sales process provides a framework for how agents should sell our products. This includes Know-Your-Customer diligence, and need-based sales practices to establish clients’ needs, priorities, and circumstances, including the amount of existing life insurance coverage they already have.
- Our interactive Point of Sales (iPoS) technology adopted by our agents, guides our agents through the sales process and helps ensure a consistent, high-quality customer experience.
- Monitoring of adherence to our standards, through various means, including direct verification calls with customers and a mystery shopping programme. Any conduct that falls short of our standards is then subject to review, investigation and if substantiated, disciplinary proceedings will commence.

To assist our customers in making well-informed decisions, internal standards on sales illustrations also promote a consistent approach to fair disclosure in accordance with regulations. All business units and subsidiaries have checks and controls in place to ensure compliance with our standards.

**WHISTLE-BLOWER POLICY**

We recognise the importance of providing channels for employees and others to raise concerns about any violation of our Code or other behaviour that falls short of the high-standards demanded by the Group. In order to ensure an environment that encourages people to speak up, employees can raise issues anonymously and all whistle-blowers are protected against retaliation or reprisal. To that end AIA maintains a comprehensive Whistle-blower Programme designed to handle reports of misconduct and inappropriate behaviour with multiple reporting channels, including a 24 hour, multi-lingual third-party administered compliance hotline which permits complete anonymity. All allegations are thoroughly investigated. Reporting through internal channels (such as Human Resources, Audit and Compliance) accounted for 85% of the reports received during the year.

**Proportion of reports received in 2017 by reporting channel**



Our Whistle-blower programme is overseen by the AIA Group Board Audit Committee, who receive regular reports from Group Internal Audit on the number and nature of issues raised and the progress of all material investigations.

## DATA PROTECTION

### Developing Industry Good Practice

AIA ensures that the data security standards of our business partners are reviewed through our Third Party Security Assessment (TPSA) process. This regularly assesses a broad range of security controls, including data security, against industry standards such as ISO27001 and those by the United States' National Institute of Standards and Technology (NIST). We also leverage formal assessment frameworks such as system and organisational control audit reports for selected business partners.

Among our most important assets is the trust and confidence that is placed in AIA to properly handle personal information of our customers, employees and business partners. As such comprehensive Group-wide Data Privacy Policy and Guidelines (Privacy Policies) ensure data privacy and protection. These policies are communicated to all employees when they join the Company and are regularly reinforced through various means.

Our agents are required to comply with the principles of our Privacy Policies in addition to all applicable data privacy laws and regulations. Data privacy obligations are also included in agents' contracts, and communicated at the on-boarding stage as well as periodic refresher training. Agents are required to safeguard customers' personal information, and are prohibited from disclosing customers' information to unauthorised parties.

Procedural controls are built into the iPoS system we have put in place for agents (*see the section in this Report on Operating Responsibly for further details about such system*). These controls include user authentication, secure storage of customers' data, and transaction audit trails.

We also continue to invest in technology towards a paperless environment which, apart from being supportive of our desire for environmental efficiency, will also enhance the security of customer data.

Violation of any data privacy obligations is subject to disciplinary action.

## CYBERSECURITY PREPAREDNESS

We continue to focus on managing Cyber Security risk to ensure that our business is well protected against the latest security threats, and that we are prepared to detect and respond to cyber incidents. AIA's Group Information Security Policy is aligned to industry leading standards to ensure that our systems, processes and information are secured.

Employees across our business receive training on cyber security, and we conduct regular cyber assessments, including incident management drills and tests. Advanced cyber security solutions and processes have also been implemented to ensure that we are well equipped to protect AIA within the context of an increasingly sophisticated threat landscape.

We regularly test our cyber security posture to proactively identify areas for improvement and the readiness of our capabilities.

## OUR INVESTMENTS

In 2016, AIA launched a Responsible Investment Policy (linked [here](#)) to document how we address ESG factors in our investment decisions. ESG factors are considered across all asset classes in which we invest.

Our Responsible Investment Policy is operationalised through the application of an ESG standard, which has been developed with detailed input from the senior Group Office Investment leadership as well as the Chief Investment Officers of our business units<sup>5</sup>. This leadership group has ownership of our approach including appropriate documentation, as well as training and development of the portfolio managers and analysts at business units.

In each market, our experienced local fixed-income and equity analysts are responsible for consideration of ESG matters in investment decisions. They monitor ESG issues relating to their businesses and update our portfolio managers. Such issues are monitored using a variety of sources, including publicly-available information and ESG research reports. Wherever possible, AIA employs a process of engagement to discuss and clarify details of a company's ESG performance before making investment decisions.

## SUPPLY CHAIN MANAGEMENT

We work with many different product and service providers across our business. Sustainability is a key element of our supply chain as outlined in our Supplier Code of Conduct (Supplier Code). Observing international conventions and addressing environmental, social and governance risks, the Supplier Code encourages sound ESG practices among our suppliers and a general culture of integrity in all matters.

As a Group, we work with those suppliers that demonstrate best practice. Dedicated due diligence processes are also part of our existing supply chain management and monitoring system. This includes conducting supplier and third-party assessments where necessary, as well as requesting information on employment and environmental practices from selected material suppliers.

<sup>5</sup> Refers to all business units where we maintain investment operations.

## CONTRIBUTING TO OUR COMMUNITIES

AIA serves the holders of more than 30 million individual policies and over 16 million members of Group insurance schemes across the region. As a life and health insurer, one of our major contributions to sustainable development is our goal of ensuring healthy lives and promoting well-being for all at all ages<sup>6</sup> within the communities in which we operate.



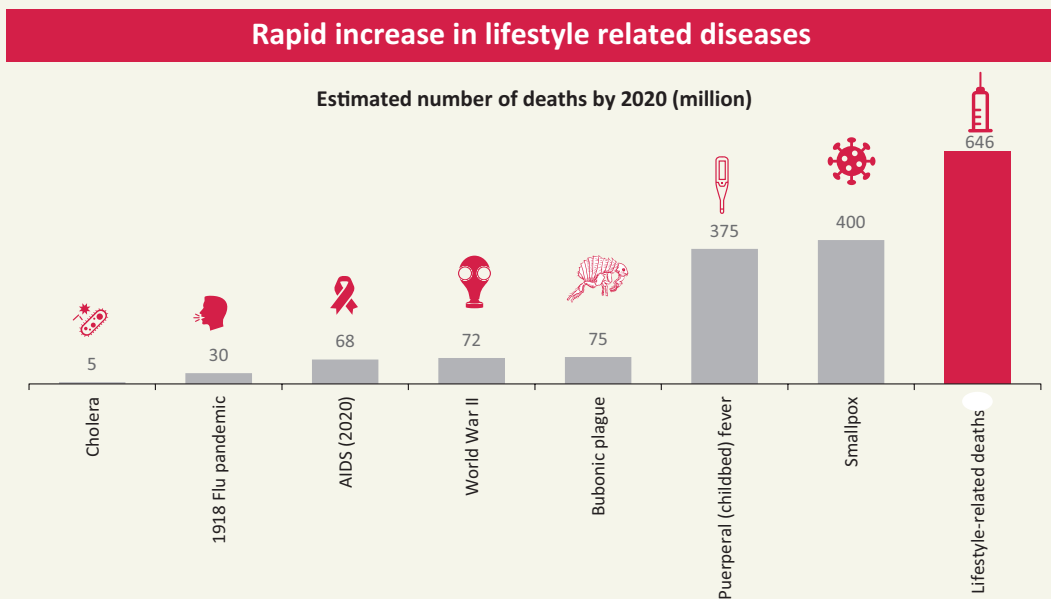
For almost 100 years, AIA has provided protection to individuals and families when they have needed it most. We focus not only on financial success but also on understanding the role that AIA can best play in addressing the broader social issues affecting societies, such as urbanisation, lifestyle diseases, ageing populations, and escalating healthcare costs. This section outlines ways in which we are realising our commitment to shaping a better future for our stakeholders across the Asia-Pacific region.

### AIA VITALITY

In recent years, rising wealth, urbanisation and poor lifestyle choices have resulted in a dramatic increase in non-communicable diseases (NCDs) such as diabetes and cancer.

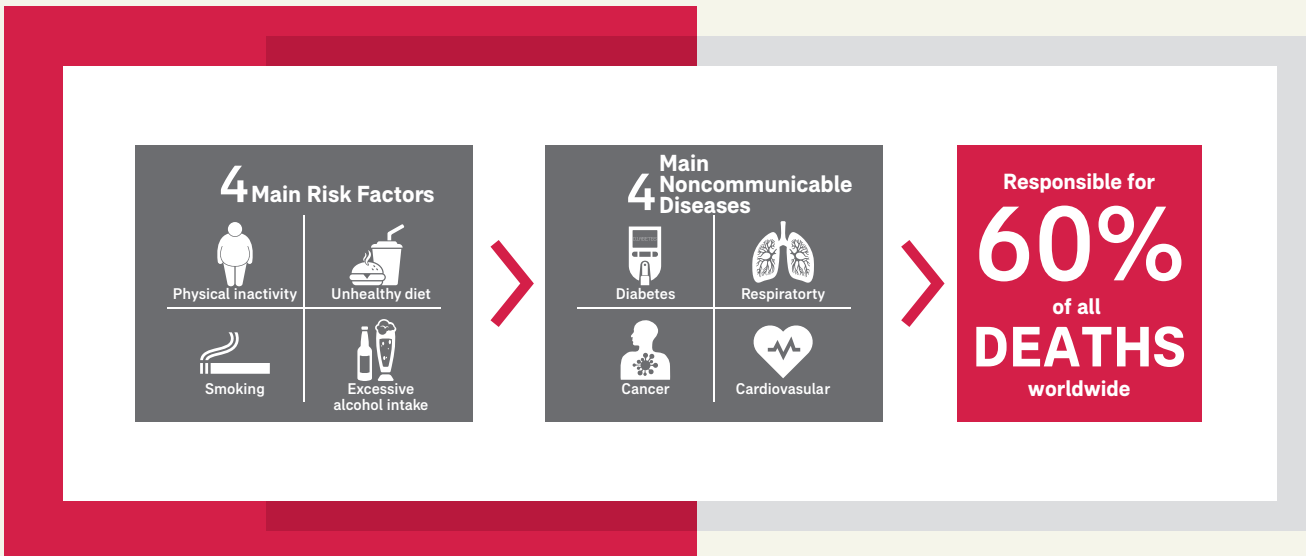
According to the World Health Organisation, a staggering 55 per cent of all deaths in South East Asia are due to NCDs. One third of these deaths are people under the age of 60, with the majority of those affected residing in low and middle-income countries.

