

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

REPORT 2019

STOCK CODE 1299

AIA GROUP LIMITED  
友邦保險控股有限公司



HEALTHIER, LONGER,  
BETTER LIVES

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# 2019 Sustainability at-a-Glance



## PROTECTION

Serve the holders of

MORE THAN  
**36**  
MILLION



individual policies

AND OVER  
**16**  
MILLION



participating members of group insurance schemes

OVER  
**14** MILLION  
BENEFIT PAYMENTS



were made during 2019, helping customers and their families to cope with challenges at different life stages

## INVESTMENTS IN HEALTHCARE

As at 31 December 2019

US\$ **3.3**  
BILLION



invested in healthcare-related sectors

## COMMUNITY CARE

over

US\$ **8**  
MILLION

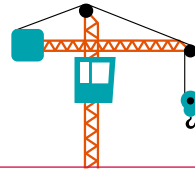


contributed to our communities reaching over 500,000 people

## INVESTMENTS IN INFRASTRUCTURE

As at 31 December 2019

US\$ **30**  
BILLION



invested in infrastructure-related sectors such transportation and telecommunications

## ENVIRONMENTAL PERFORMANCE

Total carbon emissions of

**59,749**  
TONNES

**2.6 TONNES**  
per employee



## ENERGY PERFORMANCE

Energy use of

**3,827**  
kWh

per employee



## CORPORATE GOVERNANCE

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

Quarterly meetings of the Group ESG Committee and bi-annual presentations to the Group Board

## KEY ESG MEMBERSHIPS AND SIGNATORIES



## KEY INDEX INCLUSIONS AND RATINGS



FTSE4Good



I am delighted to present AIA Group's Environmental, Social and Governance (ESG) Report for 2019.

The principles underpinning ethical and sustainable business practices are a clear priority for our stakeholders – and for AIA. Our stated Vision is to be the world's pre-eminent life insurance provider. As such, we have a responsibility to drive positive change, anticipate the impacts of ESG issues on our business and proactively address these sustainability challenges.

We believe that AIA's strategic focus on sustainability and our ability to manage associated risks creates tangible value for our business and for the communities we serve over the long term. That is why sustainability is built into every action AIA takes. It guides our approach to customer and employee relationships, products, partnerships, operations, innovation and investments. By making sustainability central to how AIA does business, we are building solid foundations for continued growth and ensuring that the Group carries on fulfilling our Purpose of playing a leadership role in driving economic and social development across the region.

Our ambitions are directly aligned with global sustainability priorities, particularly the United Nations' Sustainable Development Goal of promoting good

health and well-being for all. To achieve this, we continue our shift towards being a lifelong partner to our customers, moving beyond the traditional insurance model of paying claims to focus on helping our customers achieve our brand promise of Healthier, Longer, Better Lives.

We are proud that our commitment to ESG is being recognised internationally. In 2019, AIA was included in the top 1 per cent of companies for ESG risk management by the rating agency Sustainalytics, which ranked the Group second out of 253 companies in the insurance industry. We were also included in the FTSE4Good Index Series for a third consecutive year and joined the Climate Action 100+, an investor initiative to ensure the world's largest corporate emitters of greenhouse gases take the necessary action on climate change.





Incorporating ESG considerations into the Group's governance is also a critical factor in enabling AIA to manage sustainability challenges. The Board's approach to effective governance is reflected in AIA's commitment across the organisation to ensuring that it has the right culture and processes to manage risk, including sustainability risks, in an increasingly complex environment. This includes receiving frequent input from key internal and external stakeholders on issues related to climate change, public health, data privacy, cybersecurity and ethical business practices. For us, managing these risks is intrinsic to the sustainable growth of our markets and, in turn, our Group.

Today, communities across the world face uncertainty as COVID-19 spreads. Our priority continues to be the well-being of our staff and agents, and we are

also working hard to support our wider communities at this time. Across the region, we have been offering enhanced benefits and expedited claims procedures as well as practical support on the ground.

In 2020, we will strive to extend our leadership position, contributing to a better and more sustainable future for all of our stakeholders and the communities and region we serve.

**Edmund Sze-Wing Tse**  
Independent Non-executive Chairman  
13 March 2020

# Statement from Group Chief Executive and President



AIA's Centennial Year in 2019 was a memorable opportunity to celebrate what we have achieved over the past 100 years, and importantly, to look to our future. The strong domestic drivers of demand and major demographic trends in Asia provide positive structural support for long-term economic growth across the region. However, one of the main challenges is how to ensure this growth is sustainable: for the long-term benefit of our communities and the environment. AIA is committed to being part of an effective response to this challenge in the Asia-Pacific region.

Rapid economic growth has delivered rising incomes and improved living standards for hundreds of millions of people across the region. At the same time, greater prosperity has brought dramatic increases in the incidence of lifestyle-related diseases and increased pollution levels that affect the long-term well-being of our communities. Urbanisation and ageing populations also require social welfare programmes and levels of fiscal support that are often unavailable at the required scale. Furthermore, Asia is expected to be one of the regions most impacted by the consequences of climate change.

In the face of these risks, Asia remains significantly underinsured in terms of life protection, health insurance, and retirement savings. This creates a clear responsibility for the life insurance industry to address these challenges. It can support people through times of illness and financial adversity as well as provide an efficient means of pooling savings and funding retirement incomes. The industry also plays a vital role in the development of the region by mobilising savings and promoting investment in productive and sustainable economic sectors.



AIA is a long-term partner to our communities in helping them to meet their risks and challenges. Our products provide protection to millions but, as the largest independent publicly-listed pan-Asian life insurance group, our ambition is to go much further than simply providing cover and paying claims. We are committed to enabling our customers to live Healthier, Longer, Better Lives by supporting their health and wellness at every stage of their lives – and we believe that delivering on this commitment can make a positive difference to the sustainable development of our markets throughout the region.

We continue to innovate to ensure that we deliver on this promise to more customers, including those in traditionally underserved segments. In 2019, we launched first-in-market mental health coverage in Malaysia and strengthened our critical illness cover in Singapore, providing coverage to a number of mental health conditions. We also strengthened our partnerships in 2019, agreeing an exclusive Asia-Pacific regional partnership with Medix that gives our customers across the region access to Personal Medical Case Management Services when they are diagnosed with a serious health condition.

AIA Vitality, our comprehensive, science-backed wellness programme, is central to our commitments. AIA Vitality launched in New Zealand last year, meaning we now offer comprehensive wellness programmes in 12 markets. Overall membership of these programmes exceeded 1.7 million at the end of

December 2019, an increase of 42 per cent since the end of 2018. AIA Vitality members recorded over 800,000 workouts per day and received 6.6 million health assessments in 2019.

Managing US\$284 billion, AIA is committed to making investments that help deliver sustainable growth for our communities: AIA's investments in infrastructure grew to US\$30 billion in 2019 and our holdings of green bonds rose to a total of US\$916 million. AIA joined the Task Force on Climate-related Financial Disclosures ("TCFD"), a global initiative that seeks to develop voluntary and consistent disclosure of climate change impacts, in 2018. We deepened our commitment to the TCFD recommendations in 2019 by engaging with more than 1,400 companies across our investment portfolio, as well as over 30 external investment managers, in seeking to better understand how they manage climate change risks and address their climate impacts.

Our commitment to sustainability includes supporting our people. We believe that fostering the right culture, caring for our employees and helping them develop their careers is vital to achieving sustainable success over the long term. In 2019, 97 per cent of our employees responded to the annual Gallup Q12 Survey, which helps us monitor their engagement, and our scores placed us in the top quartile of Gallup's global financial services and insurance industry benchmark for the third consecutive year. AIA was also recognised in the Forbes Global 2000 – World's Best Employer 2019 list and named a constituent of the Bloomberg Gender-Equality Index for the third year in a row.

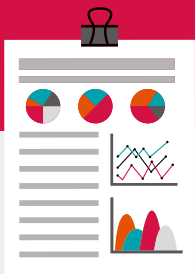
We recognise that our stakeholders expect us to be transparent in how we operate, reporting on our own environmental and social impact, as well as how we create value, and improve the quality of lives for people across our communities. This corresponds with our own commitment to have sustainability at the heart of our business. We will continue to maintain our dialogue with AIA's stakeholders about how we are meeting their expectations.

As I approach my retirement later this year, I am proud of the progress AIA has made towards fulfilling its commitment to sustainability during my time as Group Chief Executive and President and the benefits this has delivered to all our stakeholders. I am very pleased to pass the role of Group Chief Executive and President on to Lee Yuan Siong, and I am confident that AIA will continue to make a meaningful contribution to Asia's sustainable development under his leadership.



**Ng Keng Hooi**  
Group Chief Executive and President  
13 March 2020

# About This Report



AIA Group Limited (the “Company”) is pleased to present its ESG Report 2019 (the “Report”), which sets out in detail our ESG priorities and commitment toward our promise of enabling Healthier, Longer, Better Lives across the Asia-Pacific region.

This Report describes how we address material sustainability issues and contains cross references to information in the Company’s Annual Report 2019.

## Who We Are

The Company and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong Special Administrative Region (“Hong Kong”), Thailand, Singapore, Malaysia, Mainland China, South Korea, the Philippines, Australia, Indonesia, Taiwan (China), Vietnam, New Zealand, Macau Special Administrative Region (“Macau”), Brunei, Cambodia, Myanmar, a 99 per cent subsidiary in Sri Lanka and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai a century ago in 1919. It is a market leader in the Asia-Pacific region (ex-Japan) based

on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$284 billion as of 31 December 2019.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia-Pacific, AIA serves the holders of more than 36 million individual policies and over 16 million participating members of group insurance schemes.



# Our Material Issues

For 100 years, AIA has provided protection to individuals and families when they have needed it most. As a market leader, AIA is focused on the sustainability of our financial results. We also take the initiative to understand the risks and opportunities posed to our business from sustainability challenges across our markets. This focus on sustainability is integral to our long-term growth and the inclusive development of our communities.

## How We Identify Material ESG Issues

AIA's Environmental, Social and Governance Committee ("ESG Committee") oversees the development of ESG strategies and initiatives at the Company. The ESG Committee is comprised of members of the Group Executive Committee and considers feedback from the Group's stakeholders, including investors, employees, customers, and regulators. The Committee also considers research, commissioned internally and published by academic institutions.

The role of the ESG Committee is discussed in detail in the Governance section of this Report.

In 2018, the ESG Committee identified the following five issues that have been and will continue to be central to our efforts to operate in a sustainable way while supporting our communities. These social and environmental issues remain unchanged in their priority as key structural drivers of our growth.

- **THE GROWING PROTECTION GAP**
- **LIFESTYLE-RELATED DISEASE**
- **AGEING POPULATIONS**
- **URBANISATION**
- **POLLUTION**

Other material ESG issues that pose both risks and opportunities to our business more broadly are outlined below and discussed in sections of this Report.

# Our Approach to ESG

Core to all our ESG efforts is our purpose-led brand promise to help our customers lead Healthier, Longer, Better Lives, and our commitment to

our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come”.



We aim to address the sustainability challenges faced across our markets, to operate responsibly by mitigating our environmental impact, and to ensure that we always do business in the right way by adhering to the highest ethical standards.

AIA’s ESG Approach, which incorporates feedback from the ESG Committee and stakeholders, highlights core areas and aspects of our business that allow us to address our material issues and manage key areas of our operational impact. Each of these items is discussed in detail in sections of the Report and includes supporting statistics, metrics and examples.

## The Role of the Life and Health Insurance Industry in Addressing ESG issues

While rapid economic development has brought significant improvements in the standard of living across Asia-Pacific, the region continues to face significant social and environmental challenges.

The insurance industry has traditionally played an important role in contributing to the social and economic development of local communities. Life and health insurance provide people with peace of mind knowing that they are protecting themselves, their employees and their families against life's uncertainties. Our policies protect millions of people and businesses, both Small and Medium size Enterprises ("SMEs") and large corporations.

While rapid urbanisation and economic development in the region have brought affluence, lifestyle changes have also disrupted the traditional family networks that people have historically relied upon for security and support. These shifts have exacerbated the protection gap for many in our communities.

Life and health insurance and savings options help to address the protection gaps from these societal shifts, reducing the burden on families and national healthcare systems, while providing people with a range of options in accessing medical treatment.

Deteriorating health associated with lifestyle factors and pollution has resulted in an increase of non-communicable diseases ("NCDs"), which account for over

**70%**  
of all deaths globally<sup>1</sup>.



By 2050, urbanisation coupled with the overall growth of the world's population could add

**2.5 BILLION**  
more people to urban areas<sup>2</sup>.



**15 MILLION**

of these deaths are premature, affecting people between the ages of 30 and 69. Low- and middle-income countries face the greatest risk, further compromising poverty reduction and development efforts.

It is projected that more than

**25%**  
of the population in Asia-Pacific will be over the age of 60 by 2050, straining economic growth and increasing demand for public services<sup>3</sup>.



AIA provides protection to people across the region with total sum assured of

**US\$ 1.74 TRILLION**

## We Are Evolving to Meet These Challenges

AIA aims to engage with our customers and address the health and wellness challenges they face. AIA has made a promise – to help millions of people across Asia-Pacific to live Healthier, Longer, Better Lives.

AIA will continue to respond to our customers' needs, devising products and services for changing demographics, while working with partners who can bring new expertise and add value to our services. Through our wellness programmes, we incentivise people to both understand and act to improve their health and well-being.

Throughout this Report, you will find examples of how we work to help predict, prevent and improve diagnosis of diseases while supporting the treatment and rehabilitation of customers. We aim to make a positive difference in people's

lives. To AIA, our brand promise of Healthier, Longer, Better Lives is about not only protection but partnering with our customers to help them live long, active and meaningful lives.

Insurance also helps to mobilise savings. The premiums paid from policies that we sell are reinvested in productive sectors and businesses across Asia. As an asset owner, our significant investments in infrastructure, healthcare and other industries are discussed in sections of this Report. Our commitments to sustainable investment support the growth and development of capital markets and provide valuable capital for infrastructure, economic growth and thereby the development of the region. We are also taking steps to engage with companies in our investment portfolio on their sustainability awareness and performance, while encouraging action to build and enhance a more climate resilient future.

<sup>1</sup> WHO 2018

<sup>2</sup> UN 2014

<sup>3</sup> UN 2016

# Our Approach to ESG Reporting

AIA has a responsibility to be transparent and accountable to all our stakeholders, which includes reporting on how we make a difference in our communities, address sustainability challenges, and make a lasting and meaningful impact within our markets.

Our key stakeholders include our investors, customers, regulators, business partners, and our employees and agents.

This Report is produced in accordance with the “Core” option of the Global Reporting Initiative (“GRI”) Standards and 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”). As a signatory to the United Nations Global Compact (the “UN Global Compact”), AIA also reports on our progress toward the Ten Principles of the United Nations Global Compact.

## Our Reporting Boundary

To provide a comprehensive review of our impact and performance, this Report includes data from all business units where we maintain majority operational control, and excludes data from Tata AIA Life where we own a 49 per cent interest in a joint venture.

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 this Report. Additional information relevant to our ESG performance, including financial data and corporate governance matters, can be found in our Annual Report 2019. AIA makes every effort to ensure consistency between the Chinese and English versions of this Report. However, in the event of any inconsistency, the English version shall prevail.

This Report was reviewed and approved by the Company’s board of directors (the “Board”) on 11 March 2020.

## The Sustainable Development Goals

Developed by the United Nations (“UN”), the Sustainable Development Goals (“SDGs”) are 17 overarching goals that provide a global framework for peace and prosperity in consideration of the environment. Adopted in 2015 by all Member States of the UN, they are strategically important to governments across Asia-Pacific.

In 2018, AIA identified and reported on seven SDGs and their related targets where our business has the greatest ability to drive change within our markets. This Report outlines our support for related SDGs, with examples and case studies to show how we do this. In 2019, we also outlined our support for SDG 16 in support of peace, justice and strong institutions, through our commitment to responsible business practices.

Our most significant contributions are to SDG 3, supporting Good Health and Well-being, through our purpose of enabling Healthier, Longer, Better Lives.



**AIA has also been a supporter of the UN Global Compact since 2016. This Report forms part of our annual submission on reporting to the Ten Principles of the UN Global Compact.**

**WE SUPPORT**



# Doing Business in the Right Way



This section outlines our support of SDG 16 on peace, justice

and strong institutions. Our approach to good governance, as discussed in this section, is aligned with SDG Target 16.5 to substantially reduce corruption and bribery in all their forms, and SDG Target 16.6 to develop effective, accountable and transparent institutions.

Strong corporate governance sets the foundation upon which we are able to grow our business, realise our Purpose, and make a positive difference in people’s lives.

Our approach is based on the Group’s 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 is embedded within our governance practices and culture programmes.

## ESG Governance

ESG issues have the potential to impact business performance, whether through regulation, stakeholder perception, or by directly affecting the health and well-being of our customers.

AIA seeks to understand these ESG issues, mitigate our impact on the environment, and address the key health challenges facing our markets. This is core to who we are and how we operate.

All employees at AIA are responsible for contributing to the realisation of our ESG priorities, whether through upholding our principles for good governance or through ESG-focused roles.

The AIA ESG Committee comprises members of our Group Executive Committee and is responsible for overseeing governance around ESG, in addition to integrating and addressing ESG issues within our business.

The ESG Committee met four times in 2019, providing input on our ESG

approach, environmental targets, submissions to sustainability indices, and in reviewing this Report.

To receive third-party feedback on the Group’s performance, the ESG Committee commissioned a consultant who completed an ESG benchmarking and gap analysis exercise in 2019. The Committee also considers the latest ESG research, feedback raised by key stakeholders and reports by rating agencies, in order to provide input on specific ESG issues relevant to the Group.

# Effective Risk Management

Investors increasingly consider ESG risks when making their investment decisions, with research showing that companies with better capacity to manage ESG-related risks produce higher returns over the long term<sup>4</sup>. At AIA, a comprehensive approach to risk management ensures that we have the frameworks in place across our business to address relevant risks.

The Board retains ultimate responsibility for the oversight of the Group's risk management activities and monitors material Group-wide risks, whether they are relevant to the industry or unique to the Group and its businesses. The Board is supported by the Board Risk Committee ("BRC") and executive risk committees ("eRC"), such as the Operational Risk Committee ("ORC") and Financial Risk Committee ("FRC"), which are comprised of our senior executives.

AIA's Risk Management Framework ("RMF") ensures that across our Group, we have the capabilities and processes in place to identify, quantify, monitor and report risk. The Board and business unit boards of directors are responsible for reviewing this framework to ensure that it is sufficiently effective given local business environments and context.

We address ESG-related risks according to the process outlined in the RMF and categorise them based on the nature of the risk to our operations. Data protection, cybersecurity, people management and responsible business practices may have immediate operational impacts and are therefore treated as operational risks. Long-term challenges such as pollution and lifestyle risk factors impact the health and well-being of people across our markets, and are viewed as insurance risks given the impact they may pose. Such emerging ESG issues may be discussed by the BRC, eRC or the ESG Committee.

AIA conducts scenario testing and business continuity analysis to ensure sufficient capital is earmarked to provide protection to our policyholders and to ensure business continuity under stressed conditions. For further details on our approach, please refer to page 285 of the Annual Report 2019.

Our internal audit team provides independent assurance on the effectiveness of our key controls and recommends control improvements as necessary. The team's efforts cover a number of current and emerging

ESG risk areas, such as people management, technology and data privacy, to provide assurance that the appropriate controls are in place to address these risks.

AIA recognises that long-term ESG risks, such as climate change, pollution and lifestyle related NCDs, have far reaching impacts on our markets and require concerted contributions from business, government and the general public alike. AIA aims to address these issues through discussion within our ESG member organisations, and by playing a proactive role through our business where we remain committed to enabling Healthier, Longer, Better Lives across the region.



## Risk Culture

A key element in the effective management of risk, including ESG risk, is a strong and resilient culture, including how an organisation behaves as it encounters opportunity and manages risk. Strong risk awareness, as a part of AIA's desired broader culture, is integral to our RMF. Our Vision and Purpose, in particular, our purpose-led brand

promise, are aligned with a strong and sustainable culture.

AIA's Operating Philosophy and Code of Conduct (the "Code") further outline expectations on professional conduct, identifying risk behaviours and channels for reporting on potential risks. Frequent training and internal communications ensure that all employees and agents are familiar with the appropriate reporting issues.

# Responsible Business Practices

Our customers place a high degree of trust in our business, and in our ability to provide protection and financial security over time to millions across the region. We take pride in our long history of successful operation and value the reputation we have earned of being a reliable and trustworthy company that acts with integrity throughout our operations.

## Code of Conduct

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

The Code has been translated into six languages and on joining AIA, all employees are required to undertake training to familiarise themselves with the Code. All employees are also required to complete an annual certification of familiarity and compliance with the Code. Training on the Code is supplemented with an ethical leadership programme, that equips AIA’s leaders with practical tools to manage situations involving ethical dilemmas.

Each employee is expected to take personal responsibility for observing the highest standards of integrity and conduct and to report any violations. We believe that our environment and the processes that we have put in place empower employees to identify and escalate issues without fear or hesitation. All non-compliance with the Code is subject to disciplinary action, which can include dismissal where appropriate. AIA’s business partners, including its agents, distribution partners and suppliers are expected to apply similar standards and to follow the same responsible practices as our employees.

## Preventing Bribery and Corruption

Under our policies, 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 and government officials, our customers, or employees.

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

the Policy. The Policy also outlines 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 is committed to the high ethical standards outlined in the Code and espouses a zero-tolerance approach towards fraud. AIA’s Anti-Fraud Policy sets out standards for managing the risk of fraud, including training as well as preventive and detective measures. Our operating entities implement procedures to prevent and facilitate early detection of fraudulent practices to protect customer interests and those of AIA, in line with this policy.

Incidents and allegations or suspicions of fraud are assessed and investigated. If allegations or suspicions are substantiated, AIA is committed to taking a fair and proportionate approach in administering disciplinary actions. Other actions may include the loss of employment-related benefits, reporting the fraud to law enforcement authorities for prosecution or seeking a legal remedy against the employee for the fraud that has been committed.

## Whistle-blower Policy

AIA provides channels for all of our stakeholders, including employees, distributors, customers and suppliers, to raise concerns about any violation of the Code or other behaviour that falls short of the high standards demanded by the Group.

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 assessed and investigated. Reporting through internal channels (such as Human Resources, Audit and Compliance) accounted for 57 per cent of the reports received during the year. Issues raised via the ethics hotline are handled by AIA's Group Compliance team. The Whistle-blower Programme is overseen by the Board Audit



Committee, who receive regular reports from Group Internal Audit and Group Compliance on the number and nature of issues raised and the progress of all material investigations. AIA's Whistle-blower Protection

Policy prohibits any form of retaliation against any employee providing a good faith report of an actual or suspected violation of the Code.

## 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 Group AML/CTF Policy and Guidelines set out the 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 are also required to receive appropriate AML/CTF training. In addition, our Group Economic Sanctions Compliance Policy & Guidelines set out standards to manage the risk of dealings with governments, individuals and entities subject to sanctions programmes.

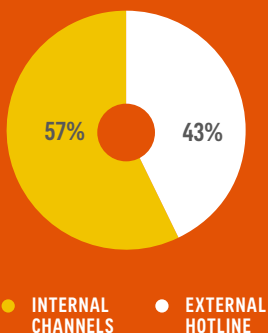
## Data Protection and Cybersecurity Preparedness

In providing our products and services, we ask our customers, employees and business partners to trust us with a range of sensitive information. To ensure we safeguard that information, AIA has in place a Group-wide Data Privacy Compliance Policy to ensure adequate safeguards for our customer and business data as well as compliance with data protection legislation. This Policy is communicated via classroom sessions and e-learning to all employees and agents when they join AIA, and are regularly reinforced through refresher training and awareness activities focusing on topics such as proper data handling, breach reporting and phishing. All employees and agents are required to safeguard customers' personal information and are prohibited from disclosing customer information to unauthorised parties.

AIA is committed to protecting the interests of our customers, partners, employees and stakeholders, ensuring high standards of information security. AIA's Group Information Security Policy is aligned to industry leading standards to ensure that our systems, processes and information are secured.

Our Group Chief Technology and Operations Officer and a dedicated information security team oversee the quality and consistency of technology risk management and cybersecurity across the Group. The team maintains a focus on protecting AIA from cyber threats by detecting any anomalies, effectively responding to cybersecurity issues, enhancing defensive controls and investing in security analytics. We also partner with leading information security services providers to provide further

PROPORTION OF REPORTS RECEIVED IN 2019 BY REPORTING CHANNEL





## Responsible Business Practices

capability on ensuring a secure operational environment. AIA focuses on protecting our critical assets from cyber threats using classification and threat modelling techniques.

This includes focusing on our key systems that process our customer data as well as key supporting business processes, and software specifically designed to address cyber risk in this area.



All cybersecurity issues are handled by the Director of Information Security who reports directly to the Head of Group Technology Governance. AIA believes that cybersecurity is the responsibility of every employee. Therefore, we educate our employees about how to protect themselves and AIA from cyber threats through web-based awareness and readiness training and conducting regular cyber-defence assessments including incident management drills. AIA also took part in industry tests such as the Malaysia Capital Market Cyber Simulation 2019 in August, where AIA was grouped in the Top 25 percentile.

AIA also continues to invest in Information Technology safeguards, including in the areas of Cloud Security, Data Protection and Mobile Application Security, to ensure sufficient operational controls which meet our information security objectives. For example, all cloud services providers we engage must adhere to our Cryptography Standard.

Appropriate data protection controls are also integrated into relevant operational processes and are regularly tested by our information security team. For example, procedural controls and information safeguards are built into our interactive Point of Sale (“iPoS”) and interactive Mobile Office (“iMO”) systems that have been adopted by our insurance agents in their sales processes and broader day-to-day operations. These safeguards include user authentication and secure storage of customers’ data.

AIA reviews the data security standards of our third-party vendors through our Third Party Security Assessment process. This process regularly assesses a broad range of security controls of our vendors, including data security and encryption, against industry standards such as ISO27001 and those by the National Institute of Standards and Technology of the United States (“NIST”). AIA also conducts privacy impact assessments to avoid or minimise adverse impacts on data privacy and to ensure appropriate safeguards are in place.

All access to customer data is subject to appropriate approvals and granted on a need to know basis, with recertification to confirm it remains correct.

Finally, AIA has also procured cyber insurance to provide further security to our business on any external cyber incidents.

## 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 summarised in our Supplier Code of Conduct (“Supplier Code”).

The Supplier Code was developed to complement the Code. It applies to all of our suppliers and references international conventions such as the UN Declaration on Human Rights and AIA’s ESG memberships. The Supplier Code encourages sound ESG practices among our suppliers and a general culture of integrity in all matters and ensures that these are considered when suppliers are selected.

As a Group, we work with suppliers that demonstrate sound practice in regard to their ESG performance. Dedicated due diligence processes form a part of our 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 through our supplier registration process.

AIA also encourages suppliers to minimise their energy consumption and carbon footprint, and we promote the use of environmentally friendly technology.

## Customer Engagement

With more than 36 million individual policies and over 16 million participating members of group insurance schemes, the scale and footprint of our customer base underscores our impact on our communities as we actively engage and nurture long-term relationships with our customers.

Achieving our promise of enabling Healthier, Longer, Better Lives requires that we engage in a meaningful way with our customers at each touchpoint in their journey, allowing us to develop a deep understanding of their unique needs and wants, in order to meet their requirements.

### Customer Segmentation

Helping our customers improve their health requires that we better understand their needs. To that end, we conduct research to understand the needs of various customer segments in order to customise our products and services. In Hong Kong, our segmentation model provides a holistic view of different customers based on life stages, attitudes and behaviours. This research has allowed us to develop digital sales tools such as segmentation toolkits, which support our team and agents in engaging with and meeting the genuine needs of our customers.

An enhancement to this segmentation model in 2019 helped us to deepen our understanding of five major professional sectors in Hong Kong: healthcare, civil service, education, banking and finance. Separately, we have also invested in better

understanding and meeting the needs of SMEs, a critically important part of Hong Kong's economy and society. This has allowed us to develop propositions to better address customer needs across our communities.

### Listening to Our Customers

To understand how we can enhance the customer experience at all stages of the customer journey, AIA runs a holistic Voice of Customer programme with three key components: an annual Customer Relationship Survey ("CRS"), an annual distributor survey and an ongoing real-time closed loop customer feedback system. The real-time closed loop customer feedback system, which was featured in the ESG report last year, provides us with customer feedback right after their interactions with AIA at key touchpoints, so that we can continue the dialogue with customers and make ongoing improvements to better serve their needs. Such systems have been launched in Mainland China and Malaysia.

Surveys help us to understand, from a customer perspective, potential issues and their root-causes so that we can better address customer needs throughout their journey with us. From a distributor perspective, we are also able to understand how we may better support agents and bancassurance partners to provide better service throughout the customer journey. After completing these surveys, cross-functional teams review insights in order to develop an action plan that addresses the issues identified. Ultimately, these insights help us to enhance the customer engagement experience, driving levels of retention, repurchase and recommendation.

In recognition of our Voice of Customer programme and initiatives to enhance customer experience, we were proud to be ranked number one in terms of Net Promoter Score in Mainland China in 2019, being benchmarked against key competitors.

### Handling of Customer Complaints

AIA has consistent guidelines for the handling of customer complaints across our business units. This includes clear procedures and protocols for dealing with customer issues, plus documentation related to the handling of cases. Customers can learn about the channels for submitting complaints through our websites as well as in our policy materials. We aim to handle all complaints and investigations in a prompt and efficient manner.

Resources are in place to address complaints across our business units, including a dedicated person to handle issues within an acceptable timeframe. We also have in place a process for escalation to management where required, including a line of communication to our Group Office.



# The Right People

AIA has always been a business built on its people.

At AIA, equipping our employees for success is vital to serving our customers and enabling our communities to live Healthier, Longer, Better Lives.

Guided by our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come”, we focus on fostering a culture that promotes recruiting, developing and retaining high performing employees.

## Our Workforce at a Glance

As at 31 December 2019, AIA had a total of

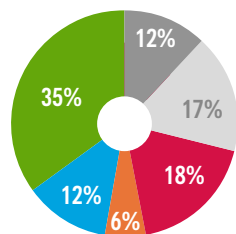
# 23,149

## EMPLOYEES

which included full-time and part-time, as well as contract employees<sup>5</sup>.

### Our employees across our markets<sup>6</sup>

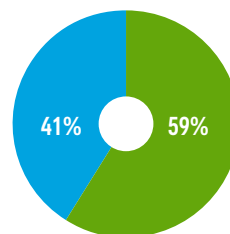
BY MARKETS



- HONG KONG
- SINGAPORE
- MAINLAND CHINA
- THAILAND
- MALAYSIA
- OTHER MARKETS

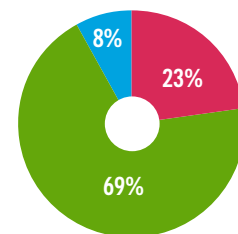
### Overview of our employee demographics

BY GENDER



- FEMALE
- MALE

BY AGE GROUP



- BELOW 30
- 30-50
- OVER 50

AIA's workforce is also supported by tens of thousands of agents across Asia-Pacific.

<sup>5</sup> Includes employees on contracts, but excludes interns, agents of the Group and employees of Tata AIA Life.

<sup>6</sup> Percentage of total employees – figures for Hong Kong include Group Office employees, figures for Mainland China and Malaysia include our employees in our shared services centres.

# Culture and Employee Engagement

At AIA, we hold ourselves to the highest standards of professional conduct and we pride ourselves on staying true to the values that have underpinned our growth since we were founded more than 100 years ago. Trust is a core component of the products and services that we offer to our millions of customers throughout the Asia-Pacific region and it is at the heart of all our interactions in the workplace, with our customers and with all other external stakeholders.

AIA's Code of Conduct defines how we maintain this trust and reflects our Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come". The Code provides clear guidance on how to conduct business at all times, by embedding ethics and strong risk management in all the decisions that AIA's employees make.

To help foster AIA's culture, all new employees are required to undergo an orientation and complete a set of e-learning modules centred on our Code. An enterprise-wide learning and development framework is in place across our business units to maintain consistency in our approach to talent development and help shape our culture across the region.

AIA is committed to creating and maintaining a positive work environment that is free from bullying, discrimination and harassment. Employees are encouraged to resolve issues by talking to and working with their management and human resources teams. In addition, employees are encouraged to speak up and ask questions, raise concerns or report instances of misconduct by contacting Compliance, or the 24/7 AIA Ethics Hotline.