These statistics represent huge social and economic losses, affecting both individuals and the prosperity of the communities in which AIA operates.



<sup>6</sup> Please refer to the Global Reporting Initiative and Hong Kong Stock Exchange Guide Content Index on pages 37-43 for further details on AIA's contributions to the SDG.

Healthier lifestyles help to reduce the prevalence of these diseases. As illustrated in the infographic below, the four main risk factors are physical inactivity, unhealthy diet, smoking, and excessive alcohol intake. These factors contribute to over 60 per cent of all deaths worldwide, and can be addressed through behavioural change. Our role is to raise awareness of the need and importance of healthy living practices, and to create products and strategies that both protect our customers and incentivise positive behavioural change. This summarises our commitment to improving quality of life for our customers and employees across Asia.



**Charitable Rewards Options**

In AIA Australia and Sri Lanka, we recently launched an option for AIA Vitality members to donate their weekly rewards to charity. AIA collects these donations and makes a financial contribution to the selected charity.

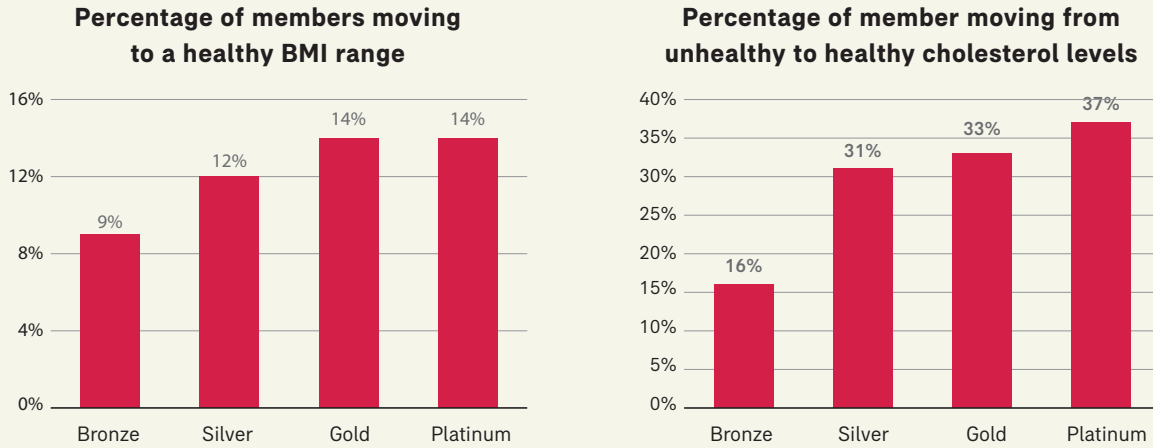
In Australia, donations are to charities focused on diabetes, cancer, and mental health, while in Sri Lanka, donations are to a local foundation for children suffering from heart disease and other critical illnesses.

AIA Vitality is an award-winning health and wellness programme that provides its members with the knowledge, tools and incentives to improve their health. AIA Vitality is clinically backed, and uses a holistic approach to wellness, taking into account physical activity, nutrition, stress, sleep and mental well-being. Members are encouraged to understand their current state of health and then take measurable steps to achieve their health goals.

AIA Vitality also provides incentives as members improve their fitness, encouraging them to persevere in their journey toward better health. Our partnerships allow AIA Vitality members to take advantage of discounted gym memberships and discounts on healthy food at select supermarkets.

Through AIA Vitality, we are enabling our customers and employees to live healthier, longer, better lives. In doing so, we aspire to drive meaningful change in the lives of individuals and their wider communities.

In 2017, we conducted an initial analysis on the health and wellness profiles of AIA Vitality members. The following body mass index (BMI) and cholesterol data presents a snapshot of the health of members between their first and most recent health checks<sup>7</sup>. Improvements in health are presented per Vitality Tier (from Bronze to Platinum).



This year we launched AIA Vitality in Vietnam, Sri Lanka, and Korea, in addition to the successful roll-out of this proposition in Singapore, Australia, the Philippines, Hong Kong, Macau, Malaysia and Thailand.

### Research into Healthy Workplace Practices

Employees typically spend over a third of their adult lives at work<sup>8</sup>, so it is important that we understand, measure and wherever possible improve well-being in the workplace. Investing in the wellness of employees has also been linked to reduced absenteeism, lower staff turnover and higher levels of productivity. In 2017 we created The Healthiest Workplace by AIA Vitality, a comprehensive survey designed to better understand the health profiles and wellness needs of employees.

The survey was distributed to participants across a range of industry sectors in Australia, Hong Kong, Malaysia and Singapore. Once employees had completed the survey, they received a personal report detailing their AIA Vitality age and health profile. Employers also took part in the survey to share their strategies on workplace health and to receive a comprehensive report on the health of their workplace, with practical suggestions for improving wellness and productivity.

This kind of research enables AIA to better understand the wellness needs of employees in our key markets, while at the same time encouraging businesses to take proactive steps to foster a healthier workforce.

Key findings from the survey can be seen at: <http://healthiestworkplace.aia.com/>

<sup>7</sup> The sample represents the health data of AIA Vitality members across markets where it was offered in 2017. Only health data that was verified and reported by medical practitioners was considered in this sample. Health checks must have been at least 90 days apart to allow sufficient time for improvements in health.

<sup>8</sup> Source: [http://www.who.int/occupational\\_health/publications/globstrategy/en/index2.html](http://www.who.int/occupational_health/publications/globstrategy/en/index2.html)

## ADDRESSING SOCIAL NEEDS

AIA's products and services address an array of protection, long-term savings and wellness needs as summarised below.

### Insuring against existing illnesses

Once a person has been diagnosed with diabetes, it can be challenging for them to purchase insurance. Diabetics are often faced with higher premiums or rejected insurance applications. In Singapore, sufficient protection is essential with the country faced with the highest proportion of diabetics among developed nations. Addressing this disease has become a priority focus of the Singaporean government.

In 2017, AIA Singapore launched AIA Diabetes Care, a first-of-its-kind insurance product offering cover to pre- and Type 2 diabetics. Managing diabetes can involve lifestyle changes, which is why AIA Diabetes Care also features elements of AIA Vitality designed to motivate positive behavioural changes and provide access to healthy eating programmes based on their Vitality Nutrition Assessments.

### Addressing mental health needs

AIA Australia's RESTORE™ programme provides a holistic approach to addressing the wellness needs of employees returning to work after an extended period away due to injury or illness.

The programme, which is offered to those experiencing anxiety or depression during their recovery journey, was created through research, consultation and best practice advice from leading experts.

The programme adopts an integrated approach by helping participants to develop routines that facilitate work readiness offering tailored exercises, providing resources to increase community among other programme elements. AIA's team also work closely with the medical professionals treating claimants (such as general practitioners, psychologists and psychiatrists) to develop an effective wellness-for-work plan to assist with recovery.

### Enabling Tomorrow's Leaders

Every parent wants the best for their children and this includes a good education along with opportunities for a happy and prosperous life.

At AIA, we strive to facilitate these goals. In the Philippines, for example, our subsidiary Philam Life offers Future Scholar, an investment and life insurance plan with benefits and long-term growth potential. The plan also provides security to customers by waiving future premiums in the event of the unexpected, assuring that the funding for their child's education is safeguarded.



“Providing the best education for their loved ones continues to be a key priority among Filipinos. Nothing is more important and more fulfilling for parents than to see their children finish school”

– Ariel Cantos, CEO, Philam Life



### Providing for the needs of the elderly

Insurance coverage in Korea typically ends once customers reach the age of 80. A combination of ageing populations and longer life expectancies means that this lack of protection can pose broader social concerns.

We are mindful of the need to continue to evolve our products to address the rapidly changing social and economic needs of our markets. This year, we upgraded AIA Korea's new Whole Life Cancer product to provide lifelong coverage for three critical illnesses: cancer, cerebral haemorrhage, and myocardial infarction. In doing so, we are continuing to fulfil our role as a responsible partner no matter how old our customers may be.

### Microinsurance as a means of enabling inclusion

Billions of people around the world lack any type of formal social security protection<sup>9</sup>. Communities in rural areas are often vulnerable and many in these communities cannot afford traditional insurance solutions. Microinsurance can help provide protection to vulnerable families in these communities. In India, Tata AIA Life offers two microinsurance products that are providing protection to communities that are underserved by traditional life and health insurers.

Navkalyan Yojana is a micro life insurance solution for people below the poverty line. The launch of Navkalyan Yojana will allow us to reach communities that need us the most, providing families with critical protection arising from the loss of a loved one.

In 2017, Tata AIA Life launched M-insurance. This is a microinsurance product that utilises a novel approach to distribution, being available through the purchase of rechargeable mobile telephone contracts. Using such channels allows us to cut distribution and service costs, making protection more affordable to India's lower income communities. The service is also completely paperless and does not require any medical tests another impediment to participation in traditional insurance solutions.

### AIA Taiwan wins awards for best insurance products

AIA Taiwan was commended for its innovative products by *Risk Management, Insurance & Finance Magazine* this year, winning awards for products aimed at cancer protection, and health insurance for the elderly – addressing both issues of ageing societies and rising medical costs.



### did you KNOW?

In Hong Kong, only 58 per cent of tertiary educated persons with disabilities are employed. In 2017, AIA Pensions and Trustee Co. Ltd. (AIA PT) continued its work with CareER, a local non-profit organisation in Hong Kong that advocates for the employment of those with disabilities. This year, through AIA PT's "Let's Work Together Campaign" we partnered with a number of corporate clients to conduct a capability-building workshop designed to equip university students with disabilities with the skills they need when looking for a job. AIA PT also offers products and discounts to encourage a more inclusive Hong Kong. For example, corporate clients who employ disabled employees are offered fee rebates on certain funds, incentivising equal opportunity practices.