## Engaging Our People

Continuing to build on our collaborative and inclusive workplace, which prioritises employee engagement, remains a top priority for AIA.

Each year for the past nine years we have conducted the Gallup Q12 survey to help us monitor levels of employee engagement across our business units and functions. The survey provides meaningful input to allow for the development of strategies to address areas requiring improvement, with the goal of building on our strong levels of engagement.

In 2019, 97 per cent of our people responded to the survey and the Group's employee engagement scores placed us in the top quartile of Gallup's global financial services and insurance industry benchmark for the third consecutive year.



## Employer Recognition

In 2019 we were recognised as an employer of choice and received many prestigious local, regional and global awards. Among these:

- AIA Group was recognised in the Forbes “Global 2000 – World’s Best Employers 2019” list.
- For the third year in a row, the Company was named a constituent of the “Bloomberg Gender-Equality Index”. The Company was also included in the index for 2020.
- In recognition of our excellence in leadership development programmes the AIA Leadership Centre (described in more detail on page 22) was awarded the “Corporate Learning Improvement Process” (CLIP) accreditation by European Foundation for Management Development (EFMD). AIA is currently the only life insurer in the world to hold this accreditation.
- AIA China, AIA Thailand and Tata AIA Life each received the “Best Employer” award with the Group also receiving the regional “Best Employer” Asia Pacific award through the Kincentric Best Employers programme (formerly known as Aon Best Employers Programme).
- Philam Life, AIA Taiwan and AIA Thailand were recognised by HR Asia as “Best Companies to Work For in Asia”.

- AIA Thailand was awarded a “Top Employer Thailand” by the Top Employers Institute.
- AIA Vietnam was recognised as a “Great Place to Work” by the Great Place to Work Institute.
- AIA Sri Lanka was recognised by the Great Place to Work Institute as one of the “Best Workplaces” in Sri Lanka and as one of the “Best Workplaces for Women” in Sri Lanka.
- AIA Malaysia was the insurance sector winner in “Malaysia’s 100 Leading Graduate Employers” by GTI Media.
- AIA Singapore was the insurance and risk management sector winner in “Singapore’s 100 Leading Graduate Employers” by GTI Media.

## Employee Turnover

Employee turnover<sup>7</sup> across the Group was 13.5 per cent in 2019<sup>8</sup>, a decrease when compared to 2018. This is a reflection of our ability to retain high performing employees.

The Asia-Pacific region provides many career opportunities with increasing demand and competition for skilled talent. We actively monitor our turnover levels against industry benchmarks to help us understand levels of employee engagement, thereby ensuring that the programmes and opportunities we provide to our people do create an environment in which employees perform their best and grow with AIA.

### Employee turnover by gender

FEMALE

12.9%



MALE

14.5%



### Employee turnover by age group

BELOW 30

20.9%



30-50

12.5%



ABOVE 50

4.3%



<sup>7</sup> Excludes Group employees on fixed-term contracts, involuntary turnover and employees of Tata AIA Life.

<sup>8</sup> AIA made minor amendments to our permanent voluntary turnover categorisation this year. On a comparable basis, permanent voluntary turnover decreased to 13.5 per cent in 2019 from 15.9 per cent in 2018.

# Developing Our People

## Employee Talent Development

Development of our employees is a key strategic priority. We foster a learning culture that supports the development of our people's key capabilities. We believe that this will both help them succeed in their current roles and provide a platform for meaningful, long-term careers with AIA. We practise a holistic approach to learning and development, whereby knowledge and skills are accumulated from on-the-job experiences, collaborative projects, classroom and digital learning, supported by activities such as mentoring and coaching.

In 2019, after reviewing our existing enterprise-wide learning and development framework, we introduced a refreshed Group-wide approach. Our updated framework is designed to support our employees at every stage of their career, drive a step change in our approach to learning and development and support the business by developing talent with valuable and relevant skills.

All employees at AIA receive mandatory training and are provided opportunities to learn. The digitalisation of learning content and delivery methods will continue to play an important role in learning and development at AIA. Our existing platform, Catalyst, was used by Group Office and several of our business units in 2019. With the roll-out of a new Group-wide human resources information system in 2019 and into 2020, our business units will be able to utilise a new digital learning platform going forward.

To ensure that our programmes deliver value for the business and develop our people for the future, we review feedback from our employees, the design of our courses and content of our training materials on a regular basis.

In 2019, we also took a major step in building on our approach to leadership development. We introduced a new leadership development programme for our most senior leaders known as "SPARK". This new programme will be a cornerstone of our leadership development strategy and will shape other new programmes that will be cascaded in 2020 and beyond.

We also recently updated the framework for defining the desired behaviours for people at every level of our organisation by articulating and communicating our Leadership Essentials, intended to further embed and foster our culture and shape long-term individual employee development.

### Average training hours by gender<sup>9</sup>

FEMALE

**15.4 HRS**



MALE

**15.5 HRS**



### Average training hours by employee level

JUNIOR STAFF

**13.7 HRS**



MIDDLE MANAGEMENT

**20.5 HRS**



SENIOR MANAGEMENT

**26.2 HRS**



4 QUALITY EDUCATION



Disclosure in this section supports SDG Target 4.4, to increase the levels of relevant skillsets, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

## The AIA Leadership Centre

In support of our talent development strategies, we continue to provide best-in-class programmes at the ALC, our world-class learning facility in Bangkok, Thailand. With a clear focus on AIA's strategic and governance priorities, the ALC continues to be a differentiator in the development of our people by delivering bespoke development programmes to our senior leaders, top agency leaders and key partner executives. The ALC has now entered its fourth year of operation. In 2019 it hosted more than 250 events and delivered more than 25 customised learning events.

In 2019, the ALC was awarded CLIP accreditation by EFMD in recognition of our excellence in talent development. EFMD is a globally recognised accreditation body for business schools and corporate universities and has a network of over 900 members in 91 countries worldwide. Prior to awarding the CLIP accreditation, EFMD undertook

a rigorous assessment of the ALC against its international standards, which included a review of our strategic positioning, programmes, faculty, marketing, suppliers, innovation and the overall learning facilities. AIA is currently the only life insurer in the world to hold this accreditation.

## Succession and Organisation Planning

Committed to having a strong talent pipeline, our comprehensive annual Group-wide organisation people review process continues to identify different talent segments to enable leaders to plan for the succession of key roles. The success of our approach to talent development and our Group-wide succession planning can be found in the many examples of internal promotions into key leadership roles throughout the Group in 2019, including at the most senior levels of the organisation.

## Employee Mentoring, Coaching and Internships

Mentoring and coaching arrangements are currently supported at our Group Office and in many of our business units to allow our employees to expand their networks, benefit from guidance and foster communication across different departments and seniorities.

Across our business units, we provided development opportunities to hundreds of interns in 2019. We run structured programmes for seasonal interns and longer assignments at Group Office and in several of our business units. Our programmes provide interns with first-hand experience of what a career at AIA is like and an opportunity to learn crucial skills in a fast-moving and customer-focused environment. Our programmes also provide us with a great opportunity to identify future talents for our business.

## Internship Experience at AIA

"This internship opportunity at AIA has been a dream come true. The work culture at AIA is exhilarating. I get to work under highly qualified and experienced individuals, who are extremely passionate about helping millions of people across Asia-Pacific live Healthier, Longer, Better Lives. Through this internship, I learned to maximise communications across sponsorship activities and become more detail oriented. My boss and mentor

has been a great support throughout this programme, allowing me to play to my strengths and contribute to various projects.

I was one of many interns from all over the world working at AIA's Group Office this summer and it gave me a chance to make new friends and learn more about other cultures. Through training opportunities, I learnt the importance of being a team player, how to articulate my ideas and present them confidently, and the important role AIA plays in contributing to economies across Asia-Pacific."



**Mashiat Sharif**  
Corporate Communications  
Intern through the Asian  
University for Women  
internship programme

# Recognising and Rewarding Our People

Our total rewards programmes use a combination of market competitive financial and non-financial rewards to attract, engage and retain employees and motivate them to help AIA execute its short- and long-term business goals.

Our core rewards programmes are tied to our performance development dialogue programme, which is designed to enable people managers to assess the performance and behaviours of their staff and recommend development activities to help meet defined career objectives. The performance development dialogue focuses both on what employees have accomplished and, just as importantly, how individuals achieve their goals.

Our benefits and workforce well-being programmes work together to help our employees and their families live Healthier, Longer, Better Lives. For example, we continue to provide flexible benefits in various business units to provide our people with more choices. This year we piloted a new workforce well-being programme to all Group Office employees, which focused on physical, mental and financial well-being. We continue to support our employees through programmes such as AIA Vitality memberships, team challenges and health check-ups.

Flexible working, on-site gyms, discounted gym memberships, other sporting and recreational facilities, and mothers' rooms are offered by some of our business units. We encourage employees to stay active,

understand their health profile and take steps to safeguard their well-being.

We are also proud to provide our employees with the opportunity to become AIA shareholders through our Employee Share Purchase Plan (ESPP). In 2019, the percentage of eligible employees, and number of participants that enrolled into the plan, grew to the highest levels since the plan was adopted.





## Group Office Workforce Wellbeing

In April 2019, AIA Group Office commenced a year-long health and well-being programme for employees that addresses physical, mental, and financial well-being issues. A cross-functional team consisting of representatives from Human Resources, AIA Vitality, Strategy, Corporate Solutions and Healthcare, the team worked together to create a range of activities that could help employees improve their physical, mental and financial well-being.

The programme saw Group Office employees participate in a mix of health checks and assessments, onsite health talks, workshops, and digital health solutions, with internal communications linking insights and feedback from employees to actionable initiatives.

Surveys and data revealed that the most common health and well-being issues affecting colleagues day-to-day were musculoskeletal disorders, digestive disorders, lack of sleep and workplace related stress. Responding to this information, the Workforce Wellbeing team launched targeted programmes tied in with the employee population needs through tailored communication.

More than 83 per cent of respondents to the AIA Vitality Healthiest Workplace Survey reported musculoskeletal issues, which prompted a series of interventions to address the side effects of poor posture in the workplace. Professional ergonomics training was provided along with advice shared via the intranet and leaflets on easy stretching tips and ideal posture techniques. Other popular activities included chair yoga classes and the introduction of a monthly massage corner.



At the same time, office wide on-site health checks and an online disease risk assessment indicated that more than 30 per cent of participants were at risk of developing NCDs such as diabetes, cardiovascular diseases and cancer. To address this along with the prevalence of digestive disorders the Workforce Wellbeing team launched a nutrition coaching initiative to encourage colleagues to the connection between nutrition and health. A digital nutrition coaching mobile app was provided to track and improve behaviour with the help of a virtual human coach.

Sleep is essential for both physical and mental well-being; however, the AIA Vitality Healthiest Workplace survey showed us that 20 per cent of colleagues in Group Office do not average more than seven hours of sleep during weeknights. Activities and interventions to address this sleep deficit included sleep science workshops with a sleep physiologist and sleep coach. A two-week sleep challenge also encouraged colleagues to start making small changes to improve the quality of their sleep and to get an extra hour each night. Senior management at AIA Central and AIA Hopewell Centre received individual consultations and

were given tailored, practical advice to help improve sleep quality.

To encourage important conversations about mental well-being in our workplace, we focussed on initiating dialogues and raising awareness. Programmes included general mental health awareness training for all staff and line manager training sessions delivered by the City Mental Health Alliance Hong Kong.

The Workforce Wellbeing initiative brought the AIA brand promise into the heart of our workplace, and the experience of Group Office colleagues' efforts to live Healthier, Longer, Better Lives will inform the roll-out of the programme to all our business units and has also helped inform our Workforce Wellbeing strategy for our corporate clients.

# Diversity and Inclusion

AIA believes in the power of diverse, talented people to create value and deliver on our customer and shareholder expectations. Diverse perspectives and an inclusive environment promote innovation, better decision making, adaptability and problem solving, all of which enhance our role in driving economic and social development across the region and make AIA a great place to work.

Fundamental to all our inclusion efforts is zero-tolerance for discrimination or harassment in any form, across all aspects of diversity, including race, colour, religion, sex, nationality, age, disability, military service, marital status and sexual orientation.

Our recruitment processes assess candidates based on their competencies and experience. Employment, remuneration, promotion and termination are based on performance and conducted through fair, transparent, and accountable processes.

Our approach to inclusion and non-discrimination is addressed in our mandatory e-learning training

on the Code, which all employees are required to complete as part of their orientation upon joining AIA. In addition, we have an anti-harassment policy and e-learning module for all employees, outlining expected workplace conduct and professionalism, including channels for escalation in case of any non-compliance.

With 59 per cent of employees<sup>10</sup> across the Group being women as at 31 December 2019, we are proud to be an employer of choice to women across the region and strive to provide an inclusive workplace.

We are multi-generational and as at 31 December 2019, 64 per cent of our employees are Gen-Y and Gen-Z. We recognise the importance of understanding the different generational needs when shaping our policies and practices, and we strive to ensure that we create an inclusive workplace for all generations.

AIA also understands the importance of diverse perspectives in effective governance and decision making and the Company's Board represents different nationalities and ethnicities, in addition to diversity in education, age and experience.

**40%**

of our senior management roles were represented by women



**60%**

of our middle management and junior roles were represented by women



5

GENDER EQUALITY



Disclosure in this section aligns with SDG Target 5.5 on gender equality

for women, and in ensuring the full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

<sup>10</sup> Refers to Group employees on permanent and fixed term contracts, excluding TATA AIA Life employees.

## Employee Networks

Across the Group, we have local affinity networks that bring people together, help facilitate professional and personal development and help build an inclusive environment.

Evidence of our networks include employee-led and executive-sponsored Women at Work committees that organise networking events, professional development sessions and opportunities that support and enable gender equality. In support of our locally-led networks for women, AIA is a member of the Hong Kong chapter of the Women in Finance Asia Network and the 30% Club, which aims to develop a diverse pool of talents for all businesses to enhance gender balance at all levels of organisations.

In 2019, AIA Australia launched the Pride Ally Network in collaboration with the AIA Australia Social Club. Pride Allies meet for quarterly catch ups, connect with colleagues through

AIA's intranet, and share stories about experiences and advocacy.

For the third consecutive year, AIA has been included in the 2019 Bloomberg Gender-Equality Index – an index that is released annually and distinguishes companies committed to transparency in gender reporting and advancing women's equality.

Amongst other local awards, AIA New Zealand was named the Supreme Winner at the 2019 White Camellia awards, after winning three of the seven category awards, recognising our commitment to inclusion. The White Camellia awards celebrate organisational commitment to Women's Empowerment Principles, a UN Women and UN Global Compact initiative which encourages gender equality in the workplace. In the same year, AIA New Zealand also received the Innovation and Wellbeing Award at the Financial Services Council Awards, for its diversity and inclusion initiatives.

“At AIA Australia we promote a culture of diversity and inclusion which gives people permission to be themselves and flourish. I am really proud to work for an organisation that walks its talk about inclusion and encourages people to be their true self at work, and I am passionate about creating an environment where people feel safe and secure. This is why at AIA Australia we

have launched the Pride Ally Network, a group of like-minded people who believe in diversity, equal rights and want to make a difference in the community.”

**Mitchell Whelan**  
Senior Talent Acquisition Specialist,  
AIA Australia



## Modernising the Way We Work

In 2018, we embarked on a long-term strategic initiative to deliver greater business insights and operational efficiencies through a new human resources information system and global process design. Throughout 2019 we worked closely with our business units<sup>11</sup> and by the start of

2020 they had transitioned to our new system and global processes. Through this initiative we will be able to provide a better and more personalised experience for our employees and empower our people managers.



## Workplace Safety

AIA is committed to offering a safe and secure environment for all employees, agents and visiting customers and we conduct fire drills at all premises. Our corporate security governance framework, which applies to all business units, includes a set of minimum standards relating to business travel. We also share travel alerts and communicate relevant travel information regularly with employees.

Air quality is a concern in cities in some of our markets, so we take measures to ensure our employees operate in a healthy environment. The offices of our Group Office and AIA Hong Kong have been certified as having “Excellent Indoor Air Quality”. We also monitor air quality at our offices in Singapore, Malaysia, Indonesia and the Philippines. At our Mainland China operations, we provide air purifiers in various office areas. For details on AIA’s emission reduction initiatives, please refer to the Operating Responsibly chapter of this Report.

# Agency Learning and Development

Since the launch of our Premier Agency strategy, AIA has focused on developing best-in-class agents that enable us to differentiate ourselves in terms of the quality of advice we offer customers and our ability to tailor solutions to their specific needs.

AIA employs innovative approaches to training and development through our digital classroom and mobile learning platforms, promoting e-learning for agency training since 2018. Structured courses allow us to encourage the right behaviours, enabling our agents to be more effective. This includes a training roadmap, online assessments, study materials and course evaluations, all of which are accessible on

mobile devices within a paperless environment. Our extensive ePlatform is accessible by our trainers across markets and includes training courses for both agents and agency leaders, to help ensure that our best practices are appropriately shared and embedded across the Group.

AIA Vitality is embedded into the product training process for our agents, and we strongly encourage our agents to engage with customers on how they are making tangible improvements to their health and well-being.

In addition, we continued to work with specialised professional development associations to enhance our agency leadership programmes, including the launch of the LIMRA CIAE (Chartered

Insurance Agency Executive) programme for senior employees who are responsible for helping lead our agency force. We have also developed and formalised the training roadmap for Agency Executives at Group Office, as well as within our business units through our Senior Agency Management Programme.

This year, we also strengthened our Quality Recruitment training content and infrastructure in Thailand, Malaysia, Vietnam, Indonesia and the Philippines by localising and customising the content to better fit into the individual markets' programme for first-year agents.

## Sophanytil Thorn is an AIA Life Planner in Cambodia. She talks to us about joining AIA and the impact that this decision has had on her life.



“Before I joined AIA Cambodia, I worked in the hotel industry for more than 10 years. I enjoyed the work, but it was a struggle to keep on top of bills, including house payments. I tried to stay positive and persistently sought out new opportunities for the sake of my family.

Fortunately, I met an AIA Cambodia business director who introduced me to my current position as an AIA Life Planner. I really enjoy the working environment at AIA. Using advanced technology in my daily work, world-class training, and working with inspiring and encouraging colleagues, has all helped to increase my confidence and enjoyment in my work. I also achieved a personal goal and became AIA Cambodia's first Million Dollar Round Table member<sup>12</sup>.

Now, my family has a better life and a more secure future. We have a new home and my children go to

a better school. My work-life balance is also better than when I worked in hospitality and the flexible working hours mean I get to spend more time with my children.

Cambodia's economy is growing at a fast pace; I'm hopeful that it will continue to prosper. Many people do not have insurance and are not aware of the insurance options. I love my work, not only because it helps support my family but also because it offers me the opportunity to help other people to plan their futures and protect what matters most to them. People in Cambodia are getting wealthier, but exercise levels are quite low, and people don't eat as healthily as they used to. It means a lot to me to be able to improve my customers' well-being and help them live Healthier, Longer, Better Lives.”

Sophanytil Thorn (second from the left), with her family.

<sup>12</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 or income, and demonstrate professional knowledge, strict ethical conduct and outstanding client service.



# Contributing to Our Communities

Non-communicable diseases including mental health issues pose the highest health risks; which can be attributed to 5 behaviour factors.

### 3 GOOD HEALTH AND WELL-BEING



AIA's promise of enabling Healthier, Longer, Better Lives is aligned directly with the aim of Sustainable

Development Goal 3, to promote good health and well-being for all.

This section outlines our contributions toward achieving this objective, in line with the SDG Target 3.1:

By 2030, reduce by one third\* premature mortality from NCDs through prevention and treatment and promote mental health and well-being

\*Compared to 2015 levels

## 5 KEY RISKS



PHYSICAL INACTIVITY



UNHEALTHY DIET



SMOKING



EXCESS ALCOHOL



AIR POLLUTION

## 5 CHRONIC CONDITIONS



LUNG DISEASE



DIABETES



CANCER



HEART DISEASE



MENTAL HEALTH

## RESPONSIBLE FOR

OVER

**70%**

OF ALL DEATHS WORLDWIDE

We are leading with purpose, while working to drive economic and social development across the region. This chapter outlines the many ways in which we deliver value to our customers.

Our ability to sustain AIA's success requires an understanding of the social challenges that our markets face, identifying the impacts these issues have on our communities and in turn on our business, and being able to proactively address these in a manner that creates lasting and meaningful shared value. This includes how we address the significant risk factors associated with the increase in levels of NCDs and help meet the needs of diverse communities throughout the region.



AIA has continued to build on the relationships we have with our customers, moving toward being a long-term partner throughout their lives. We no longer only connect with our customers when they pay insurance premiums or receive a payment in times of need, but instead we look to engage with them at every phase of their life, with products and solutions that add value at each life stage.

We believe AIA is leading the transformation of the life insurance industry. We are leading with purpose, while working to drive economic and social development across the region. This chapter outlines the many ways in which we deliver value to our customers.

## What is the protection gap?

The protection gap is the shortfall in resources required to protect individuals and families against unforeseen mortality and morbidity risks.

Contributing to this gap are the rising cost and complexity of healthcare alongside the growth of lifestyle-related disease, particularly diabetes, hypertension and high cholesterol. The lack of sufficient protection cover for these diseases can have broader social and economic consequences across the region, not to mention their potential impact on lives and families.

AIA serves the holders of more than 36 million individual policies and over 16 million members of group insurance schemes across the region. As the largest pan-Asian Life and Health insurer, we are in a unique position to address these challenges.

Through our commitment to enabling people to live Healthier, Longer, Better Lives, AIA seeks not only to address the protection gap, but to also play a role in mitigating the risk factors associated with diseases so that we are able to make a meaningful and lasting impact in our communities.

# Our Products

## AIA Wellness Programmes

AIA Vitality is our award-winning health and wellness programme that encourages participants to make measurable improvements to their health. This science-based programme builds on concepts of behavioural economics, incentivising members to understand and improve their well-being, while earning AIA Vitality Points entitling them to benefits and rewards in the process. AIA Vitality helps members improve their well-being through the following key steps:

### Know Your Health

Starting with an AIA Vitality health assessment, we encourage members to understand the current state of their health and identify areas for improvement. The assessment includes fitness, nutritional and wellness evaluations. Members are further encouraged to complete health checks, screenings and vaccinations with their healthcare providers. Each step they take to complete their assessment and health checks earns them AIA Vitality Points.

### Improve Your Health

AIA Vitality encourages members to set health goals, then awards AIA Vitality Points for steps taken towards achieving their goals. These steps typically include increasing exercise and activity levels, making healthier meal choices, taking part in fitness

programmes, attending smoking cessation courses and getting more than seven hours' sleep a night. To incentivise members to undertake these activities, through their Vitality membership, they receive significant discounts on healthy food, gym memberships and fitness devices, that can in turn assist them on their health journey.

### Be Rewarded

When members take positive steps to improve their health, they earn AIA Vitality Points that enable them to progress across four Vitality status levels, from Bronze to Platinum, earning better rewards for each tier. In addition to incentives for healthy living, the benefits also include discounts of up to 15 per cent on our insurance products and vouchers or discounts on shopping, entertainment and travel purchases.

## Fulfilling Our Promise

Through AIA Vitality we are empowering and incentivising people to take control of their health and focus on the risks associated with increasing rates of NCDs, such as diabetes, cardiovascular disease and cancer. When members and employees achieve a meaningful change, this positively impacts their broader communities, thus supporting our promise of helping people across the region live Healthier, Longer, Better Lives.

To date we have captured 6.6 million health assessments, 3.3 million body mass index ("BMI") readings and we are tracking more than 800,000 workouts submitted via fitness trackers each day. In 2019, we continued to monitor and report on the health impacts of the AIA Vitality Programme on our members with verifiable health data, outlined below<sup>13</sup>:

**21%**

of our members who started with an unhealthy BMI range have moved to a healthy range

**53%**

of our members who started with an unhealthy blood pressure range have moved to a healthy range

A member's AIA Vitality Age is their actual age relative to a variety of health factors. Members improved their AIA Vitality age by an average of

**0.51 YEARS**

since joining the programme.

**39%**

of our members who started with an unhealthy cholesterol range have moved to a healthy range

**77%**

of our members who started with an unhealthy glucose range have moved to a healthy range

<sup>13</sup> The sample represents the health data of AIA Vitality members across markets where it was offered in 2019. Only health data that was verified and reported by medical practitioners was considered in this sample. Based on comparison between the first and most recent health checks (at least 3 months apart) conducted by members during their AIA Vitality membership using data as of 31 December 2019.



## Our Products

Overall membership of our wellness programmes across the Group exceeded 1.7 million at the end of December 2019, an increase of 42 per cent since the end of 2018.

AIA Vitality is currently offered in Hong Kong, Thailand, Singapore,

Malaysia, Australia, South Korea, Macau, Sri Lanka, the Philippines, Vietnam, and New Zealand.

AIA has also developed a wellness programme to meet the specific needs of our customers in Mainland China.

## AIA Vitality Customer Testimonial: Najib Sahari

When 35-year-old Najib Sahari found out that he had diabetes, three blocked arteries and high blood pressure, he became determined to improve his health. "My doctor advised me to change my lifestyle, so I decided to be a fighter," says Najib.

While searching for a policy that would provide insurance cover for him despite his health issues, he found the AIA Malaysia website and an AIA Life Planner who helped him sign up for A-Life Cancer360 and AIA Vitality, giving Najib an extra push to achieve his wellness goals.

At his first AIA Vitality health assessment, Najib learned that his AIA Vitality Age was much higher than his actual age. So he started making small changes to his lifestyle and bought a wearable tracker device to monitor his fitness levels.

"I wanted to fight my illness so badly that the thought of giving up never crossed my mind. Thankfully, the AIA Vitality programme made it even more possible for me to achieve my mission. I take 10,000 steps daily during weekdays and go for 10 km walks over the weekends. Last weekend, I even walked 21 km!" says Najib.

Six years on, Najib's wellness transformation means his illnesses are under control, his cholesterol level has improved, and his AIA Vitality age is 38 even though he is now 41 years old. Najib also enjoys the rewards of being an AIA Vitality member, such as movie tickets, vouchers for healthy food and most of all lower airline fares.

"The rewards from AIA Vitality are great but what I like the most is lower airfares from AirAsia," he says. Najib has also won prizes through joining in AIA Vitality campaigns and contests, including meeting AIA's Global Ambassador, David Beckham.

Najib continues to work hard to maintain his health and often recommends AIA Vitality to others, "I feel more motivated and happier seeing that my friends and family members are now taking steps to improve their health. Almost everyone from my family suffers from the same condition, and I want them to have the best possible health. It's amazing that the programme has also helped my brother lose weight, from 115 kg to 70 kg!" he adds.

"My fitness level has improved year by year, and this motivates me to keep going. AIA Vitality has been so rewarding and helpful in my quest to be healthier, which is now part of my lifestyle."

**Six years on, Najib's wellness transformation means his illnesses are under control, his cholesterol level has improved, and his AIA Vitality age is 38 even though he is now 41 years old.**



## Innovating to Address Health Challenges

**AIA continues to develop new products that provide care to our customers throughout their lives. This is through prevention, treatment, and management of health outcomes.**

### Addressing Mental Health Needs

According to the World Health Organization, one in four people will be affected by mental or neurological disorders at some point in their lives, placing mental disorders among the leading causes of ill-health and disability worldwide<sup>14</sup>. With our commitment to help people live Healthier, Longer, Better Lives we are addressing the challenge of overcoming mental disorders and trying to change attitudes towards mental health with innovative products.

In Singapore, a study by the Institute of Mental Health and Nanyang Technological University revealed that of those Singaporeans who have experienced a mental disorder in their lifetime, the majority, about 75 per cent, did not seek professional help. Studies have also shown that rates of depression in Singapore remain the highest across Asia<sup>15</sup>.

To fight the stigma surrounding mental health and encourage timely and appropriate treatments, AIA Singapore launched AIA Beyond Critical Care, which is the first critical illness insurance plan in the local market that covers mental illnesses. The policy provides coverage for five mental health conditions such as major depressive disorders and obsessive compulsive disorder.

AIA Malaysia also enhanced its A-Plus Health medical plan to include insurance benefits for mental illness. All new and existing customers of A-Plus Health can use this benefit without any increase in premiums or insurance charges, and will be able to claim psychiatric consultation fees (up to the prescribed limit) when visiting any private or government hospitals.

### Well-being Coaching Programmes

AIA continues to build an ecosystem of services and partners to help people on all steps of their health journey, getting involved in the prediction, prevention, diagnosis, treatment and recovery stages of an illness or condition. Our ultimate goal is to improve overall well-being so people can get the most from life.

AIA Australia offers a tailored rehabilitation service for policyholders who have an injury, disability or mental health condition, to help them improve their wellness, return to work or seek new employment.

To enhance recovery outcomes, AIA Australia has developed RESTORE™, a suite of approaches to rehabilitation, including RESTORE™ for mental health, RESTORE CaRe™ and CaRe Movement™ for cancer, and RESTORE Active™ for musculoskeletal conditions. These initiatives use “telehealth”, a mix of online wellness coaching video-sessions and phone calls that form part of rehabilitation services offered to assist customers with social wellness and personal crisis support.

Our well-being health coaching programmes were rolled out to Australian group insurance clients in 2019. The coaching programmes

target our top three claims conditions: musculoskeletal issues that cause chronic pain, mental illness and cancer. AIA provides pain coaching to address musculoskeletal conditions and is partnering with the University of South Australia to research the effectiveness of this approach.

AIA Australia has also introduced Mind Coach, a programme for customers experiencing anxiety or depression. The coaches use cognitive behavioural therapy principles to help customers on a path to recovery and refer participants to health services or mental health well-being programmes when needed. For customers with cancer, AIA Australia has also partnered with CancerAid to provide a health coaching programme.

### Supporting Women

This year, AIA China introduced a new product that provides women with protection cover against cancer. Care Lady includes cover for genetic testing, health risk assessments, outpatient services, coverage for second opinions and psychological counselling.

The launch of this integrated single-disease product demonstrates AIA's commitment to be a partner to our customers in preventative care, and through all stages of an illness. Care Lady leverages the online and offline service capabilities of We Doctor Holdings (“WeDoctor”), Mainland China's leading technology-enabled healthcare solutions platform.

AIA China and the China Population Welfare Foundation also set up an online donation platform to support women with breast cancer, donating RMB10 to the fund for each Care Lady policy sold.

## Strategic Partnerships

### Personal Medical Case Management Service

**This year AIA entered into a landmark partnership with Medix, a global health management solutions provider, which provides AIA customers with access to state-of-the-art guidance and support from Medix's globally renowned team of medical experts.**

Our partnership means our customers have access to a review of their individual medical circumstances by specialists drawn from Medix's team of 300 in-house physicians and its global network of more than 3,000 world-leading, independent medical specialists. This holistic medical assessment ensures our policyholders have the tools to make the best decisions concerning their condition and their care, including access to a second opinion if desired. It also helps ensure that they receive the best possible care wherever they are in the world. By providing our policyholders with personal medical case management, AIA helps overcome local healthcare disparities and makes international expertise locally available.

AIA has been working with Medix in Hong Kong and Singapore since 2016 and last year AIA and Medix signed a landmark partnership agreement that expanded our regional partnership to Thailand, Malaysia and Indonesia.

Extending our partnership with Medix across more of our markets enhances AIA's differentiated proposition in health and well-being and demonstrates our pledge to go beyond the traditional, passive insurance business model to become a genuine partner with our customers by improving recovery outcomes so they can live Healthier, Longer, Better Lives.

## Our Research

The research we conduct allows us to better understand the evolving health challenges and concerns faced by people across the region. This contributes to our development of new products and initiatives that motivate people across Asia-Pacific to adopt healthier lifestyle habits.

### Research into Healthy Workplace Practices

Understanding and improving the health and well-being of employees is directly linked to reduced absenteeism, lower staff turnover and higher levels of productivity.

In 2019, we conducted the third annual Healthiest Workplace by AIA Vitality Survey. This comprehensive survey is designed to help employers better understand the health profiles and wellness needs of their employees. Over 26,000 employees from 426 organisations across a range of industry sectors in Australia,

Hong Kong, Malaysia, Sri Lanka and Thailand took part. Once participants had completed the survey, they received a personal report detailing their wellness profile. Employers also received advice on useful strategies to improve the workplace in support of employees achieving their healthy living goals alongside improving company-wide productivity.