In addition, AIA PT actively includes people with disabilities in their workforce, and has taken steps to ensure that its office premises are accessible by all. In 2017 the Hong Kong Council of Social Service acknowledged AIA PT as a "Barrier-free" organisation<sup>10</sup>.

<sup>9</sup> Source: World Bank Research Report: Latortue, Alexia; Cohen, Monique; McCord, Michael J.; Churchill, Craig. 2003. *Microinsurance: a risk management strategy (English)*. CGAP donor brief; no. 16. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/918461468315281306/Microinsurance-a-risk-management-strategy>

<sup>10</sup> A barrier-free organisation is one where design elements have been incorporated for those with physical or other disabilities, involving the provision of alternative means of access to steps (e.g. ramps and lifts (elevators) for those with mobility problems).

## FOSTERING INNOVATION

AIA's future growth rests on being able to continuously improve the way that we do business.

We encourage our people to challenge established ways of working, propose new ideas and take personal ownership of projects to improve what we do and how we do it, as the following examples illustrate.



### AIA Accelerator

AIA is constantly looking for innovative solutions to help us improve the way we operate as well as to more effectively engage with our customers. One way we do this is by working with start-ups from across the globe as part of the AIA Accelerator programme. AIA Accelerator focuses on technologies that will enable our our people to enhance customer engagement and deliver an improved customer experience.

By providing opportunities for engagement and collaboration amongst entrepreneurs, investors and key players and our own people, we are helping start-ups to improve their value proposition and cultivate their insurance specific technical expertise and building important networks for our own teams.

For further details, please click [here](#).

### The Blockchain Challenge

Blockchain utilises distributed ledger technology, which can facilitate the secure digital exchange of customer information, improve risk management, and enhance the way we manage the health and wellness needs of our customers. In December 2016, we completed the AIA Blockchain challenge, the first of its type focused around Insurtech.

The challenge saw AIA invite start-up teams to make their mark by developing blockchain technology. It is widely acknowledged that this technology is still currently under-applied in insurance and so AIA is looking for working examples of how blockchain can be used in our industry. Participants met with other developers, insurance practitioners and blockchain specialists who mentored them during the challenge. In addition to winning a funding grant, winners gained the opportunity to work with AIA, continuing to develop blockchain technology for application within the insurance industry.

In November 2017, AIA Hong Kong announced a new blockchain solution aimed at enhancing customer experience and improving the efficiency of our bancassurance operations. This solution, which was co-developed with our bank partners, is the first instance of blockchain technology being deployed in a bancassurance partnership in Hong Kong. It enables AIA Hong Kong and our bank partners to share required policy data and documentation on a real-time basis, reducing the time needed to process insurance applications for our customers and increasing transparency throughout the entire business process.

### AIA EDGE LAB

AIA EDGE LAB is an innovation centre launched in partnership with Singapore’s Nanyang Technological University. The goal of this centre is to focus on ways to deliver consumer-centric solutions that make insurance more accessible to all. It does this by addressing emerging issues such as rising healthcare costs and exploring ways in which AIA can improve patient outcomes by leveraging big data and analytics. By researching and developing these solutions, EDGE LAB’s underlying aim is to enable people across Asia-Pacific to get the insurance cover they need to live healthier, longer, better lives.

“Artificial Intelligence in Action” is a recent EDGE LAB programme that is exploring the potential of Artificial Intelligence, Machine Learning, Natural Language Processing and Biometrics within Insurtech. Such technology has the ability to create a more seamless experience for our customers and drive efficiencies throughout our business.

### COMMUNITY OUTREACH INITIATIVES

#### Raising awareness of the need for healthy living

This year, we were delighted to announce sporting icon David Beckham as AIA’s Global Ambassador. David is familiar to households across Asia as a champion of health and wellness. In his new role, David will be present at a number of AIA’s most important community and business activities to personify and demonstrate the benefits and the importance of maintaining a healthy lifestyle. These will include events for our customers, agents, partners and employees.

Our partnership was formally launched through the AIA Healthy Living Tour, in conjunction with the “What’s Your Why?” campaign which features people talking about their personal reasons for taking steps to live healthier, longer, better lives.

#### The Healthy Living Tour

As part of our new partnership, David visited Hong Kong, Korea, Singapore and Malaysia. In all these markets, David demonstrated in a fun way how popular Asian dishes can be served in healthier versions without compromising taste or local flavour.

Please refer to the link [here](#) for further details.



#### Community Care

In 2017, we donated US\$5,462,164 to community initiatives, volunteering approximately 131,943 hours.



“Joining the AIA family was an easy decision for me. I am a passionate believer in the value of wellness and maintaining a healthy lifestyle and I share AIA’s commitment to encourage people to take charge of their health” – David Beckham, AIA Global Ambassador

**Tottenham Hotspur Football Club**

Our partnership with Tottenham Hotspur Football Club (Spurs) has been helping AIA promote healthy living across Asia since 2013. In May 2017, we announced the extension and expansion of this partnership until 2022, with AIA as the Club’s Global Principal Partner.

Our expansion of the partnership also saw the relocation of two Spurs elite coaching staff to Asia. Based in Hong Kong but working with us throughout Asia, the coaches have expanded AIA’s community coaching programme, working with young people around Asia to develop their interest in sport and physical fitness.

Providing more opportunities for young people to participate in sport is important, especially considering that children today often have limited opportunity for physical activity.

In 2016, AIA’s Healthy Living Index survey reported that, on average, 51 per cent of parents in Asia believed that their children did not get sufficient exercise. AIA’s focus on football reflects our belief that all children should be given access to sport and the wide range of benefits that it brings.



“Football was my passion in college, but I stopped for a while to concentrate on my career. I’m very excited to see AIA partner with Spurs, which has encouraged me to resume playing football.”  
 — Fisher Zhang, CEO, AIA China

**Promoting financial literacy**

Financial literacy can meaningfully improve the lives of our customers, enabling them to make the right decisions for a secure future. AIA hosted a Financial Literacy programme in Jakarta this year, encouraging customers to consider financial planning as a means to achieve their aspirations.

The programme which was held at a local school focused on the financial security of Jakarta’s housewives. AIA also invited Indonesia’s Master Chef<sup>11</sup> contestants to hold cooking demonstrations, and discuss the importance of healthy living. A series of similar events will be held across schools in Indonesia, as we aim to help people live healthier, longer, better lives.



AIA hosted a Financial Literacy programme in Jakarta.

**CSR initiatives**

Our teams across 17 local markets pursue their own CSR programmes with the objective of helping people live healthier, longer, better lives. They support those initiatives that they believe will add most value to the business and to the communities around them. In turn, at the Group level we work closely with our markets to assess relevant CSR opportunities and to help generate optimal value from them.

For further details on our CSR approach and initiatives, please click [here](#).

<sup>11</sup> A popular Indonesian reality TV show

## THE RIGHT PEOPLE

The life insurance industry provides peace of mind to individuals and families through its protection and savings products. Life insurance is fundamentally a people business and AIA places a strong emphasis on attracting, developing and retaining the best people in the industry.

### **Cultivating ability across Asia**

The financial services sector is a significant contributor to growth in those emerging markets that are beginning to diversify their economies and upscale their expertise.

As the largest pan-Asian life insurer, we facilitate the transfer of skills, talent and best practice across the region. Our development opportunities enable employees and agents to grow with us, as we foster innovation and ability locally.

### **A COLLABORATIVE CULTURE**

Our culture is built around trust, empowerment and transparency, enabling teams to develop local expertise, while delivering our core strategy. Our commitment to supporting our communities and helping individuals realise their goals extends to our relationships with our agents and over 20,000 employees. All employees at AIA are encouraged to be the best they can be and succeed as part of a team while contributing to their local community.

In addition to sustainable and competitive reward programmes, AIA's people strategy is designed to empower our employees, develop leaders and continually enhance the capabilities of our workforce.

All new employees are required to undergo an orientation and complete a set of e-Learning modules centred on our Operating Philosophy, which reflects our belief that when people focus, grow and learn to do the right thing in the right way, profitable and sustainable business growth will follow. All core development courses are available across our business units to maintain consistency in our approach to talent development across the region.

### **COMPENSATION AND PROMOTION**

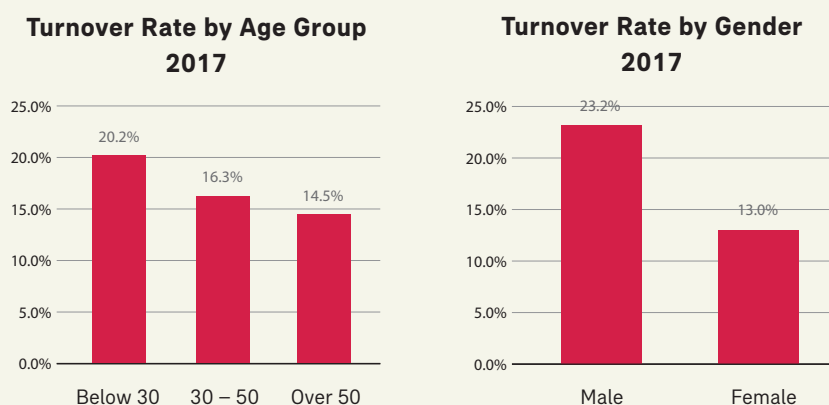
A fundamental element of nurturing our performance culture is to reward our people based on merit.

Our Total Rewards Framework outlines compensation criteria based on the performance of the Group, separate business units and individual employees. The performance of individual employees also includes an assessment of both what was achieved and how it was achieved. It includes criteria for determining incentives and benefits such as bonuses and other allowances. Employees are compensated fairly, according to their individual contributions and to market standards. For further details about employee compensation, see the disclosure regarding the Employee Share Purchase Plan in our Annual Report 2017.

AIA's transparent promotion practices take into account factors such as business needs, increased job scope and responsibility, capabilities and contributions to the company. Endorsements by senior management are also taken into account.

## EMPLOYEE RETENTION AND SUCCESSION PLANNING

To address employee turnover, we proactively seek feedback from employees and continuously engage in two-way communication with our people. We also provide opportunities for employees to address any concerns or grievances directly with their manager or with Human Resources, or if circumstances warrant, via an independently-run ethics and compliance hotline. We also work closely with labour unions on a range of issues relevant to employees in markets such as Korea, Malaysia, Singapore and the Philippines. In 2017, turnover across the Group was reported at 17.2 per cent, a slight increase compared to 15.4 per cent the previous year.