The 2019 survey revealed that stress levels were similar across all participating markets, with half of the respondents saying they dealt with one or more work-related stress factors. However, there were discrepancies in workplace productivity loss across markets, with employers in Sri Lanka reporting the fewest days of absence and presenteeism (48 days), while those in Hong Kong lost the most (77 days).

Research like this 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 ensure a healthier workforce.

## Our Products

### Researching Attitudes Toward Sleep

#### #OneMoreHour

Sleep deficiency is a global issue, and AIA's research in our markets revealed that many cities in Asia-Pacific rank lower for sleep sufficiency than others worldwide.

Fewer than a third of respondents said they felt good about how much sleep they get. More than half of those surveyed got six hours or less of sleep a night, and over half of that group indicated a desire for more sleep or concern about a lack of sleep.

These findings bolster the growing body of research that identifies sleep

deprivation as one of the key threats to the quality of life and health across our markets. As part of our commitment to helping people live Healthier, Longer, Better Lives, we have therefore decided to lead a conversation about the importance of better sleep.

In order to drive behavioural change our #OneMoreHour campaign was rolled out in 2019 to encourage people to sleep an additional hour a night. The campaign sought to highlight the important physical and physiological benefits associated with getting sufficient sleep. These include: reduced likelihood of suffering from chronic disease, increased ability to maintain a healthy weight, a stronger immune system, boosted mood and energy levels, and reduced stress and anxiety.

We actively engaged with the community and partnered with credible experts in the field to show how sleep can have a positive transformational effect on the health and quality of people's lives. AIA also updated our wellness programme, AIA Vitality, to encourage and reward healthier sleeping habits.

Our movement to encourage sleep sufficiency will continue into 2020 as part of our comprehensive effort to help people live Healthier, Longer, Better Lives.

## ASIA IS SERIOUSLY SLEEP DEPRIVED

In June, we surveyed 5,000 current and potential customers across Hong Kong, Singapore, Mainland China, Malaysia and Thailand.

**54%**  
of those surveyed get

**6 HRS OR LESS SLEEP A NIGHT**

with more than half wishing they could get more. Less than a third feel good about how much sleep they get.

Lack of sleep is a

**TOP 5 HEALTH CONCERN**

in Asia and it's

**THE #1 REPORTED HEALTH ISSUE**

in Mainland China, Indonesia and Thailand

Poor lifestyle behaviours are responsible for

**76% OF ALL DEATHS**

in the markets in which AIA operates.



## Our Products

### Work with Small and Medium Enterprises

AIA is a major provider of group insurance, supporting businesses and protecting their employees across the region.

More than half of the people in the Asia-Pacific labour force work for SMEs, and as they grow, SMEs contribute significantly to the development of local economies.

AIA makes protection affordable to SME business owners and their

employees. Our support of SMEs has already become a meaningful initiative in seven of our markets. Through a dedicated suite of SME insurance products and solutions, AIA is able to build awareness of life and health protection among a broader range of people without imposing a back-breaking administrative burden on the SME owners. By introducing more group members to AIA Vitality, we are also able to introduce young people at the early stages of their career to tools and techniques that can help them live Healthier, Longer, Better Lives.

### Our Global Ambassador: David Beckham

David Beckham has been AIA's Global Ambassador since 2017 and plays a valuable role in promoting our promise of Healthier, Longer, Better Lives.

David is also an inspiration to millions of people across our markets as he shares his thoughts and advice on how to live a healthier and better life through his personal appearances and popular video campaigns.

This year, he continued to drive AIA's "What's Your Why?" campaign with a new film featuring children from across Asia-Pacific asking questions about their families' health and wellness challenges.

The film received millions of views and best-in-class results for digital media, with significant brand recall and website visits. Campaign Asia recognised "What's Your Why?" as a leading campaign for 2019 and this contributed to AIA being named by them as the leading Insurance Brand in the region.

David has also introduced Healthier, Longer, Better Lives to several AIA markets in 2019, including visits to Vietnam, where he also supported our Centennial celebrations, and the Philippines where he attended a football clinic and supported the Live Better Expo, a wellness and protection summit. At the launch of our offices in Tianjin and Shijiazhuang, he introduced new communities in Mainland China to our brand promise.



As well as meaningful engagement with thousands of employees, partners, agents, customers and communities, David's visits generated substantial media value and digital reach, enabling AIA to share our commitments with millions across the region.

# Innovation

AIA's future rests on our ability to continuously improve the way we do business. Throughout our operations we encourage 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.

## AIA Hackathon

AIA challenged the brightest student minds in Hong Kong and Macau to think about the future of insurance by participating in a "hackathon". Under the banner "AIA Next100: The

Guardians Challenge" teams were asked to demonstrate how the power of data and artificial intelligence ("AI") could be harnessed to shape the future of insurance. More than 130 students from 20 universities in Hong Kong and Macau submitted their ideas.

The top 17 teams took part in the hackathon and developed solutions with the guidance of mentors from AIA and other companies. At the end of two days, the teams then pitched their ideas to senior management. The winning team developed an application aimed at people over the age of 65, to monitor nutrition, heart

rate and exercise to support seniors and their families with advice on preventative action when necessary. The team's app could work across multiple smart devices and use data to tailor insurance policies designed to support the unique needs of consumers in this age group who have not been a traditional focus of the insurance industry.



## Underwriting Automation

AIA continues to explore the use of innovative technologies to improve business processes and help people live Healthier, Longer, Better Lives.

For example, in 2020 Philam Life aims to streamline the underwriting process to provide customers with certainty of coverage much more quickly through machine-learning enabled automation. Simple cases are automated while cases that require more in-depth analysis are passed to underwriters for manual processing.

The automation is monitored by risk controllers and underwriters in-house. The ultimate goal is for the automation to process 90 per cent of new business cases gradually through robust and tested "auto underwriting" automation technologies to effectively handle larger volumes of cases that expand the company's reach.

# Sustainable Investment

AIA had total assets of

**US\$ 284 BILLION**

as at 31 December 2019

We invested a total of

**US\$ 3.3 BILLION**

in the healthcare sector



**US\$ 578 MILLION**

in water utilities



**US\$ 5.5 BILLION**

in transportation infrastructure



Through our investments, we are able to secure investment income to deliver on the savings and protection needs of our customers, while also contributing to the social and economic development of our markets.

At AIA, we are aware of the impact that our investments have on people's lives and the importance of taking into consideration ESG factors in our investment decisions to drive the creation of long-term value.

## Our Approach

Research continues to show that companies with good ESG performance can deliver higher returns, demonstrate better risk management, and create sustainable value over the long-term<sup>16</sup>. As an insurer, we are committed to the needs of our customers over many years, and this requires investing in businesses that practice good governance in addition to understanding the impacts of social and environmental factors on their operations.

Last year, AIA became the first Hong Kong-headquartered business to become a signatory to the Principles for Responsible Investment ("PRI") as an Asset Owner. This allows us to benefit from the resources of the PRI as we continue to integrate ESG considerations into our process and demonstrate our commitment to sustainable investment. AIA's first submission to the PRI will be in 2021. AIA also joined the Task Force on Climate-related Financial Disclosures ("TCFD") in 2018, and we continue to look at different approaches to address climate risk in our investment decisions.

Consideration of ESG issues is consistently incorporated into our investment governance framework across the Group and underpinned across the Group by a mandatory ESG Standard. The ESG Standard was developed with detailed input from our Group Office Investment leadership as well as the Chief Investment Officers of our business units. This leadership group has ownership of our approach, including appropriate documentation, as well as training and development of the portfolio managers and research analysts at business units.

In each market, our experienced local fixed-income and equity research analysts are responsible for consideration of ESG matters in investment decisions. They monitor ESG issues relating to their investment portfolios and update our portfolio managers using a variety of sources, including ESG reports, research reports, news media, and other publicly available information. AIA often engages with businesses on ESG topics before an investment decision, and thereafter on any material concerns where they arise. AIA's ESG team continues to work closely with Group Investment, sharing and seeking to apply industry knowledge and trends, as well as devising, implementing and augmenting specific investment practices and outcomes for certain topical areas.

## Investment Exclusions

AIA is committed to helping people in Asia-Pacific live Healthier, Longer, Better Lives and is integrating this promise into all aspects of our business.

In 2018 we took the significant initiative of excluding tobacco manufacturing from our investment portfolio, divesting US\$500 million in corporate equities and bonds.

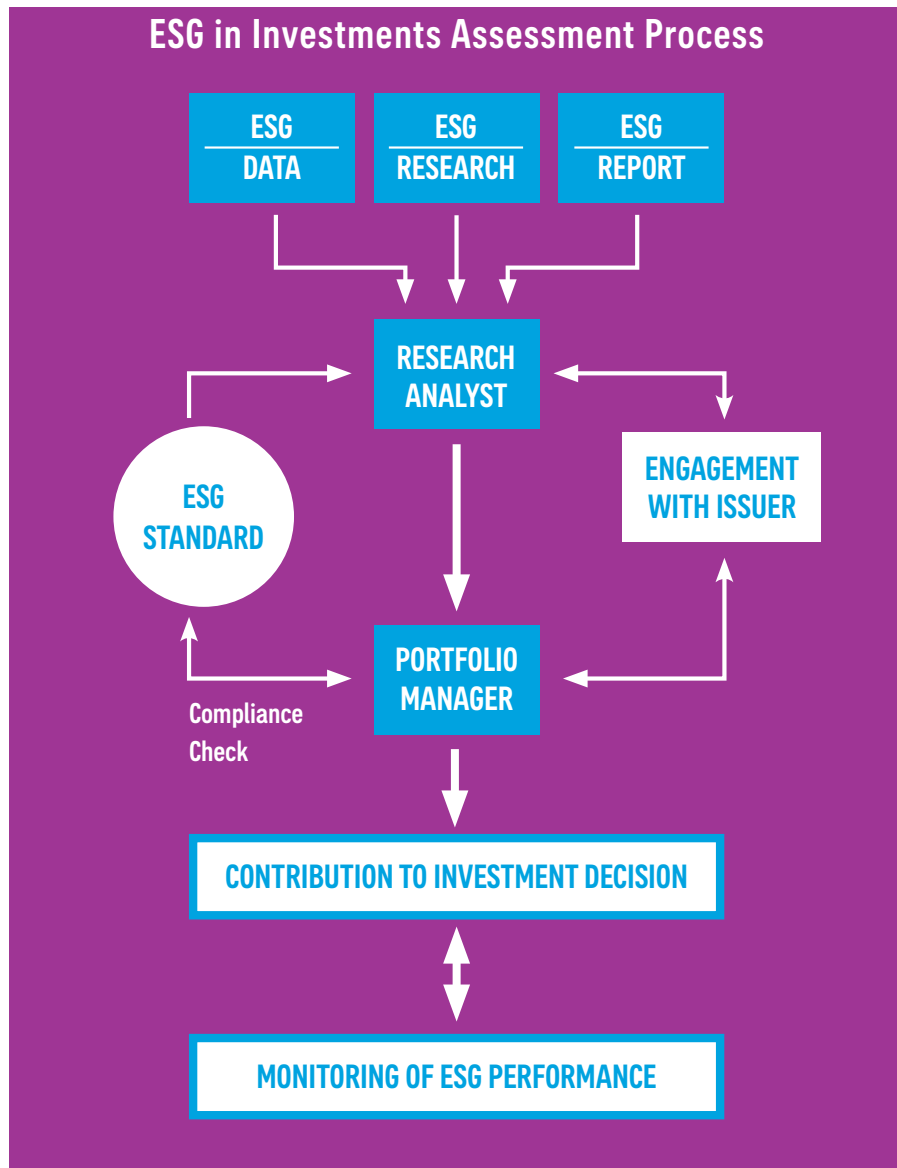
We also exclude cluster munitions from our investments. Cluster munitions are a controversial weapon that cause significant civilian casualties, with some of our markets signing treaties to ban their manufacture. AIA does not invest in such businesses, and our investment exclusion list reflects this commitment.

All of our investment operations, including assets managed by our external managers, are required to abide by AIA's exclusion list.

## Our Investment Managers

As an asset owner, we work with many investment managers who manage and invest money on behalf of AIA. We consider the ESG practices of investment managers during selection, reviewing their approach to both ESG engagement with investee companies and assessing ESG factors during investment decisions. AIA continues to monitor the ESG practices of these external parties. Our investment managers are also required to abide by AIA's investment exclusion list.

### ESG in Investments Assessment Process



### OUR APPROACH TO THE PALM OIL SECTOR

When grown sustainably, palm oil can have social and economic benefits. However, unsustainable production has significant negative social and environmental impacts, including deforestation, pollution and biodiversity loss.

In 2019, AIA joined the PRI Investor Working Group on Sustainable Palm Oil, as part of our commitments to

engage with companies across the palm oil value chain in support of more sustainable practices. We also assessed our exposure to palm oil producing companies in our portfolio, across both fixed-income and equity asset classes, engaging with these businesses on improving their sustainability practices both in their operations and supply chains.

AIA also developed additional internal guidance for our research analysts in engaging with and assessing the sustainability of a palm oil plantation or mill, regardless of asset class.



# Corporate Social Responsibility and Community Wellness

## Financial Inclusion

AIA is financially inclusive through our presence across multiple markets. As discussed through this Report, our products are always tailored to the needs of our customers, and we continue to innovate, expanding coverage to previously underserved segments, whether they are the elderly, young people, or those with pre-existing conditions.

In 2017, Bank Negara, the central bank of Malaysia, set a target of achieving a national life insurance penetration rate of at least 75 per cent by 2020. The current average rate of insurance penetration is at 54 per cent, however among the bumiputera (ethnic Malays) this rate is much lower, exposing these communities to risks from shortfalls in protection cover.

AIA aims to expand the range of takaful products offered by AIA Public Takaful Bhd, and to hire more Bumiputera Life Planners who can connect with these underserved communities.

AIA Public Takaful sponsored the University of Malaya Islamic Finance and Economics challenge 2019 as part of a branding and financial literacy programme for students. The initiative included a video competition, quizzes and career talks with more than 250 students from universities all over Malaysia. Such initiatives allow us to better understand and address gaps in Islamic financial knowledge within our communities.

## Financial Education

Financial education is a fundamental step in the development of local communities, empowering people to make the right financial planning decisions for both themselves and their families.

The Philam Life Foundation (the “Foundation”) is the CSR arm of our business in the Philippines. The Foundation runs programmes to help Filipinos achieve financial security and enable people to live Healthier, Longer, Better Lives, important ambitions in the development of any nation.

The Philippines has a low savings rate and many remain uninsured. To address this issue, the Foundation established the Philam Savings Awareness and Values Education Sessions (“Philam SAVES”) initiative, running programmes to teach the principles of financial management to students, their parents and teachers.

Endorsed by the Philippine Government’s Department of Education, during National Savings Consciousness Week the Foundation organised the Philam SAVES workshops for the second year running, reaching at least 6,000 individual savers across the country.

**10** REDUCED INEQUALITIES

Our commitments to financial inclusion align with SDG 10 and related target of 10.1 to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status by 2030



1 NO POVERTY



Disclosure in this section supports SDG Target 1.5 of building resilience

of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

## Microinsurance Offerings

Around the world, billions of people lack any type of formal social security protection. Microinsurance products can help provide protection to communities in rural areas who are unable to afford traditional insurance solutions. AIA offers microinsurance products in India and the Philippines for communities underserved by traditional life and health insurers. We also partner with microfinance institutions in Cambodia, allowing us to expand protection cover to people across the country.

## Engaging with Regulators on Improving Healthy Living Outcomes

The Australian Government's Productivity Commission is investigating the role of mental health in supporting economic participation,

enhancing productivity and economic growth. As a life and health insurer operating in 18 markets across Asia-Pacific, AIA was able to share insights into the factors that impact mental health, and how we can contribute to improving psychological well-being with the Productivity Commission.

For example, AIA and AIA Vitality have partnered with Quantum, a globally recognised leader in the development of data-driven insights. Quantum's research suggests that if the Australian population live their healthiest lives, the national depression incidence rate could reduce from 6.0 to 4.7 per cent. These figures translate into 300,000 fewer incidences of depression, leading to 4.7 million working days recovered and saving the Australian economy around AU\$3 billion per annum. AIA also shared some high-level insights gained from working alongside government programmes designed to support people living with mental illness.

## SUPPORTING OUR COMMUNITIES DURING TIMES OF NEED

After a shooting in Christchurch in March 2019, AIA New Zealand set up dedicated support services for customers affected to provide timely assistance in the processing of claims.

Staff were on standby when customers, their family or loved ones affected by this tragedy reached out. The team expedited trauma claims for employees and customers who were injured or traumatised by the shooting.

In the aftermath of bombings on Easter Sunday in April 2019, AIA Sri Lanka also worked hard to keep our promise to customers to protect them and their families.

When news of the attacks broke, AIA Sri Lanka's distribution and operations teams came together and agreed on a fast claims process. They immediately started gathering information about affected customers. AIA staff ensured that 14 claims totalling LKR 16.4 million (equivalent to US\$93,983 at that time) were ready to be paid 24 hours after the incident, to make sure that survivors did not have to deal with paperwork or financial difficulties in already trying times.



## Community Initiatives

### Tottenham Hotspur Football Club

Low levels of physical activity are a contributing factor to the high rates of NCDs across Asia-Pacific<sup>17</sup>. Yet for many people, getting sufficient exercise remains a challenge.

AIA recognises the importance of sport and the role that it can play in encouraging physical activity and enabling Healthier, Longer, Better Lives. As well as bringing people together through a fun activity, sport also conveys the positive values of teamwork and discipline.

We have been working with English Premier League football club Tottenham Hotspur since 2013 to promote healthy living in Asia. In 2017, AIA became Tottenham Hotspur's Global Principal Partner, and last year we extended the partnership until the end of the 2026/27 football season.

Our partnership with Spurs goes well beyond our logo on their playing shirts. In fact, as part of our partnership, three coaches from the Spurs International Football

Development team are based permanently in Asia-Pacific to help drive football development in the region. These qualified coaches travel to AIA's markets, sharing their professional skills and knowledge with players of all levels at training camps and coaching clinics. Since the coaches moved to Asia, over 55,000 children, staff and customers have attended coaching sessions across the region. Through football, we encourage children and their parents to pursue active, healthy lifestyles.

In September 2019 alone, the Spurs coaches engaged with over 6,000 people from seven markets. AIA Myanmar hosted their first-ever clinic, while South Korea had a successful football event across three cities. The Spurs coaches have also been involved with education programmes to train local coaches, and AIA provides equipment to communities that lack the sporting infrastructure to support regular participation. For example, as part of our 2019 Centennial celebrations, AIA Cambodia's 100 Football Fields initiative equipped 100 primary schools across Cambodia with goalposts, A-boards, footballs, bibs and cones.

### Our CSR Programmes

Our teams across 18 local markets pursue focused CSR programmes directed at needs relevant to their local communities.

In turn, at the Group level we work closely with our markets to assess relevant CSR opportunities and work to align them with our business objectives to ensure shared value, and thereby, sustainability. AIA is also focused on enabling people to make the right financial decisions to achieve financial security for themselves and their families through our outreach initiatives.

In 2019, we contributed over

US\$ **8** MILLION



Our employees volunteered

**MORE THAN**  
**36,000**  
**HOURS**



### AIA's Poson Safety Programme in Sri Lanka

Every year, thousands of pilgrims in Sri Lanka travel to Anuradhapura, Polonnaruwa and Dambulla for Poson, an annual Buddhist festival. AIA, together with a number of local stakeholders in Sri Lanka, such as the Life Saving Association, work to promote water safety and station lifeguards at places where pilgrims swim and bathe.

This year a total of 540 lifeguards were deployed around 23 lakes and reservoirs, for three consecutive days. Lifeguards saved seven lives during Poson in 2019, and at least 200 lives have been saved since the programme's inception 26 years ago.



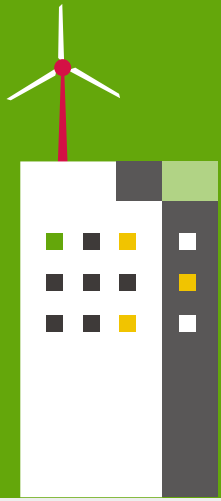
### AIA Vietnam's Bike Donation Campaign

Many young students in Vietnam give up studying each year because of the difficulties associated with the distance they travel to attend school. Since 2014, AIA in Vietnam has run a successful effort to support underprivileged children through the provision of bicycles and free life insurance. In 2019, with the support of its employees, agents and customers, AIA donated over 3,000 bikes to children in 43 provinces across the country.

### Raising Funds for Breast Cancer Awareness

In Indonesia, about 1,500 participants joined a day of fitness activities at the Jakarta International Velodrome. As part of the initiative, AIA donated IDR 400 million to Lovepink, a charitable foundation formed by breast cancer survivors who dedicate their time to providing education on breast cancer awareness and assistance for those diagnosed with the disease.





# Operating Responsibly



13 CLIMATE ACTION



This section outlines our support of SDG 13 on climate

action, and Target 13.3 to improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

The environment has a direct impact on the health and well-being of our customers, our employees and our communities. It is therefore important that we understand the effects on our own impact, and where possible, influence positive environmental practices amongst our business partners and within our markets.

## Our TCFD Report

In 2018, AIA became the first Hong Kong headquartered asset owner to join the Principles for Responsible Investment (“PRI”), while also voicing our support for the recommendations of the TCFD.

The TCFD provides a consistent reporting framework for companies to disclose how they are addressing the risks and opportunities from climate change.

The section below outlines our contributions and progress against each of the four pillars of the TCFD recommendations.

In 2019, AIA produced

**59,749** TONNES

of CO<sub>2</sub>e

This equates to

**2.6** TONNES

of CO<sub>2</sub>e per employee

## Governance

### Board Level Governance

At AIA, the Board retains ultimate responsibility for the oversight of the Group's risk management activities and monitors material Group-wide risks, whether they are common to our industry or unique to the Group and its businesses. The Board is supported by the BRC, comprised of our Board members and chaired by an Independent Non-executive Director, as well as the ORC and FRC which are comprised of our senior executives. AIA's RMF ensures that we have the capabilities and processes in place to identify, quantify, underwrite and manage and report risk. The Board is responsible for reviewing this framework to ensure that it is sufficiently effective given the Group's business environment and context. In addition, business unit boards of directors play a similar role to ensure that the local risk framework is appropriately tailored to the local business and environment.

We address ESG related risks according to the process outlined in the RMF and categorise them based on the nature of the risk to our operations. The physical impacts of climate change, including flooding, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues, may be discussed by the BRC, ORC, FRC, or the Group's ESG Committee.

### Management Level Governance

The Group's ESG Committee provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG Committee is comprised of members of the Group Executive Committee. The Committee meets on at least a quarterly basis and plays an integral role in overseeing the

Company's ESG strategy, policies and disclosure, including reporting to the Board on a biannual basis. The Committee also considers ESG research, feedback raised by key stakeholders including institutional shareholders and reports by rating agencies and provides input on material ESG issues relevant to the Group.

In 2019, feedback on climate change was discussed by the ESG Committee, with key outcomes formulated and raised to the Group Board.

The ESG Committee was also responsible for approving operational emissions targets for the Group, and commissioning an ESG benchmarking and gap analysis exercise to identify gaps in both disclosure and policy relative to best practice standards.

On a day-to-day basis, AIA's ESG team also works closely with the Group Investment function, working to develop consistent and enhanced approaches to addressing climate risk issues with the Group's analysts.



## Strategy

Climate change risk forms part of our overall insurance risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of insurance risk by taking into consideration a range of diverse risk factors 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.

The physical risks of climate change can be far-reaching and affect the quality of life for communities across the countries where we operate. Research shows that storm surge and rising sea levels are likely to pose disruptions to communities across the

region over the long term, affecting economic output and business productivity. Rising temperatures and increased precipitation may also result in a greater prevalence of vector borne illnesses and increases in heat related morbidity and mortality.

The transitional risks posed from climate change includes increased regulation and related financial obligations such as the imposition of carbon taxes, increased disclosure, and more stringent environmental risk management that affect both our business and those of the companies that we invest in.

As a life and health insurer, climate change does not impact us in the same immediate and extreme manner as it does in the property and casualty sector. However, as the physical impacts of climate change continue to become apparent, we will have an important role to play through our insurance and investments solutions to help communities adapt and

achieve resilience against adverse health and weather-related climate outcomes. Our products continue to provide protection cover to people in our communities against weather and heat-related disease, while we continue to explore opportunities to engage with companies in our portfolio, encouraging them to develop climate resilience and reduce their operational carbon footprint.

## RESPONDING TO ENVIRONMENTAL CHALLENGES

When communities in Australia faced extreme weather, AIA Australia supported affected policyholders to reduce the impact on their well-being and livelihoods.

In February 2019, after floods in Queensland and bushfires in Tasmania, AIA waived insurance premiums for six months for eligible policyholders. Later in the year, we introduced the Bushfire Assistance Package to support AIA Australia policyholders affected by the bushfires in Queensland and New South Wales. Eligible policyholders were entitled to premium waivers ranging from two to six months and lost policy documents were replaced without cost.



## Risk Management

### Climate Change Scenarios and Our Insurance Operations

In 2017, research funded by the UK Medical Research Council outlined potential impacts to morbidity from climate change-related temperature increases. The conclusions of the research compared changes in mortality rate based on carbon emission projections under two scenarios; a business-as-usual carbon emission trajectory, and those in adherence to the Paris Agreement. AIA continues to consider such research and understands that climate impacts are likely to be far-reaching. Disruptions to our markets, whether from a rise in sea levels worldwide or impacts to economic sectors such as agriculture or logistics, among others, remain challenging to assess today.

AIA looks forward to further research and guidance from regulators on how such scenario analysis should be meaningfully conducted.

### Climate Impacts and Strategies within Our Investments

Increasing transitional and physical risks are more likely to impact companies in our investment portfolio, with research indicating far-reaching impacts from 1.5 and 2 degree scenarios. As discussed in the Sustainable Investment section of this Report, consideration of climate change, in addition to other ESG factors, is mandated within our investment process.

AIA continues to engage with businesses on raising awareness of these risk issues, and encouraging

them to address these in a transparent way, thereby contributing in the transition to a low carbon economy. We also monitor investment opportunities across our markets in the transition to a low carbon and climate resilient future, supporting our communities to achieve their environmental targets and objectives.

**In 2019, AIA also joined the Climate Action 100+, supporting collective engagement with the world's largest carbon emitters.**

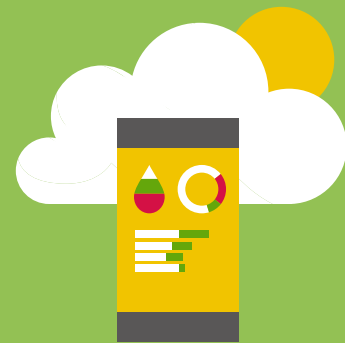


## OPPORTUNITIES IN THE TRANSITION TO A SUSTAINABLE ECONOMY

Green bond issuance continues to grow in Asia, providing opportunities for investors to contribute to the transition to cleaner energy and the climate resilience of communities.

AIA monitors investment opportunities and developments in the field of green finance, in consideration of our liabilities and above all, in ensuring the financial security of our clients.

**Our investments in green bonds amounted to US\$916 million in 2019, an increase of 59% compared to 2018.**



### Climate Engagements

Regulators across Asia continue to raise awareness of climate change, imposing disclosure requirements in regard to carbon and energy footprinting. However, there remain gaps in understanding how such climate risks may impact a company's operations, assets and profits.

**In 2019, AIA engaged with more than 1,400 companies in the Group's investment portfolio, assessing how these businesses address**

**climate change risks and take the initiative to monitor and reduce their environmental footprint.**

To guide engagements, questionnaires were developed in line with the guidance of the Transition Pathway Initiative, a global, asset-owner led initiative, which assesses companies' preparedness in addressing physical and transitional risks in the shift toward a low carbon economy. AIA is cognizant of, and devising ways to address and mitigate, risk of stranded assets in a low carbon economy.

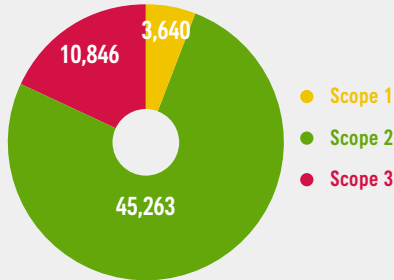
AIA will continue to engage with material sectors and companies in our investment portfolio on their plans to transition and future-proof their businesses.

AIA also engaged with the Group's investment managers, to understand their own engagement and assessment practices in addressing climate change risks in their managed portfolios.



# Metrics and Targets

TOTAL GHG EMISSIONS INTENSITY PER SCOPE (in tones of CO<sub>2</sub>e)



Total GHG Emissions per Scope (in tonnes of CO<sub>2</sub>e)

CO <sub>2</sub> e tonnes	2019	2018	2017
Scope 1 <sup>18</sup>	3,640	4,149	4,935
Scope 2 <sup>19</sup>	45,263	43,016	45,519
Scope 3 <sup>20</sup>	10,846	8,596	7,388
Total GHG Emissions	59,749	55,761	57,842
Total GHG Emissions Intensity per employee	2.6	2.7	2.9

AIA has committed to a

# 25%

emissions reduction target per employee by 2030 with 2017 as a base year. The target applies to Scope 1 and Scope 2 emissions.

In 2019, we reduced our emissions by

# 16.6%

toward our target.

## Energy and Emissions

In 2019, the Group produced 59,749 tonnes of CO<sub>2</sub>e, or 2.6 tonnes per employee. The increase in our overall footprint this year was due to additional markets being able to provide Scope 3 emissions data from business travel, in addition to incorporation of data from new business units<sup>21</sup>.

Total energy consumption across the Group was 88,595,892 kWh, amounting to 3,827 kWh per person.

AIA has committed to a 25 per cent emission reduction target per person by 2030 with 2017 as a base year. The target applies to Scope 1 and Scope 2 emissions. In 2019, we reduced our Scope 1 and Scope 2 emission footprint per person by 16.6 per cent, compared to 2017 levels, from 2.5 tonnes per person to 2.1 tonnes per person as a result of energy conservation measures across select markets and increases in total headcount.

The largest contributor to our operational footprint is the electricity we use in our buildings, which contributes to our Scope 2 emission footprint of 45,263 tonnes.

Other sources of emissions include those from our corporate vehicle fleet and business travel. Operating across 18 markets, business travel is essential across our Group.

AIA continues to utilise video conferencing technology, where feasible, to reduce the need for this travel.

## Assured Data

Emissions and energy data from our Group Office, AIA Singapore, Hong Kong, Thailand, Mainland China and Malaysia in this Report were assured by an external auditor. Please refer to the assurance statement on page 64 of this Report for a further breakdown of our operations from buildings in scope of this data assurance exercise.

Total greenhouse gas emissions (Scope 1, 2, 3) from these markets amounted to 26,745 tonnes of CO<sub>2</sub>e ✓ or 45 per cent of our total emission footprint.

Total assured energy use from these markets amounted to 43,171,321 kWh ✓.

Please refer to page 64 for the Auditor's Assurance Statement.

<sup>18</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>19</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>20</sup> Emissions produced indirectly from commercial business travel by airplane.

<sup>21</sup> Please refer to the Global Reporting Initiative and Hong Kong Stock Exchange Guide Content Index on page 55 for further details on increases in our reporting scope.

## Metrics and Targets

### Data Calculation Methodologies

AIA calculates emissions according to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government. We identify emission factors on electricity consumption for each operating region via the sustainability reports of utility companies, or the Greenhouse Gas Protocol database. AIA relies on third party data where this is available, with business travel, emissions data for Group Office and AIA Hong Kong provided directly by our travel agent. At our other markets where this data is not available, including AIA Malaysia and AIA Singapore, 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. Emissions from any private air travel are calculated according to the recommended practice of the International Air Transport Association (“IATA”). AIA also refers to the Fifth Assessment Report from the International Panel on Climate Change, in reference to any Global Warming Potential (“GWP”) factors used.