Each year AIA conducts an annual Employee Engagement Survey that provides our senior leadership team with insights into the levels of engagement among our workforce and how this compares across geographies, business units and functions, as well as against industry benchmarks. The insights gained from the survey have helped AIA to drive significant improvements in the way our employees work and engage with one another.

We also conduct an annual Organisation and People Review (OPR) across the Group to review the leadership, professional and technical competencies, and identify the talent pipeline as part of a robust succession plan across our business units and in our Group Office. This review also identifies business critical roles, and drives the development of bespoke learning and development plans that ensure we always have essential competencies and skills available across our business.

### did you KNOW?

Between 2010 and 2020, over a billion women will have entered the global economy for the first time, with the majority of them living in emerging and developing nations.

As economies across Asia continue to develop, it is essential that businesses better engage women in local communities as employees, customers and business partners in order to ensure inclusive and sustainable development.

**DIVERSITY AND INCLUSION**

As proven by our operations in 18 markets, diversity is our strength. Wherever practical, we prioritise the employment of local talent at our business units, including in positions of leadership. In fact, eight of our country CEOs are drawn from the local market and many have developed their career over years with AIA. We also strive to be inclusive and to provide equal opportunities to all our employees.

Our recruitment policies include guidelines for recruiting candidates based on their experience and expertise. Employment, remuneration, promotion and termination are based on performance and conducted through fair, transparent, and accountable processes.

We are committed to better understanding and addressing the needs and changing demographics of our markets, whether ageing populations or increased participation by millennials in the workforce. Given our presence across Asia, we play an important role in fostering inclusion – to us this is the right way to do business and is aligned with our commitment to shared value.

To ensure a balance of perspective in senior positions, AIA Hong Kong, Taiwan and Australia also require a gender-diverse slate of candidates for senior positions.

- Across the Group 59 per cent of our employees are female

In addition to our own operations, we also support local affinity networks such as the 30% Club and The Women’s Foundation.

AIA is also proud to be the only Hong Kong headquartered company included on the 2018 Bloomberg Gender Equality Index. Key highlights from our submission to the index include:

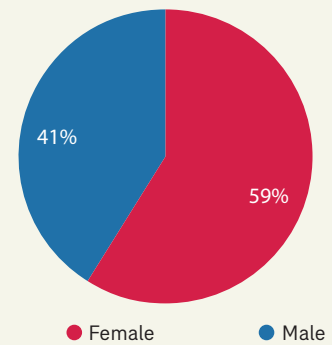
- 57 per cent of employees promoted during the financial year were women, compared to 46 per cent across the industry<sup>12</sup>
- 44 per cent of women represented in the top 10 per cent of highly compensated employees across our Group.

AIA measures and monitors age diversity across our business units and employee categories. This helps to ensure that we are leveraging diverse perspectives as we help to engage young people and strengthen the financial security of Asia’s ageing workforce.

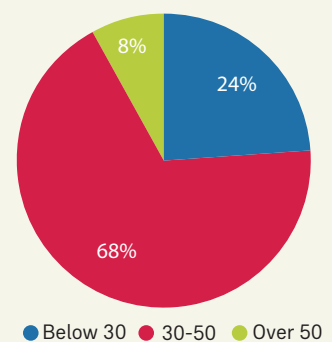
For details on our approach to diversity at Board level, please refer to the link [here](#).

Fundamental to all our inclusion efforts is zero tolerance for discrimination or harassment in any form, including in relation to gender, race, nationality, sexual orientation or other aspects of diversity, as laid out in the Code. Our approach to inclusion and non-discrimination is also addressed in the e-learning modules which employees are required to complete as part of their orientation upon joining AIA.

**Percentage of Employees by Gender 2017**



**Percentage of Employees by Age Group 2017**



Through our contributions to gender equality, we are addressing Sustainable Development Goal 5, supporting gender participation and opportunities for leadership across Asia.



<sup>12</sup> Statistics extracted from AIA’s 2018 submission to the Bloomberg Gender Equality Index for the financial year ended 30 November 2016

### **Our Affinity Networks**

To further foster a supportive work environment, we created The NetWork. This umbrella organisation enables employee affinity groups to get together, facilitating the professional and personal development of our people through networking and leadership programmes.

For example, at AIA Australia, an employee led and Exco sponsored Women@Work Committee provides networking events, professional development sessions and opportunities that support and enable female employees to realise their potential and support gender equality. In the Philippines, Philam Life offers a range of interest groups for sporting activities, religion, CSR, and professional development.

### **Internship Opportunities**

This year, AIA was proud to partner with the Asian University for Women (AUW) to provide five young students with internship opportunities at our Group Office in Hong Kong.

Based in Bangladesh, the AUW is committed to breaking down social and economic barriers, graduating generations of female leaders who will help to tackle their countries' social, economic, and political issues while collaborating across cultural, ethnic, and religious lines.

*"My internship has given me a real taste of corporate life. The most important thing for me is that I can take the outcomes of all my learning, and help to make a better future for me and for others"*

**Dipannita Barua (Nepal), AUW Intern**



## EMPLOYEE WELLNESS

### Fitness: leading by example

AIA is committed to providing a safe, secure and dynamic office environment which encourages our people to bring their best to work every day.

Research shows that physical activity during the workday improves focus, productivity and health. We encourage our employees to stay active and to take steps to improve their AIA Vitality status. We provide on-site gyms, discounted gym memberships, or other sporting and recreational facilities at business units.

We also offer AIA Vitality\* as a free resource to many of our employees.

AIA Singapore's Head of Brand and Corporate Communications is a shining example of not allowing health issues and age to stand in the way of an active life.

Joanna Ong-Ash refused to let major knee surgery, a congenital heart defect and a breast cancer scare get the better of her. Through AIA Vitality, boxing and strength training, she lost 23kg within a year and is truly walking the talk.

"I insist on breaking the stereotype that at almost 50, one's life is half over and you can't do contact sports. It has in fact just begun! A healthier and fitter body really contributes to a more positive mindset." – **Joanna Ong-Ash, Head of Brand & Corporate Communications, AIA Singapore**



### Work life integration

AIA understands the importance of our people being given the time they need to manage important personal needs. Our employees are offered flexible working hours and compassionate leave entitlements, with other benefits (such as birthday leave) offered by some business units.

We understand the challenges of working mothers and provide supportive facilities and care where feasible. Nursing rooms are currently offered at our Group Office, and nine business units. Other benefits, such as back-up childcare and subsidies are offered in six markets. We continue to encourage other business units to provide similar facilities, where feasible, based on the needs of their employees.



"Having a busy work schedule hasn't stopped me from being on track with my fitness goals and being a member of a 24-hour gym. I see to it that I train 4-5 times a week even after long days at the office." – **Ysel Bautista, Head of Premier Advisor Development, Philam Life**

\* Please refer to the Contributing to our Communities Section for further details on AIA Vitality.

## Safety

AIA is committed to offering a safe and secure environment for our employees, agents and customers when they visit our facilities. Our corporate security governance framework applies to all business units and includes a set of minimum standards relating to business travel and fire safety.

Air quality is a concern in some of our cities, so we take measures to ensure our employees operate in a healthy environment. Our Group Office has been certified as having “Excellent Indoor Air Quality”. Air quality is also monitored at our offices in Singapore, Malaysia, Indonesia and Philippines. At our operations in China, air purifiers are also distributed throughout office areas.

## LEARNING AND DEVELOPMENT

Our learning and development programme enables us to deliver sustainable, high-quality results over the long term.

To ensure that these efforts deliver the required level of value and skills, we conduct a needs-based analysis for core courses across our businesses. Feedback from this process helps us enhance our core in-house training courses, which are designed to develop expertise at various levels of seniority and are in line with our strategic priorities. The feedback is also used for quality control purposes.

Technical or function-specific courses are tasked by individual departments, who may use external trainers or experts. Employees are also entitled to examination leave, as well as subsidies for those courses related to their professional and personal development.

### The AIA Leadership Centre

The AIA Leadership Centre (ALC) opened in Bangkok in 2016, and offers a state-of-the-art learning facility to strengthen and expand our senior talent pool. At 3,100 square metres, the ALC is one of the largest training and meeting facilities in Asia.

The ALC partners with acclaimed institutions to co-develop customised and industry leading programmes to develop the best insurance leaders in the industry in three distinct areas:

- (1) Executive Leadership:** Targeting AIA’s current and future senior leaders, these programmes create a pipeline of sustainable leadership
- (2) Distribution Leadership:** Designed for AIA’s distribution leaders, agents and partners, these programmes develop the leadership and functional skills required to produce consistently best-in-class results
- (3) Technical Leadership:** Programmes that develop our capabilities within AIA’s core functions to promote and continue our operational excellence

Through our programmes, we aim to cultivate learning, invention and the creation of ideas to ensure our sustained growth. The strengthening of these skills enables us to capture the vast growth opportunities in the region by ensuring our customers have sufficient protection while also helping them live healthier, longer, better lives.

In 2017, we held 32 training programmes at the ALC, benefitting 557 programme participants.

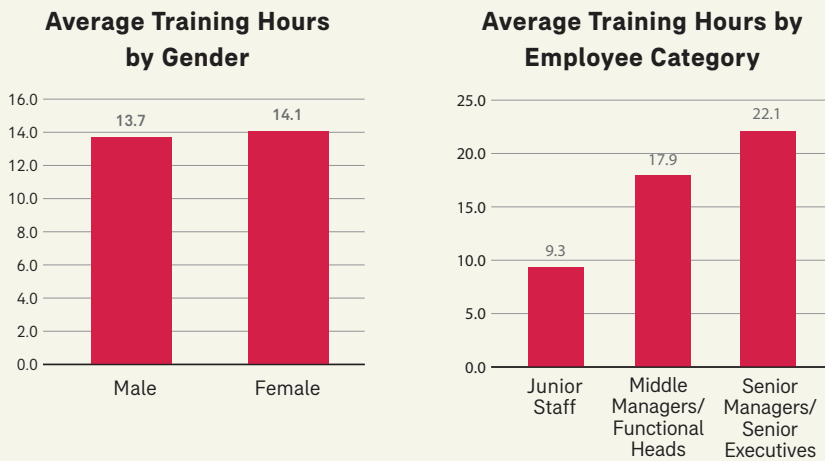
The ALC also served as a venue for 298 AIA events and meetings, benefitting over 10,000 employees.