### The Carbon Footprint of Our Investment Portfolio

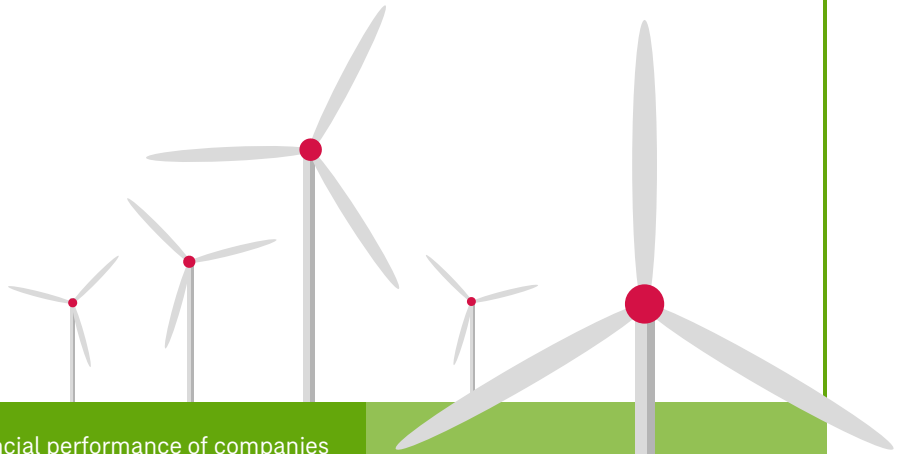
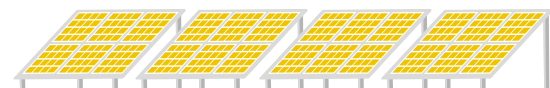
As an asset owner, our environmental influence also extends to our investment footprint and the diverse sectors that we invest in, primarily across Asia. AIA is committed to being transparent with our stakeholders and focusing on areas of impact in our ESG reporting. As such, we engaged a third-party consultant to assist us in the significant initiative of carbon footprinting our investment portfolio. Results from this exercise have provided us with a complete emissions profile of our broader impact and provide the foundation for any future reduction initiatives.

The weighted average carbon intensity of an equity portfolio considers a portfolio company’s

emissions relative to their sales, based on publicly available information, given their position in the overall portfolio.

The weighted average of issuer carbon intensity in AIA’s equity portfolio amounts to 301.8 tonnes of CO<sub>2</sub>e per million US dollar, which compares favourably against benchmarks such as the MSCI emerging market index at 328.7 tonnes of CO<sub>2</sub>e per million US dollar<sup>22</sup>.

This carbon data will also be incorporated into our ESG assessment process in investments, assisting our research analysts with sectoral comparisons, and raising awareness of risks such as those posed from potential carbon regulation in our markets. Information will also be used by research analysts in discussions of climate risk, and emissions mitigation.



### Our Green Products

AIA Company (Trustee) Limited has long understood the importance of positive environmental stewardship in generating financial return, and options that take into account both environmental ratings

and financial performance of companies are available to our MPF customers.

In select markets, as part of our unit linked investment products, our customers are also able to choose options associated with renewable energy and/or healthcare.

<sup>22</sup> Last reported by MSCI on 29 June 2018.

# Pollution

As an organisation that has no manufacturing facilities, we do not produce material amounts of pollution ourselves.

Addressing pollution is a challenge that goes beyond the influence of a single business, and requires the concerted effort and action of both the private and public sectors. AIA's memberships in ESG organisations provide us with one such forum to discuss environmental issues with peers and other leading businesses.

AIA's influence also lies in raising awareness on the health impacts of pollution, and in exploring ways in which we can assist our customers in reducing their exposure to specific pollutants. Our solutions enable us to play a more active role in addressing this risk factor and in enabling our customers to live Healthier, Longer, Better Lives.

**Air pollution contributes to the premature deaths of about**



**Dominic Spracklen**  
Professor of Biosphere-Atmosphere Interactions, University of Leeds

## Our Research into Air Quality

AIA is involved in a multi-year research project with the University of Leeds on air quality. The project aims to identify and communicate realistic and achievable air pollution mitigation options, providing clear recommendations for translating policy into action. This includes identifying recent trends and sources of pollution in Mainland China.

Dominic Spracklen, Professor of Biosphere-Atmosphere Interactions at the University of Leeds in the UK, is responsible for this research, he provided our ESG team with an update to his research and discussed some of the health impacts posed from specific pollutants.

**Q: What are the major sources of air pollution across Mainland China?**

**A:** The burning of solid fuels by industrial sources and in homes produces such particulate matter, which tend to stay in the air. Wind patterns do mean that Southern China, including Hong Kong, is often affected by this pollution, which impacts health across the region.

**Q: Could you provide an update on your ongoing research projects with AIA?**

**A:** We have two research projects with AIA examining both sources of pollution and trends. We have focused on the impacts of particulate matter, known as PM2.5, which is the primary type of air pollution in the Asia-Pacific region.

We have seen levels of PM2.5 decreasing across Mainland China, which is positive news! This also impacts air quality in Hong Kong SAR. However, levels of ozone tend to be rising which is somewhat concerning. In addition to affecting respiratory health, ozone can also damage forests and reduce crop yields, resulting in broader social and economic impacts.

**Q: How do pollutants affect our health?**

**A:** PM2.5 affects the health of the lungs and cardiovascular system – contributing to some of the most significant health burdens worldwide. Studies suggest links between high pollution levels and mood or mental health, showing that air pollution may have a wider impact than previously thought – this is not the most obvious impact when we think of air pollution.

Taking proactive measures to reducing our exposure to these pollutants, which includes monitoring air quality and staying away from pollution hot spots, such as roadside areas during particularly bad days, can help to reduce risks to health.

Ultimately, improving air quality requires the concerted effort of government, business and individuals. We can all do our bit to help reduce air pollution - reducing our electricity consumption, using public transport or low-emission vehicles, and eating less meat are all ways we can contribute to cleaner air.

# Resource Usage

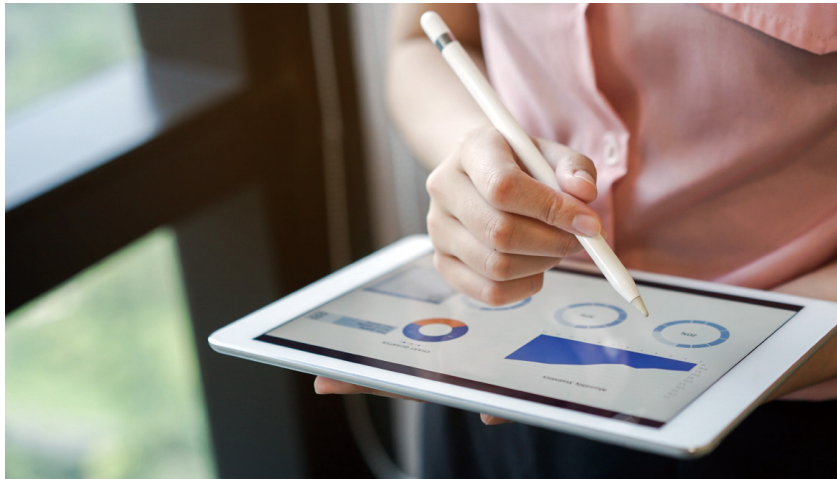
## Paper Usage

While insurance has traditionally been known for its forms and paperwork, AIA is working hard to change this. We have prioritised addressing paper wastage and continue to explore ways to digitalise more aspects of our operations and to reduce our reliance on paper.

Building on a framework created in 2018, we track our levels of digitalisation and automation in operations across all our markets. Our main focus is on digitalising more of our customer interactions, to create

better service options and to reduce the amount of paper we consume. As of the end of the year, more than 80 per cent of our buy, service and claims related interactions with customers can be done via digital devices. We now use digital methods for 44 per cent of communications with policyholders, which means we send fewer paper letters.

Through sustained efforts to encourage our customers to use digital channels, rather than paper forms, at least half of all service requests and claims were submitted digitally this year.



## AIA Singapore's Go Green Initiative

In 2019, AIA Singapore carried through a deliberate strategy to advance on paperless communications, digitalising key areas of the operations ecosystem to enhance the experience of our customers, distribution and business partners.

My AIA SG is a mobile app that provides policyholders with a single view of their coverage and access to AIA Vitality. Using the app, customers can make service requests and view claims details via their digital device. Customers have responded positively, with 80 per cent of customers subscribed to electronic policy contracts and 65 per cent of policy correspondences delivered electronically via My AIA SG, saving 13.8 million sheets of paper.

Paperless submission of post-sale service requests was also enabled for agents through POS EZ – a digital platform that helps them service their customers' needs and obtain authentication from customers electronically. In 2019, close to 1 million transactions occurred digitally through My AIA SG and POS EZ.

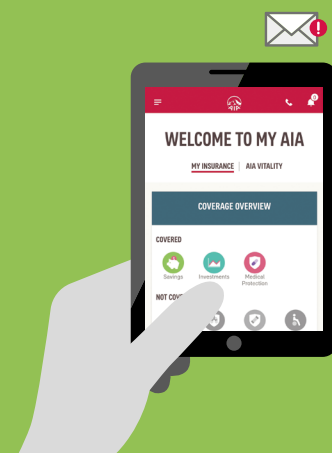
## AIA Hong Kong's Go Green Lifestyle Campaign

AIA Hong Kong's Go Green Lifestyle campaign used a donation initiative that supports environmental protection to encourage policyholders to switch to digital platforms and enjoy an improved customer experience.

During the campaign, AIA Hong Kong donated HK\$8 for each policyholder who used digital platforms via the AIA

Foundation to WWF-Hong Kong. This included customers who chose to receive e-copies of their insurance policies and downloaded then logged in to the AIA Connect mobile app to manage their insurance policies.

This donation campaign enabled AIA and its clients to create shared value for the community at large and the environment in general, through increased use of digital platforms to manage their insurance policies.



# Sustainable Infrastructure



The following section outlines our support of sustainable cities and communities, including alignment with Target 11.3. to enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management.

Rapid urbanisation has brought with it challenges such as increased air pollution, stress on existing infrastructure and unplanned urban sprawl. This impacts the health and well-being of our communities, but also provides us with an opportunity to take a lead in investing in the sustainable development of our communities. The UN estimates that urban areas will need to accommodate an extra 2.5 billion people by 2050, with 90 per cent of this increase taking place in Asia and Africa.

Much of the investment needed to close the infrastructure and climate funding gap will be from the private sector. The Asian Development Bank estimates that US\$26.2 trillion is needed by 2030 to address the

region's infrastructure needs, which includes costs to mitigate and adapt to the impacts of climate change.

As the largest pan-Asian life insurer, AIA has been active in providing funding for many infrastructure projects. Out of our total fixed income and equity investments, approximately US\$30 billion is invested in infrastructure-related sectors, representing an increase of 25 per cent compared to 2018. This has enabled us to play a role in contributing to the sustainable development of our communities in Asia, while also securing appropriate returns that deliver on our customers' savings and protection needs. As in our TCFD report, we also continue to engage with issuers on assessing climate risks and developing resilience.

## INVESTMENTS IN INFRASTRUCTURE

As at 31 December 2019

# US\$ 30 BILLION

Examples of these investments include:

**US\$ 2.6  
BILLION**



in road and rail infrastructure

**US\$ 578  
MILLION**



in water utilities

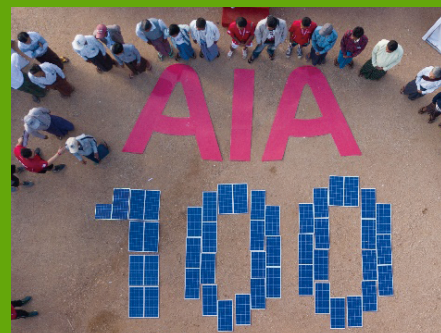
**US\$ 5.5  
BILLION**



in transportation infrastructure

## Our Community Donations

Tuyintine village, Bagan has a population of 350 with 100 households, none of which has reliable electricity. As part of our promise to help people live Healthier, Longer, Better Lives, and to celebrate our 100th year anniversary, AIA Myanmar donated 100 solar panels to Tuyintine village.



## Our Green Buildings

Through our investments, we are able to commit resources to acquire or develop green buildings, while also continuing to retrofit and upgrade older buildings in our portfolio to higher green standards. This allows us to secure investment income,

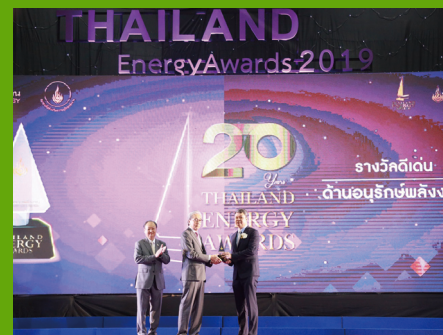
while also enabling us to provide our markets with sustainable, energy-efficient low carbon tenancy options. AIA incorporates green standards as a part of the design concept for all its real estate (re)development projects, ensuring that environmental principles are “built in” and not included as an afterthought.

Our portfolio of green buildings also continues to play an important role in reducing our environmental impact and provide energy-efficient and low carbon spaces to employees and tenants.

Award Name	Building	Location	Year
Dual GOLD LEED certifications (New Construction + Existing Buildings: Operations & Maintenance)	AIA Capital Center	Bangkok, Thailand	2018
LEED Platinum Rating in the category of Existing Buildings: Operations & Maintenance	Two AIA Financial Center	Nanghai, China	2018
LEED Platinum Rating in the category of Existing Buildings: Operations & Maintenance	One AIA Financial Center	Nanghai, China	2017
Pre-certification of LEED Silver	Philam Life Center Cebu	Cebu, Philippines	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
Best Commercial Development in Thailand 2014 Award	AIA Capital Center	Bangkok, Thailand	2014
Best Commercial Development in South East Asia in 2014	AIA Capital Center	Bangkok, Thailand	2014
LEED Silver Certification for Existing Buildings: Operations & Maintenance	AIA Central	Hong Kong, China	2012
Excellent Rating of the Hong Kong Building Environmental Assessment Method HK-BEAM for New Office Designs	AIA Central	Hong Kong, China	2005



At the Thailand Energy Awards 2019, AIA Capital Center in Bangkok received the Excellence Energy Conservation Award under the category of Energy Efficient Creative Building – Green Building. This award represents significant recognition of AIA’s commitment to operating responsibly.



Deputy Prime Minister of Thailand Somkid Jatusripitak, and the President of the Thailand Energy Awards ceremony presented the award.

# Feedback

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  
35/F, AIA Central  
No. 1 Connaught Road Central  
Hong Kong

# Global Reporting Initiative and Hong Kong Stock Exchange Guide Content Index

This Report complies with the comply or explain requirements of the Hong Kong Stock Exchange ESG Guide, and the “Core” option of the GRI Standard Guide published in 2018. These

disclosures have been set out in the content index below in accordance with the guidelines of the GRI, and to allow for easy navigation to relevant sections of the Report.

This Report also serves as our 2019 communication regarding the progress of our implementation of the Ten Principles of the United Nations Global Compact, which have been outlined below.

GRI Standard Disclosure Including UNGC	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference, Page and additional information
GRI 102-1	--	Name of organisation	About this Report
GRI 102-2	--	Activities, brands, products, and services	About this Report
GRI 102-3	--	Location of headquarters	About this Report, Feedback on this Report
GRI 102-4	--	Location of operations	About this Report
GRI 102-5	--	Nature of ownership and legal form	About this Report
GRI 102-6	--	Markets served	About this Report
GRI 102-7	--	Scale of the organisation	About this Report, The Right People  Please also refer to the Financial Statements of AIA's Annual Report 2019 for details on net sales and total capitalisation.
GRI 102-8	KPI B1.1	Information on employees and other workers	The Right People
GRI 102-9	GD B5	Supply chain description	Doing Business in the Right Way
GRI 102-10	--	Significant changes to the organization and its supply chain	About this Report  In November 2019, AIA was granted a licence to operate a life insurance business in Myanmar through a 100% wholly-owned subsidiary  On 1 November 2019, AIA took effective control of The Colonial Mutual Life Assurance Society Limited (CMLA), following the entry into a contractual joint cooperation agreement between AIA Australia Limited, CBA and CMLA (acquisition of CMLA).
GRI 102-11	--	Report how the precautionary approach is applied	Doing Business in the Right Way
GRI 102-12	--	External Initiatives	The Right People, ESG Memberships
GRI 102-13	--	Membership of associations	Memberships
GRI 102-14		Statement from senior decision maker	Statement from Group Chief Executive and President
GRI 102-16		Values, principles, standards and norms of behaviour	About this Report, Doing Business in the Right Way  Please also refer to <a href="#">AIA's Code of Conduct</a>



GRI Standard Disclosure Including UNGC	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference, Page and additional information
GRI 102-18	--	Governance structure of the organisation	About this Report, Doing Business in the Right Way  Please refer to the Corporate Governance Section of Annual Report 2019  Please also refer to information on our leadership team, linked <a href="#">here</a> .
GRI 102-40	--	List of stakeholders engaged by the organisation	About this Report
GRI 102-41 UNGC 3	--	Collective bargaining agreements	Labour unions are present across a number of AIA's business units, however we do not track the percentage of employees covered under these agreements.
GRI 102-42	--	Identifying and selecting stakeholders	About this Report
GRI 102-43	--	Approach to stakeholder engagement	The Group ESG Committee meets four times a year to discuss stakeholder feedback, including determining material ESG issues.  Feedback is reported to the Group ESG Committee through existing stakeholder channels and is not limited to the Report preparation process.
GRI 102-44	--	Report any key topics and concerns raised by stakeholders	About this Report, Operating Responsibly
GRI 102-45	--	Entities included in the consolidated financial statements	About this Report  Unless otherwise noted, all entities included in the Annual Report 2019 are included in the scope of this Report
GRI 102-46	--	Defining report content and topic boundaries	About this Report
GRI 102-47	--	List of material topics	About this Report
GRI 102-48	--	Restatements of information	N/A
GRI 102-49	--	Changes in reporting	As disclosed in GRI 102-10, the ESG Report 2019 includes information from AIA Myanmar and CMLA for the first time.
GRI 102-50	--	Reporting period	About this Report
GRI 102-51	--	Date of most recent Report	AIA's ESG Report 2018 was published on 10 April 2019
GRI 102-52	--	Reporting cycle	AIA's ESG Report is published annually
GRI 102-53	--	Contact point for questions regarding the report	Feedback on this Report
GRI 102-54	--	Claims of reporting in accordance with the GRI Standards	About this Report
GRI 102-55	--	GRI Content Index	GRI and HKEx Content Index
GRI 102-56	--	External Assurance	PwC Assurance Statement

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Economic Performance</b>			
GRI 103-1, 103-2, 103-3	KPI B8.2	Discussion of management approach and related policies	Please refer to the Financial and Operating Review Section of the Annual Report 2019
GRI 201-1		Direct Economic Value generated and distributed	Please refer to the Financial and Operating Review Section of the Annual Report 2019
GRI 201-2		Financial implications and other risks and opportunities due to climate change	Operating Responsibly – TCFD Report Please also refer to AIA's Climate Change Statement linked <a href="#">here</a> .
<b>Indirect Economic Impacts</b>			
GRI 103-1, 103-2, 103-3		Discussion of management approach and related policies	Operating Responsibly - Sustainable Infrastructure
UNGC 7 UNGC 8 UNGC 9			
GRI 203-1		Infrastructure investments and services supported	Operating Responsibly - Sustainable Infrastructure
<b>Anti-corruption</b>			
GRI 103-1, 103-2, 103-3	GD B7	Discussion of management approach and related policies	Doing Business in the Right Way - Responsible Business Practices Section
GRI 205-2	GD B7	Communication and training about anti-corruption policies	Doing Business in the Right Way, AIA Code of Conduct
	GD B7	Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI & HKEx Commentary Table
<b>Energy</b>			
GRI 103-1, 103-2, 103-3	GD A2 GD A3	Discussion of management approach and related policies (Environmental policies)	Operating Responsibly, TCFD Report
UNGC 7 UNGC 8 UNGC 9		Policies on minimising the issuer's significant impact on the environment and natural resources	
GRI 302-1	KPI A2.1 KPI A2.3	Energy consumption within the organisation Energy intensity per full-time employee  Reduction of energy consumption	Operating Responsibly, Energy and Emissions
GRI 302-3	KPI A3.1	Energy Intensity	Operating Responsibly, Energy and Emissions
GRI 302-4	KPI A3.1	Reduction of energy consumption	Operating Responsibly, Energy and Emissions

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Emissions</b>			
GRI 103-1, 103-2, 103-3  UNGC 7 UNGC 8	GD A1 GD A3	Discussion of management approach and related policies (Environmental policies)	Operating Responsibly
GRI 305-1, 305-2, 305-3, 305-4, 305-5	GD A1 KPI A1.1 KPI A1.2 KPI A1.5	Greenhouse gas (GHG) emissions (scope 1) Greenhouse gas (GHG) emissions (scope 2) Other greenhouse gas (GHG) emissions (scope 3)  Greenhouse gas (GHG) emissions intensity  Reduction of greenhouse gas (GHG) emissions	Operating Responsibly, Energy and Emissions
<b>Environmental Management Initiatives</b>			
-	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI and HKEx Commentary Table
-	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI and HKEx Commentary Table
-	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	GRI and HKEx Commentary Table
-	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	GRI and HKEx Commentary Table
<b>Environmental Compliance</b>			
GRI 103-1, 103-2, 103-3  UNGC 7 UNGC 8	GD A1	Discussion of management approach and related policies (Environmental policies)	Operating Responsibly
307-1  UNGC 7	GD A1	Non-compliance with environmental laws and regulations	GRI & HKEx Commentary Table
<b>Water Consumption</b>			
-	KPI A2.2	Water consumption in total and intensity	GRI & HKEx Commentary Table
-	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	GRI & HKEx Commentary Table

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Employment</b>			
GRI 103-1, 103-2, 103-3	GD B1	Employment related policies and approaches  Compliance with relevant human resources related laws and regulations that have a significant impact on the issuer	The Right People, GRI & HKEx Commentary Table
UNGC 6 GRI 401-1	GD B1 KPI B1.2	New employee hires and employee turnover	The Right People, GRI & HKEx Commentary Table
<b>Occupational Health and Safety</b>			
	GD B2	General Disclosure Information on policies and compliance with relevant laws and regulations relating to providing a safe working environment	The Right People, GRI & HKEx Commentary Table
-	KPI B2.1	Number and rate of work-related fatalities	GRI & HKEx Commentary Table
-	KPI B2.2	Lost days due to work injury	GRI & HKEx Commentary Table
-	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	The Right People
<b>Training and Education</b>			
GRI 103-1, 103-2, 103-3	GD B3	Employment related policies and approaches on training and development.	The Right People
UNGC 6 GRI 404-1		Average hours of training per year per employee.	The Right People
	KPI B3.2	The average training hours completed per employee by gender and employee category.	The Right People
GRI 404-3		Percentage of employees receiving regular performance and career development reviews.	The Right People
<b>Diversity and Equal Opportunity</b>			
GRI 103-1, 103-2, 103-3	GD B1	Employment related policies and approaches related to inclusion and anti-discrimination.	The Right People
UNGC 6	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	The Right People
<b>Human Rights</b>			
GRI 103-1, 103-2, 103-3 UNGC 3		Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Right People, Doing Business in the Right Way, GRI & HKEx Commentary Table
UNGC 5	GD B4	Businesses should uphold the effective abolition of child labour.	GRI & HKEx Commentary Table please refer to our <a href="#">Supplier Code of Conduct</a>
UNGC 4	GD B4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Please refer to our <a href="#">Supplier Code of Conduct</a>

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Local Communities</b>			
	GD B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contributing to our Communities
UNGC 1	GD B8 KPI B8.1	Focus areas of community contribution	Contributing to our Communities
	KPI B8.2	Resources contributed to the focus area	Contributing to our Communities
GRI FS14		Initiatives to improve access to financial services for disadvantaged people	Contributing to our Communities
<b>Socioeconomic Compliance</b>			
GRI 103-1, 103-2, 103-3	GD B4, B2, B1 GD A1, A2, A3	Policies related to compliance within all social and environmental areas, including human resources.	Doing Business in the Right Way, The Right People
GRI 419-1	GD B4, B2, B1 GD A1, A2, A3	Significant fines and non-monetary sanctions for non-compliance with laws and regulations in relation to social and economic areas	GRI & HKEx Commentary Table
<b>Product Responsibility</b>			
GRI 103-1, 103-2, 103-3	GD B6	Initiatives to enhance financial literacy by type of beneficiary	Contributing to our Communities, Corporate Social Responsibility and Community Wellness
	GD B6	Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Doing Business in the Right Way The Right People Please also refer to <a href="#">AIA's Code of Conduct</a>
GRI FS10, FS11	-	Percentage and number of companies held in AIA's portfolio with which AIA has interacted on environmental or social issues.  Percentage of assets subject to positive and negative environmental or social screening	Doing Business in the Right Way  Please also refer to the Group <a href="#">Responsible Investment Policy</a>
GRI CRE 8		Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, and redevelopment.	Operating Responsibly, Sustainable Infrastructure
<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.	Doing Business in the Right Way, Securing Customer Information

# Global Reporting Initiative and Hong Kong Stock Exchange Guide Commentary Table



The GRI and ESG Guide disclosures that are not covered in the above sections of the Report are explained in the following commentary table. The information provided in

the following tables covers the twelve-month period ended 31 December 2019.

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Energy</b>			
GRI 302-1, 302-3, 302-4	KPI A2.1	Energy consumption within the organisation	• Direct energy consumption at AIA: 13,929,040 kWh
	KPI A2.3	Energy intensity per full-time employees	• Indirect energy consumption at AIA: 74,666,853 kWh
	KPI A3.1	Reduction of energy consumption	• Total energy use at AIA: 88,595,892 kWh • Energy intensity per employee: 3,827 kWh • Direct energy consumption at Group Office, Hong Kong, Singapore, Mainland China, Thailand and Malaysia: 9,350,116 kWh ✓ • Indirect energy consumption at Group Office, Hong Kong, Singapore, Mainland China, Thailand and Malaysia : 33,821,205 kWh ✓ • Total energy use at Group Office, Hong Kong, Singapore, Thailand, Mainland China and Malaysia: 43,171,321 kWh ✓
<b>Emissions</b>			
GTI 305-1, 305-2, 305-3, 305-4, 305-5	GD A1	Greenhouse gas (GHG) emissions (scope 1)	Total Scope 1 emissions for the Group: 3,640 tonnes of CO <sub>2</sub> e
	KPI A1.1	Greenhouse gas (GHG) emissions (scope 2)	• Total Scope 2 emissions for the Group: 45,263 tonnes of CO <sub>2</sub> e
	KPI A1.2	Other greenhouse gas (GHG) emissions (scope 3)	• Total Scope 3 emissions for the Group: 10,846 tonnes of CO <sub>2</sub> e
	KPI A1.5	Greenhouse gas (GHG) emissions intensity Reduction of greenhouse gas (GHG) emissions	• Total emissions for the Group: 59,749 tonnes of CO <sub>2</sub> e • Total emissions per employee: 2.6 tonnes of CO <sub>2</sub> e • Total Scope 1 emissions for Group Office, Hong Kong, Singapore, Thailand, Mainland China and Malaysia: 2,427 tonnes of CO <sub>2</sub> e ✓ • Total Scope 2 emissions for Group Office, Hong Kong, Singapore, Thailand, Mainland China and Malaysia: 18,923 tonnes of CO <sub>2</sub> e ✓

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Emissions</b>			

- Total Scope 3 emissions for Group Office, Hong Kong, Thailand, Singapore and Malaysia: 5,395 tonnes of CO<sub>2</sub>e ✓
- Total emissions for Group Office, Hong Kong, Singapore, Thailand, Mainland China and Malaysia: 26,745 tonnes of CO<sub>2</sub>e ✓

### Environmental Management Initiatives

-	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, our policies do not require the input of any hazardous materials, nor do we produce any hazardous substances. As a result, the production of hazardous waste is not applicable to our operations.
-	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 consists of food and office products such as paper, which does not have a material impact at this time.  Going forward we will consider the need to measure our waste footprint.
-	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 communications.  As a life insurer the production of hazardous waste is not applicable to our operations.
	KPI A2.2	Water consumption in total and intensity	In 2019, AIA consumed 158,000 tonnes of water, amounting to 12.9 tonnes of water per employee, reported by 9 of our business units.  AIA is unable to report on water usage in buildings where water meters are shared with other building tenants, or where it is included in total rental costs.
-	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.
-	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Packaging material is not applicable to the nature of our operations as a life insurer.

### Compliance with ESG Regulation

<b>GRI 307-1</b>	GD A1, GD B1, GD B2, GD B4, GD B6, GD B7	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to the HKEx ESG Subject Areas of Emissions, Employment, Health and Safety, Labour Standards, Product Responsibility and Anti-Corruption	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.  There are no newly applicable or developing laws or regulations related to ESG areas that have had a significant impact on our business.
<b>UNGC 2</b>	KPI B7.1		

Material Topic Disclosure Including UNGC Principles	HKEx ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Employment</b>			
-	GD B1	Employment related policies and approaches toward working hours and rest periods.	<p>Working hours are determined by AIA's business units, taking into account any local legislation governing working hours and rest periods in the jurisdictions where we operate.</p> <p>As discussed in the Right People section of the report, AIA also offers flexible working options at select business units.</p>
<b>Human Rights</b>			
UNGC 5	B4	Policies in place to prevent child and forced labour	<p>Child and forced labour are not ESG issues that are material to our day to day operations in the financial services industry, where we require highly skilled and technical services.</p> <p>AIA prohibits the use of child labour within our supply chain, as outlined by our Supplier Code of Conduct.</p> <p>For further details please refer to our <a href="#">Supplier Code of Conduct</a>.</p>
<b>Occupational Health and Safety</b>			
-	KPI B2.1	Number and rate of work-related fatalities	<p>This disclosure is immaterial to the nature of operations for life and health insurers.</p> <p>Our employees are not typically exposed to high risk activities that may cause any physical harm on a day to day basis.</p> <p>Please refer to the Right People section of this Report for details of our initiatives to foster a healthy and safe workplace.</p>
-	KPI B2.2	Lost days due to work injury	<p>Our employees are not typically exposed to high risk activities that may cause any physical harm and lost work days. This is immaterial to the nature of operations at life and health insurers.</p> <p>Please refer to the Right People section of this Report for details of our initiatives to foster a healthy and safe workplace.</p>



# Independent Practitioner's Limited Assurance Report

To the Board of Directors of AIA Group Limited



羅兵咸永道

We have undertaken a limited assurance engagement in respect of the selected 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 that covers the twelve-month period from 1 January 2019 to 31 December 2019 ("ESG Report 2019").

## Identified Sustainability Information

The Identified Sustainability Information for the twelve-month period from 1 January 2019 to 31 December 2019 is summarised below:

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

*Note 1: Emissions produced directly from fossil fuel including unleaded petrol, diesel oil, Towngas, liquid petroleum gas and private jet fuel.*

*Note 2: Emissions produced indirectly from the consumption of electricity.*

*Note 3: Emissions produced indirectly from commercial business travel by airplane, except from AIA Thailand and AIA China.*

Selective quantitative data was provided for six of the Company's locations and related operations and these are the only locations included in the Identified Sustainability Information for the twelve-month period from 1 January 2019 to 31 December 2019, namely:

- the Company's Group Office operations in Hong Kong conducted from its premises located at AIA Central (1 Connaught Road, Central), AIA Building (1 Stubbs Road, Wan Chai) and Hopewell Centre (183 Queens Road East, 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 Kerry Building (683 Kings Road, Quarry Bay);
- the operations of AIA Singapore conducted from its premises at AIA Alexandra (371 Alexandra Road), AIA Tampines (3 Tampines Grande), AIA Tower (1 Robinson Road), and Telepark (5 Tampines Central 6);
- the operations of AIA Malaysia conducted from its premises at AIA Menara (99, Jalan Ampang, 50450, Kuala Lumpur) and AIA Wisma (89, Jalan Ampang, Kuala Lumpur);
- the operations of AIA China conducted from its premises at One AIA Financial Center and Two AIA Financial Center (No. 89 Zone Gui Cheng Street, Nanhai District Foshan City); and
- the operations of AIA Thailand conducted from its premises at AIA Thailand Tower 1&2 (181 Surawong Road, Bangkok).

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 defined above as the “Identified Sustainability Information”.

Our limited assurance report is in respect of the twelve-month period from 1 January 2019 to 31 December 2019 information for the Identified Sustainability Information of the locations mentioned above only and we have not performed any procedures with respect to earlier periods, other locations or any other elements included in the ESG Report 2019 and, therefore, do not express any conclusion thereon.

### Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in the ESG Report 2019 under the section “OUR APPROACH TO ESG REPORTING”.

### 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, 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.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately recorded, calculated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the twelve-month period from 1 January 2019 to 31 December 2019 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared for and only for the Company to include in the ESG report and may not be suitable for another purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong  
13 March 2020

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.