**Engaging employees in their development**

AIA’s e-performance and development dialogue system is an online platform that allows employees and their managers to communicate and track progress against career objectives. Employees submit goals for their manager’s review, identification of broader development opportunities, and to track their progress and performance. This mechanism ensures that employees are clear about what they need to achieve, how they intend to achieve this, and how their performance should be recognised.

AIA also practices the internationally recognised 70/20/10 holistic approach to learning, with 70 per cent of training accumulated from on-the-job experience, 20 per cent from activities such as mentoring and coaching, and 10 per cent from classroom-based learning.



**EMPLOYEE MENTORING**

We believe that, through the sharing of knowledge and best practices, mentoring programmes can play a powerful role in ongoing professional and personal development.

Mentorship programmes are currently offered at our Group Office and in seven of our other markets.

- In 2017, AIA Group was named Asia Pacific Best Employer 2017 (Regional) by Aon Hewitt, and also won awards for Best Employer 2017 in both Hong Kong and China.
- AIA PT and AIA Sri Lanka were also named as one of the Best Companies to Work for in 2017, by the Great Place to Work Institute.

**OUR AGENTS**

AIA’s agency force enables us to access the huge potential market for long-term savings and insurance by developing long-lasting relationships with customers and their families. Our customers trust and value the advice and service of our agents, and this helps us to foster strong relationships which contribute to our sustained growth.

Our Premier Agency strategy offers our agents world-class training and development opportunities to enhance their professionalism. Since the launch of our Premier Agency strategy, we have focused on developing best-in-class agents that enable us to offer high-quality advice to customers and provide them with the savings and insurance cover they need. As part of the onboarding process, all prospective agents are required to attend training and development programmes that are tailored to their needs and designed to equip them with the necessary skills to be productive as they join the company. As a result of these efforts, in 2017 we were proud to achieve the notable accolade of becoming the only multinational company to be ranked number one in the world for MDRT<sup>13</sup> members for three years running.

<sup>13</sup> MDRT is internationally recognised as the standard of excellence in the life insurance and financial services business. Its members are required to generate a certain level of premium, commission, and income, and demonstrate professional knowledge, strict ethical conduct and outstanding client service.

In March 2017, AIA Hong Kong launched iEngage, a mobile application that promotes enhanced communication with our agents. This application allows AIA to share push notifications, as well as visual aids such as graphs and infographics. It acts as a mobile assistant to help agents manage their business and communication needs. It also provides access to market intelligence, the underwriting status of policies, summaries of agents' own performances, and allows enrolment in training courses, events and workshops. iEngage continues to help our agents to increase their efficiency, making it easier for them to do business.

Importantly, our agency recruitment, training and development programmes offer best in class training and the opportunity for thousands of people across Asia to develop a range of skills and earn an attractive income. Across Asia, AIA's vast agency populations represent an important source of employment for a host of communities in which we operate.

#### **AIA Korea's Healthcare Expert Programme**

In 2017 AIA Korea developed a "Health Care Expert Programme" for its sales agents in collaboration with Kangbuk Samsung Hospital. The programme offers two courses, the initial one a basic course which educates sales agents on the essentials of sound healthcare advice and disease prevention. The second course is more in-depth, with a focus on medical terminologies and includes volunteer experience at a hospice so agents can better understand the needs of people afflicted with critical illnesses.

By providing agents with this opportunity, we hope to further add to the care and value that we deliver to our customers.

#### **Making a difference**

Our agents are instrumental in allowing AIA to cultivate meaningful and long-term relationships with our communities, and to make a difference in people's lives. However, the work our agents undertake all around the region often goes unsung. Through a Group-wide programme called the AIA Real Life Hero Awards, we highlight and celebrate the contributions our agents make to their communities.

For further stories on how our agents are making a real difference in the lives of people, please click [here](#).

## OPERATING RESPONSIBLY

The environment has a direct impact on the health and well-being of our customers, our employees and our communities. Addressing environmental issues such as climate change, pollution and water scarcity remains a priority focus for governments across Asia. Because AIA is committed to incentivising and encouraging our customers and employees to live healthier, longer, better lives, it is essential that we understand the impact of the environment on well-being, and take steps to measure, monitor and mitigate our own environmental footprint. To us, this is simply the right thing to do.

For further details on our approach, please refer to AIA's Environmental Policy linked [here](#).

### CLIMATE CHANGE

The World Economic Forum cites failure to adapt to climate change as a major global risk, while the World Health Organisation (WHO) indicates that the increased prevalence and intensity of weather-related natural disasters may have health-related impacts, including triggering climate change related illness<sup>14</sup>. The global commitment made by governments at the Paris conference in 2015 aims to mitigate the worst of these impacts and limit the rise in global temperatures to two degrees.

We believe that collective action to address climate change will produce positive economic and health-related outcomes. Overall, Asia is becoming more efficient in its use of resources, is increasingly utilising low carbon technology, and is transitioning towards cleaner and less polluting forms of energy. In the long term, life and health insurers like AIA have an instrumental role to play through our insurance solutions, which are helping our communities achieve resilience against adverse health or weather-related climate outcomes.

Climate change risk forms part of our overall insurance risk profile through its role in the frequency and intensity of certain diseases and the health and mortality impacts of natural disasters. We assess the overall level of insurance risk by taking into consideration a range of diverse risk factors varying across the many categories in our product range. This diversity of risk, combined with our reinsurance programme and broad geographic footprint helps us to distribute risk and provide protection against the impacts of short-term climate change effects. AIA also maintains a strong capital position and we regularly assess the magnitude of risk against our level of capital to ensure we can offer protection to our customers and assist them during times of need.

Climate change issues are also considered in relation to the development of new buildings in AIA's real estate investment portfolio. Specifically, we conduct risk assessments to ensure all new buildings meet relevant Green Building standards (e.g. LEED<sup>15</sup>), and consider other related aspects such as flood risk. AIA's Business Continuity Management Framework, adopted across the Group, considers the potential impact of environmental hazards and natural disasters in building development, with the aim of ensuring the safety of our employees, safeguarding the company's physical assets, and minimising business disruption in such cases.

Our approach to reducing our own environmental impact is laid out in the energy and emissions sections of this chapter. The impact of climate change continues to be discussed internally at AIA, and is an area of growing interest and concern to our stakeholders. Going forward, we are committed to continuing to improve our disclosure and performance in this area.

#### Pollution

Pollution is a leading cause of death worldwide with the greatest impact falling on those in low- and middle-income population segments. Pollution is a key contributor to NCDs such as respiratory illness and heart disease.

Understanding the impact of pollution on well-being is a priority to us. In 2016, we began a partnership with the University of Leeds (UK) to conduct an air quality study in Hong Kong and the Pearl River Delta region. The study aims to identify the most effective options to improve air quality and to make clear recommendations for translating policy into action. The project is due for completion in 2020.

<sup>14</sup> Source: <http://www.who.int/mediacentre/factsheets/fs266/en/>

<sup>15</sup> LEED is an acronym developed by the US Green Building Council (USGBC) to measure the sustainability and performance of a building. LEED stands for Leadership in Energy and Environmental Design and is a Green Building Rating System.

### OUR EMISSIONS AND ENERGY FOOTPRINT

The carbon footprint arising from AIA’s day-to-day operations is primarily from the electricity that we use in our buildings and emissions generated from our business travel.

Our portfolio of green buildings plays a role in mitigating our impact and provides energy-efficient and low carbon spaces to employees and tenants. For further details about our real estate portfolio, see the “Sustainable Investments – Our Real Estate Portfolio” section of the Report. We also continue to retrofit existing buildings with energy-efficient features such as LED lighting where feasible and encourage our employees to conserve energy by moderating office temperatures and turning off lighting and computer monitors when not in use.

Given our presence across Asia, business travel is essential, but where appropriate we utilise videoconferencing technology to reduce the need for travel and promote prompt and efficient communication across our markets.

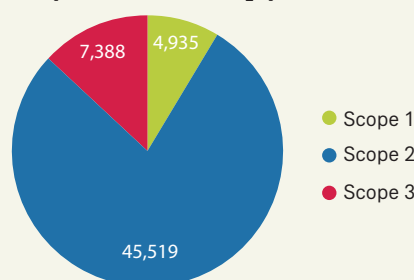
We conduct an annual cross-market data collection exercise under which we compile details of the emissions and energy footprint for each of our business units. This year, we continued to expand our scope, reporting on commercial and private business travel from 80 per cent of markets. This increase in scope, coupled with the inclusion of our newly launched business unit in Cambodia, resulted in a higher total emission footprint for the Group.

In 2017, AIA Group produced 57,842 tonnes of CO<sub>2</sub>e, or 2.9 tonnes per employee.

Emissions from Group Office, AIA Singapore and Hong Kong were assured in this Report. Total GHG emissions (Scope 1, 2, 3) from markets amounted to 15,868 tonnes of CO<sub>2</sub>e<sup>✓</sup> or 27 per cent of our total emission footprint.

Please refer to page 44 for the Assurance Statement.

**Total GHG emissions per scope  
(in tonnes of CO<sub>2</sub>e)**



CO <sub>2</sub> e tonnes	2017	2016	2015
Scope 1 <sup>16</sup>	<b>4,935</b>	1,746	1,926
Scope 2 <sup>17</sup>	<b>45,519</b>	47,652	49,329
Scope 3 <sup>18</sup>	<b>7,388</b>	5,277	3,475
<b>Total GHG Emissions</b>	<b>57,842</b>	54,675	54,729
<b>Total GHG Emissions Scope (1,2,3) Intensity<sup>19</sup></b>	<b>2.9</b>	3.3	3.2

Increases in the totals for Scope 1 emissions were due to expansions in our reporting scope to include any private air travel incurred.

Decreases in Scope 2 emissions were due to reduced electricity usage and due to many our markets transitioning to cleaner sources of energy.

Scope 3 emissions also increased due to AIA developing its reporting capacity for this information. In 2017, 12 markets reported this data compared to 11 in 2016.

<sup>16</sup> Emissions from the fuel burnt by our corporate vehicle fleet, private air travel, generators and corporate kitchens. Scope 1 emissions include all markets where AIA has operational control.

<sup>17</sup> Emissions produced as a result of the electricity that we use. Scope 2 emissions include all AIA markets where AIA has operational control.

<sup>18</sup> Emissions produced indirectly from commercial business travel by airplane. This increase is primarily due to AIA developing its reporting capacity on Scope 3 emissions by including data from more markets – 12 markets in 2017 against 11 in 2016.

<sup>19</sup> We calculate 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 Green House Gas Protocol database. For business travel, emissions for Group Office and AIA Hong Kong are provided directly by our travel agent. With our other markets we refer to the Carbon Neutral Calculator for Short – Medium haul flights (DEFRA emission factors).

### Energy Use Across the Group

kWh	2017	2016	2015
Electricity usage (indirect energy use)	<b>72,905,649</b>	74,588,681	75,647,786
Energy consumption from use of fossil fuels and gas (direct energy use)	<b>18,947,298</b>	5,193,190	6,705,277
<b>Total Energy Consumption</b>	<b>91,852,947</b>	79,781,871	82,353,063

Total energy consumption across the Group was 91,852,947 kWh. The increase in energy use was due to AIA expanding our scope to include any private air travel in our scope.

Energy use from Group Office, AIA Singapore and Hong Kong were assured in this Report. Total energy use from markets amounted to 21,404,070 kWh, or 5,790 kWh per person<sup>✓</sup>.

### USE OF RESOURCES

#### Use of paper

Life insurance has traditionally been a paper-intensive industry. We are mindful of the imperative to address this and in 2017 we continued to identify ways to reduce our use of paper, both now and into the future.

Where feasible, we encourage our markets to use recycled or Forest Stewardship Council Certified Paper<sup>20</sup> (FSC Paper) in their day to day operations. FSC paper is used at AIA Hong Kong, Malaysia, Indonesia, Australia, New Zealand and at our Group Office.

As featured in our 2016 ESG Report, iPoS is a secure, mobile point-of-sale technology that includes a paperless sales process from the completion of the customer’s financial-needs analysis to the generation of a proposal. It also includes an electronic biometric signature of life insurance applications on tablet devices. iPoS has significantly reduced our use of paper, speeding up turnaround times, increasing productivity, and improving the overall customer experience.

We continue to roll out the iPoS platform in our markets, with its most recent launch being at AIA Cambodia this year. AIA Cambodia is the first market where our entire sales force is equipped with iPoS to enable a 100 per cent paperless environment, where all new business applications are submitted electronically. iPoS is now used by 12 of our markets, with over 87 per cent of advisors submitting cases via iPoS as of November 2017. AIA’s goal is to ultimately operate in a completely paperless environment.

#### Use of water

Details of our water consumption were collected from across our markets for the first time this year. Although our water footprint is not directly material to the nature of our operations as a financial services provider, we believe that reporting on this metric is part of operating in a responsible manner.

In FY 2017, we used a total of 282,702 tonnes of water. This data was reported by 12 of our business units where AIA has direct responsibility for the management and payment of water consumption. Water intensity amounts to 19.2 tonnes per full time employee at these locations. We continue to expand our reporting scope and intend to include additional business units going forward.

<sup>20</sup> Paper that is certified to be from environmentally sustainable sources

## OUR PRODUCTS

AIA strives to meet the long-term savings and protection needs of our customers by offering a comprehensive suite of protection and savings plans. There is increasing evidence to suggest that superior financial returns go hand-in-hand with sound environmental stewardship, with companies that better manage their environmental performance being shown to create greater shareholder value over the long term.

AIA PT has long understood the importance of positive environmental stewardship in generating financial returns, and offers a fund that takes into account both environmental ratings and financial performance in its investment approach.

## SUSTAINABLE INVESTMENTS

### Contributing to Asia's development

The United Nations highlights that rapid urbanisation has brought with it challenges such as increased air pollution, stress on existing infrastructure and unplanned urban sprawl.

The Asian Development Bank notes that there is an US\$8 trillion infrastructure gap around the region, and it is reviewing its approach to working with the private sector participation necessary to provide the funding to address this gap<sup>21</sup>.

AIA's purpose is to play a leadership role in driving economic and social development across the region. As the largest pan-Asian life insurance company, AIA has been active in providing funding for many infrastructure projects. Out of our total fixed income and equity investments of approximately US\$144 billion (as of November 2017), about 16 per cent or US\$22 billion is invested in infrastructure-related sectors such as electricity, transportation and telecommunications. This has enabled us to play a role in contributing to the development of our communities in Asia, while also securing appropriate returns that deliver on our customers' savings and protection needs.

## Our Real Estate Portfolio

### did you KNOW?

#### Green buildings reduce our carbon and energy footprint

The electricity used by office buildings contributes a significant portion of a city's greenhouse gas footprint. For example, over 90 per cent of Hong Kong's electricity usage is from buildings, with electricity generation producing 70 per cent of the territory's greenhouse gas emissions<sup>22</sup>. Studies on LEED<sup>23</sup> certified green buildings have shown that they can reduce energy use by an estimated 25 to 30 per cent compared to conventional buildings, resulting in both cost savings and a lower greenhouse gas footprint.

#### Green buildings provide a more conducive working environment

Green buildings utilise healthier materials and let in more natural light and ventilation than traditional buildings. According to research by the World Business Council for Sustainable Development, LEED certified buildings contribute to a 10-25 per cent increase in the mental function of users, as well as a decrease in absenteeism due to allergies, asthma, depression and stress<sup>24</sup>.

<sup>21</sup> Source: <https://www.adb.org/news/infographics/who-will-pay-asias-8-trillion-infrastructure-gap>

<sup>22</sup> Source: <http://www.enb.gov.hk/sites/default/files/pdf/ClimateActionPlanEng.pdf>

<sup>23</sup> Leadership in Energy and Design ("LEED") is a world-renowned authority governing green building certification. It defines standards to minimise the use of resources during construction, safeguard the well-being of occupants, and promote energy efficiency.

<sup>24</sup> Source: <https://group.skanska.com/493348/globalassets/sustainability/environmental-responsibility/energy/eeb-an-insight-from-companies1.pdf>



Under the Paris Agreement in 2015, governments across the world established emission and energy reduction targets to reduce the impacts of climate change. Achieving these goals has required local governments to take a multi-pronged approach, including encouraging the creation of green buildings in order to secure sustainable and energy-efficient living and work spaces.



“The ability of life insurers to commit to real estate and infrastructure investments for up to 20 to 30 years means that we can anchor and oversee key projects that help improve people’s lives while also matching our liabilities in the countries in which we operate.” —  
**Mark Kohn, Group Chief Investment Officer, AIA Group**

Through our investments, we are able to commit resources to real estate projects that develop and acquire green buildings. This allows us to secure investment income to deliver on the savings and protection needs of our customers, while also enabling us to provide our markets with sustainable, energy-efficient low carbon tenancy options. AIA incorporates green standards as a part of the design concept for all its real estate development projects, ensuring that environmental principles are “built in” and not included as an afterthought.

### AIA Financial Centre



Building on our portfolio of environmentally responsible investments, 2017 saw the completion of the AIA Financial Centre, in the Guangdong Financial High-Tech Zone at Nanhai, Foshan, China with the construction of our second tower, Two AIA Financial Centre.

AIA Financial Centre is helping to transform the financial industry within Guangdong’s High-Tech Service Zone at Nanhai, as well as provide a compelling example of the quality infrastructure projects that AIA is producing as we continue to invest in the future of Asia. Aligned with our commitment to provide our markets with high-quality,

sustainable and low carbon spaces, One AIA Financial Centre has been awarded the highest rating of LEED Platinum certification under Existing Buildings, Operation & Maintenance, awarded by the US Green Building Council. We take great pride in One AIA Financial Centre being the first building in Guangdong province to have received LEED Platinum certification. Two AIA Financial Centre has also been awarded with LEED Gold Certification. LEED remains one of the foremost accreditation schemes for sustainability in design, construction and operation.

This award is testament to our commitment to providing for the infrastructure needs of our markets in the form of sustainable living spaces that are conducive for both work and the personal well-being of our employees and tenants.

Some of the key features that reduce the building's overall environmental impact include:

- Landscaped courtyards, a green roof and green walls all provide a pleasant working environment for occupants. This greenery also helps to reduce the urban heat island effect and thus the building's 'cooling load'.
- The building's curtain wall and glazed facade use high performance double low-E coated double glazed insulated glass units (IGU) to reduce absorption of heat through the outer layers of the building while still allowing in high levels of natural light. Indoor lighting is also zoned for greater flexibility and energy efficiency. Optical sensors and motion sensors are used in public and back-of-house areas to reduce unnecessary lighting.
- The building includes a water-cooled air conditioning system with high-efficiency (COP<sup>25</sup>) chillers, delivering energy savings of up to 40 per cent compared to traditional systems.
- To encourage fitness and promote a low-carbon lifestyle, bicycle racks have been installed for employees.
- To reduce the use of water, low-flow and automatic faucets and flushing fixtures have been installed through the building.
- Where feasible, the building incorporates locally sourced building materials. This supports the development of local industry, and minimises carbon emissions arising from the transport of materials.

For further details on our list of green buildings, please refer to page 34 of this Report.

Through our green building investments, we are contributing to Sustainable Development Goal 11, fostering sustainable and inclusive urbanisation across our markets.



<sup>25</sup> Acronym for "Coefficient of Performance"

## GREEN BUILDING CERTIFICATION

### GREEN BUILDING CERTIFICATION

Award Name	Building	Location	Year
LEED Platinum Rating in the category of Existing Buildings, Operation & Maintenance	One AIA Financial Center	Nanghai, China	2017
Pre-certification of LEED Silver	Philam Life Center Cebu	Cebu, Philippines	2017
The LEED Gold Certification	Two AIA Financial Center	Nanghai, China	2017
Certificate of Green Building Design Label	Two AIA Financial Center	Nanghai, China	2015
The LEED Gold Certification	AIA Sathorn Tower	Bangkok, Thailand	2015
Best Commercial Development (Thailand), Best Green Development, Best Office Development and Highly Commended Architectural Awards in Thailand	AIA Sathorn Tower	Bangkok, Thailand	2015
The LEED Gold Certification	AIA Capital Centre	Bangkok, Thailand	2014
Best Commercial Development in Thailand 2014 award	AIA Capital Centre	Bangkok, Thailand	2014
Best Commercial Development in South East Asia in 2014	AIA Capital Centre	Bangkok, Thailand	2014
Excellent Rating of the Hong Kong Building Environmental Assessment Method HK-BEAM for New Office Designs	AIA Central	Hong Kong, China	2005

## MEMBERSHIPS

### MEMBERSHIPS

Organisation	Level of membership
United Nations Global Compact	Signatory
Business Environment Council	Corporate Member
30% Club	Member

## FEEDBACK ON THIS REPORT

Thank you for your interest in this Report.

Your feedback will help us to improve our overall ESG performance and disclosure.

If you have any questions or feedback, please contact our ESG team at [esg@aia.com](mailto:esg@aia.com) or write to the address below:

AIA Group Limited  
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1 Stubbs Road,  
Wan Chai,  
Hong Kong

## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX




As set out in this content index, this Report complies with the comply or explain requirements of the Hong Kong Stock Exchange ESG Guide, and the Core Standard of the GRI G4 Guidelines. These KPIs have been set out in the table below. This Report also serves as our 2017 communication regarding the progress of our implementation of the United Nations Global Compact (UNGC) 10 principles.

In addition, GRI G4 disclosures have been mapped to key Sustainable Development Goals (SDGs) using the linkage tool provided by the SDG Compass. Goals have been identified using their corresponding SDG icon. Please refer to the relevant section of this report for further details on how AIA supports the corresponding SDG.


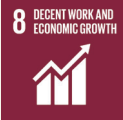



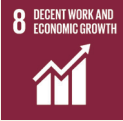
General Standard Disclosure	HKEx ESG Reporting Guide Reference	Detail	Section and Page	SDG Goal
G4-1	–	Chairman's Statement	Statement from Group Chief Executive and President, 3	
G4-3	–	Name of organisation	About this Report, 4	
G4-4	–	Primary brands, products, and services	Who We Are, Our ESG Approach, 4	
G4-5	–	Location of headquarters	Feedback on this Report, 36	
G4-6	–	Countries of operation	Report Scope, 4	
G4-7	–	Nature of ownership and legal form	About this Report, 4	
G4-8	–	Markets served	Who We Are, 4	
G4-9	–	Scale of the organisation	Who We Are, Report Scope, The Right People, 4, 20	
G4-10 UNGC 6	KPI B1.1	Employee statistics	The Right People, Commentary Table, 20, 41	
G4-11 UNGC 3	–	Percentage of employees covered by collective bargaining agreements	GRI G4 & HKEx Commentary Table, 41	
G4-12	KPI B5.1	Supply chain description	World-Class Governance, 7	
G4-13	–	Significant changes during the reporting period	GRI G4 & HKEx Commentary Table, 41	
G4-14	–	Report how the precautionary approach is addressed	ESG Governance, and Risk Management Section of Annual Report 2017, 8	
G4-15	–	Charters	GRI G4 & HKEx Commentary Table, 41	
G4-16	–	Memberships	Memberships, 44	
G4-17	–	List entities included in financial statements; mention those not covered by this report	Report Scope, 4	
G4-18	–	Process for defining report content and aspect boundaries	Stakeholder Engagement & Materiality Assessment, 5	
G4-19	–	List material aspects	Stakeholder Engagement & Materiality Assessment, 5	
G4-20	–	Aspect boundaries within the organisation	Stakeholder Engagement & Materiality Assessment, 5	
G4-21	–	Aspect boundaries outside the organisation	Stakeholder Engagement & Materiality Assessment, 5	
G4-22	–	Effect of any restatements in previous reports	GRI G4 & HKEx Commentary Table, 41	
G4-23	–	Significant changes in scope and aspect boundaries from previous reporting period	About this Report, 4	
G4-24	–	List of stakeholders engaged by the organisation	Stakeholder Engagement & Materiality Assessment, 5	
G4-25	–	Report basis for identification and selection of stakeholders	Stakeholder Engagement & Materiality Assessment, 5	

## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

General Standard Disclosure	HKEx ESG Reporting Guide Reference	Detail	Section and Page	SDG Goal
Including UNGC				
G4-26	–	Stakeholder engagement approach and frequency	Stakeholder Engagement & Materiality Assessment, 5	
G4-27	–	Report any key topics and concerns raised by stakeholders	Stakeholder Engagement & Materiality Assessment, 5	
G4-28	–	Reporting period	Report Scope, 4	
G4-29	–	Date of most recent report	About this Report, 4	
G4-30	–	Reporting cycle	AIA's ESG Report is published annually.	
G4-31	–	Contact point for questions regarding the report and its contents	Feedback on this Report, 36	
G4-32	–	GRI "in accordance" option chosen; GRI Content Index	Report Scope, 4	
G4-33	–	External assurance	GRI G4 & HKEx Commentary Table, 41	
G4-34	–	Governance structure of the organisation	GRI G4 & HKEx Commentary Table, 41	
G4-56 UNGC 10	–	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	World-Class Governance, 7	



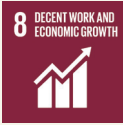


Material Issues Including UNGC	GRI G4 Indicator	ESG Reporting Guide Reference	Detail	Section and Page	Remarks and corresponding SDG Goal
<b>Economic</b>					
Economic performance	DMA G4-EC1	KPI B8.2	Direct economic value generated and distributed	Report Scope, 4	Please also refer to the Financial and Operating Review Section of the Annual Report 2017
<b>Environment</b>					
Energy UNGC 7 UNGC 8 UNGC 9	DMA G4-EN3 G4-EN4 G4-EN5 G4-EN6	GD A2 KPI A2.1 KPI A2.3	Energy consumption within the organisation Energy intensity per full-time employees Reduction of energy consumption	Our Emissions and Energy Footprint, 29	
Emissions UNGC 7 UNGC 8 UNGC 9	DMA G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19	GD A1 KPI A1.1 KPI A1.2 KPI A1.5	Direct greenhouse gas (GHG) emissions (scope 1) Direct greenhouse gas (GHG) emissions (scope 2) Other indirect greenhouse gas (GHG) emissions (scope 3) Greenhouse gas (GHG) emissions intensity Reduction of greenhouse gas (GHG) emissions	Our Emissions and Energy Footprint, 29	 
Products & Services UNGC 7 UNGC 8 UNGC 9	DMA G4-EN27	GD A3 KPI A3.1	Extent of impact mitigation of environmental impacts of products and services	Operating Responsibly- Our Products, and Sustainable Investments, 31	
Compliance UNGC 8	DMA G4-EN29	GD A1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI G4 & HKEx Commentary Table, 41	
-	–	HKEx KPI A2.2	Water consumption in total and intensity	Operating Responsibly – Use of Resources, 30	

## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX



Material Issues Including UNGC	GRI G4 Indicator	ESG Reporting Guide Reference	Detail	Section and Page	Remarks and corresponding SDG Goal
<b>Labour Practices and Decent Work</b>					
Employment UNGC 6	DMA G4-LA1	GD B1 KPI B1.1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	GRI G4 & HKEx Commentary Table The Right People, 20, 41	 
-	-	HKEx GD B2	General Disclosure Information on policies and compliance with relevant laws and regulations relating to providing a safe working environment	The Right People – Employee Wellness, 20, 24	
-	-	HKEx KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	The Right People – Employee Wellness, 20, 24	
Training and education UNGC 6	DMA G4-LA9 G4-LA10 G4-LA11	GD A3 KPI A3.2	Average hours of training per year per employees, by gender, and by employee category  Programmes for skills management and lifelong learning that support the continued employability of employees	Learning and Development, 25	 
Diversity and equal opportunity UNGC 6	DMA G4-LA12	GD B1 KPI B1.1	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership and other indicators of diversity	The Right People, Diversity and Inclusion, 20, 22	 
<b>Human Rights</b>					
Investment UNGC 1	DMA G4-HR2	-	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	World-Class Governance, Code of Conduct, 7	
Freedom of Association and Collective Bargaining UNGC 3	HR4	-	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	World-Class Governance – Supply Chain Management, 11  The Right People – Employee Retention and Succession Planning, 20, 21	
Child Labour UNGC 5	HR5	-	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	World-Class Governance – Supply Chain Management, 7, 11	Please also refer to our Supplier Code of Conduct



## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

Material Issues Including UNGC	GRI G4 Indicator	ESG Reporting Guide Reference	Detail	Section and Page	Remarks and corresponding SDG Goal
Forced or Compulsory Labour UNGC 4	HR6	–	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	World-Class Governance – Supply Chain Management, 7, 11	
Supplier Human Rights Assessment UNGC 2	HR10	–	Percentage of new suppliers that were screened using Human Rights criteria	World-Class Governance – Supply Chain Management, 7, 11	
<b>Society</b>					
Local communities UNGC 1	DMA G4-SO1	GD B8 KPI B8.1 KPI B8.2	Percentage of operations with implemented local community engagement, impact assessments, and development programme	Contributing to our Communities, 12	Total resources contributed in community programmes disclosed in lieu of the percentage of operations with implemented local community engagement to align with the HKEx requirement
Anti-corruption UNGC 10	DMA G4-SO4	–	Communication and training on anti-corruption policies and procedures	GRI G4 & HKEx Commentary Table, 41	
Compliance	DMA G4-SO8	–	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI G4 & HKEx Commentary Table, 41	
<b>Product Responsibility</b>					
Product Responsibility	DMA	GD B6	Initiatives to enhance financial literacy by type of beneficiary	Promoting Financial Literacy, 19	 
Active Ownership	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	World-Class Governance – Our Investments, 11	
Local Communities	FS13		Initiatives to improve access to financial services for the disabled	Contributing to Our Communities, AIA PT Initiative, 16	

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Material Issues Including UNGC	GRI G4 Indicator	ESG Reporting Guide Reference	Detail	Section and Page	Remarks and corresponding SDG Goal
Local Communities	FS14		Initiatives to improve access to financial services for disadvantaged people	Contributing to Our Communities, Microinsurance as a means of enabling inclusion, 12, 16	 
Sustainable Buildings	CRE 8		Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, and redevelopment	Operating Responsibly, AIA Financial Centre, 32	
<b>Data Protection and Privacy</b>					
Data Protection and Cybersecurity measures		KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	World-Class Governance – Data Protection, 10	

### GRI G4 & HKEX GUIDE COMMENTARY TABLE

Any GRI disclosure and ESG Guide disclosures that are not covered in the main report are explained in the following commentary table.

GRI G4					
Indicator Including UNGC & SDG Disclosure	ESG Reporting Guide Reference	GRI Content to Cover		Remarks and corresponding SDG Goal	
G4- 10	KPI B1.1	Report the total number of employees by employment contract and gender	Report the total number of permanent employees by employment type and gender	Report the total workforce by region and gender	<ul style="list-style-type: none"> <li>AIA employs a total of 19,916 full time employees</li> <li>109 employees work on part time contracts</li> <li>Across the Asia-Pacific region, AIA employs 11,188 female employees and 7,670 male employees on open-ended (permanent) contracts.</li> <li>AIA's Agency force is not included in the totals provided above</li> </ul>
G4-11	–	Percentage of employees covered by collective bargaining agreements		Labour unions are in place at AIA Korea, Philippines, Singapore, and Malaysia. We do not collect data regarding percentage of employees covered by collective bargaining agreements.	
G4-13	–	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain		<p>In May 2017, the official opening of AIA Cambodia was announced, following the granting of an insurance licence from the Ministry of Economy and Finance of Cambodia.</p> <p>The 2017 ESG Report therefore includes within its scope, employee and environmental data from AIA Cambodia for the first time.</p>	
G4-15	–	Charters		AIA is a Signatory of the UN Global Compact	

## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

GRI G4			
Indicator Including UNGC & SDG Disclosure	ESG Reporting Guide Reference	GRI Content to Cover	Remarks and corresponding SDG Goal
G4-22	–	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements	Restatements of carbon emissions and energy data to exclude the use of Towngas from our direct energy use and scope 1 emission footprint at Group Office. AIA's dining facilities, and therefore any Towngas consumed at its Group Office (AIA Building) is outsourced to a third party.
G4-33	–	Policy and current practice with regard to seeking external assurance	External Assurance Statement for Emissions and Energy data is included on page 44 of this Report.
G4-34	–	Governance structure of the organisation	Please refer to the Corporate Governance Section of Annual Report 2017 Please also refer to information on our leadership team, linked <a href="#">here</a> .
G4-LA1	–	New Employees Hires by Gender and by Age Group	By Age Group: <ul style="list-style-type: none"> <li>• Below 30: 1,774</li> <li>• 30-50: 1,705</li> <li>• Over 50: 74</li> </ul> By Gender: <ul style="list-style-type: none"> <li>• Male: 1,952</li> <li>• Female: 1,596</li> </ul>
Energy UNGC 7 UNGC 8 UNGC 9	DMA G4-EN3 G4-EN4 G4-EN5 G4-EN6	GD A2 KPI A2.1 KPI A2.3	<ul style="list-style-type: none"> <li>• Direct energy consumption at AIA Group: 18,947,298 kWh</li> <li>• Indirect energy consumption at AIA: 72,905,649 kWh</li> <li>• Total energy use at AIA: 91,852,947 kWh</li> <li>• Energy intensity per full-time employees: 4,608 kWh</li> <li>• Energy consumption from use of fossil fuels and gas (direct energy use) at Group Office, Hong Kong and Singapore: 465,609 kWh<sup>✓</sup></li> <li>• Electricity usage (indirect energy use) at Group Office, Hong Kong and Singapore: 20,938,461 kWh<sup>✓</sup></li> <li>• Total energy consumption at Group Office, Hong Kong and Singapore: 21,404,070 kWh<sup>✓</sup></li> <li>• Total energy intensity per full-time employee at Group Office, Hong Kong and Singapore: 5,790 kWh<sup>✓</sup></li> </ul>
Emissions UNGC 7 UNGC 8 UNGC 9	DMA G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19	GD A1 KPI A1.1 KPI A1.2 KPI A1.5	<ul style="list-style-type: none"> <li>• Total Scope 1 emissions for the Group: 4,935 tonnes of CO<sub>2</sub>e</li> <li>• Total Scope 2 emissions for the Group: 45,519 tonnes of CO<sub>2</sub>e</li> <li>• Total Scope 3 emissions for the Group: 7,388 tonnes of CO<sub>2</sub>e</li> <li>• Total GHG emissions for the Group: 57,842 tonnes of CO<sub>2</sub>e</li> <li>• Total emissions per full-time employee: 2.9 tonnes of CO<sub>2</sub>e</li> <li>• Scope 1 GHG emissions for Group Office, Hong Kong and Singapore: 128 tonnes of CO<sub>2</sub>e<sup>✓</sup></li> <li>• Scope 2 GHG emissions for Group office, Hong Kong, and Singapore: 12,581 tonnes of CO<sub>2</sub>e<sup>✓</sup></li> <li>• Scope 3 GHG emissions for Group Office, Hong Kong, and Singapore: 3,158 tonnes of CO<sub>2</sub>e<sup>✓</sup></li> <li>• Total GHG emissions (Scope 1, 2, 3) for Group Office, Hong Kong and Singapore: 15,868 tonnes of CO<sub>2</sub>e<sup>✓</sup></li> <li>• Total emissions per full-time employee at Group Office, Hong Kong and Singapore: 4.29 tonnes of CO<sub>2</sub>e<sup>✓</sup></li> </ul>

## GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

GRI G4			
Indicator Including UNGC & SDG Disclosure	ESG Reporting Guide Reference	GRI Content to Cover	Remarks and corresponding SDG Goal
G4 – LA11		Percentage of employees receiving regular performance and career development reviews	100 per cent of staff on open-ended contracts, and with contracts of a period greater than one year have regular performance reviews.
	HKEx KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	As a life insurer the production of hazardous waste is immaterial to our operations.
	HKEx KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	AIA's waste consist of food and office products such as paper and cans. This does not represent a material impact at this time. Going forward we will consider the need to measure our waste footprint.
	HKEx KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Non-hazardous waste is sorted and recycled at select business units. We continue to raise awareness on the importance of waste reduction through signage and internal communication. As a life insurer, the production of hazardous waste is immaterial to our operations.
	HKEx KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	There is no material issue in sourcing or using water that is fit for purpose.
	HKEx KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Packaging material is immaterial to the nature of our operations as a life insurer.
G4-S04	–	Communication and training on anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>Total number of governance body members that AIA's anti-corruption policies and procedures were communicated and explained to: 11</li> <li>Anticorruption policies and procedures are communicated to 100 per cent of employees and agents.</li> </ul>
G4-S08	GD A1, B2, B4, B6, and B7	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.
G4-EN29	GD A1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period.
	GD B1	Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	There were no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations that have a significant impact on our business relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.



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### TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

We have undertaken a limited assurance engagement in respect of the Sustainability Information of AIA Group Limited (the "Company") listed below under the 'Identified Sustainability Information' section and identified with a ✓ in the Company's Environmental, Social and Governance ("ESG") Report for the year ended 30 November 2017 ("ESG Report 2017").

### IDENTIFIED SUSTAINABILITY INFORMATION

The Identified Sustainability Information for the year ended 30 November 2017 is summarised below:

- Electricity usage (indirect energy use)
- Energy consumption from use of fossil fuels and gas (direct energy use)
- Total energy consumption
- Total energy intensity (per full-time employee)
- Scope 1 Greenhouse Gas ("GHG") emissions
- Scope 2 GHG emissions
- Scope 3 GHG emissions *(Note 1)*
- Total GHG emissions (Scope 1, 2, 3)
- Total GHG emissions (Scope 1, 2, 3) intensity (per full-time employee)

*Note 1: Emissions produced indirectly from commercial business travel by airplane.*

Selective quantitative data was provided for three of the Company's locations and related operations and these are the only locations included in the Identified Sustainability Information for the year ended 30 November 2017, namely:

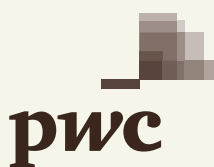
- the Company's Group Office operations in Hong Kong conducted from its premises located at AIA Central (1 Connaught Road, Central) and AIA Building (1 Stubbs Road, Wan Chai);
- the operations of AIA Hong Kong conducted from its premises located at AIA Hong Kong Tower (734 King's Road, Quarry Bay) and AIA Financial Centre (712 Prince Edward Rd E, San Po Kong); and
- 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).

Data relating to the activities of the Company's insurance agents has been excluded from the selective quantitative data provided to us.

For the purposes of this limited assurance report, the selected quantitative data is referred to as the "Identified Sustainability Information".

Our limited assurance report is in respect to the year ended 30 November 2017 information for the Identified Sustainability Information only and we have not performed any procedures with respect to earlier periods, other locations or any other elements included in the ESG Report 2017 and, therefore, do not express any conclusion thereon.

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## CRITERIA

The criteria used by the Company to prepare the Identified Sustainability Information is set out based on the principles and recommendations contained in the following:

- the Core Standard of the Global Reporting Initiative (“GRI”) G4 Guidelines and the Financial Services Sector Supplement, with reference to the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and
- Greenhouse gas accounting criteria as described in the section “Report Scope” in the ESG Report 2017

which are referred to in the Engagement Letter as the “Reporting Criteria” and referred to as the “Criteria” in this Limited Assurance 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 Code of Ethics for Professional Accountants 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*, and the 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.

The maintenance and integrity of the AIA Group Limited website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the Identified Sustainability Information of AIA Group Limited on which the assurance report was issued or the assurance report that was issued and the information presented on the website.



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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; 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 year ended 30 November 2017 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 21 March 2018

The maintenance and integrity of the AIA Group Limited website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the Identified Sustainability Information of AIA Group Limited on which the assurance report was issued or the assurance report that was issued and the information presented on the website.



**AIA Group Limited**  
**友邦保險控股有限公司**

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