



# SUSTAINING

HEALTHIER, LONGER, BETTER LIVES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021



HEALTHIER, LONGER,  
BETTER LIVES





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## 2 ABOUT AIA GROUP

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

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It has total assets of US\$340 billion as of 31 December 2021.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 39 million individual policies and over 16 million participating members of group insurance schemes.

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

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

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

## ABOUT AIA GROUP

# OUR BUSINESS. OUR REGION. OUR FOOTPRINT.

More than  
**100 Years**  
Protecting and Serving Asia

**The Largest Constituent**  
of The Hong Kong Stock Exchange<sup>1</sup>

**US\$340 billion**  
in Total Assets

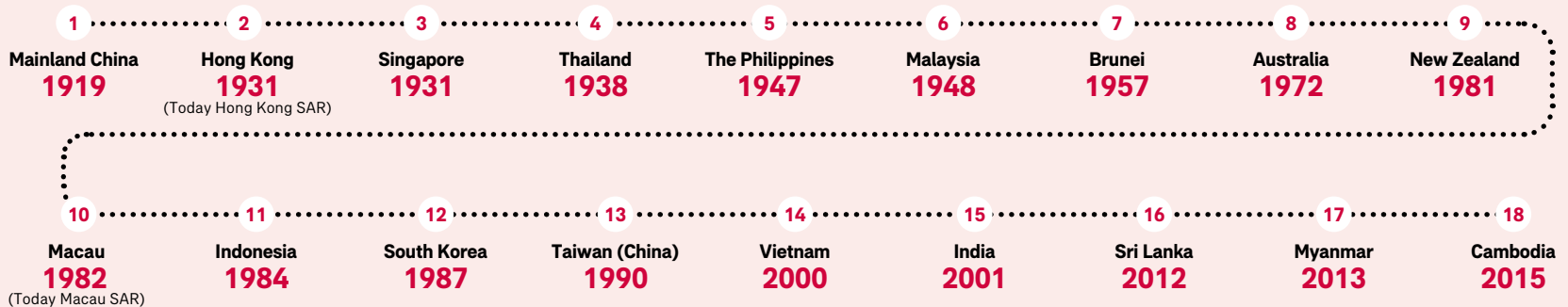
Holders of More than  
**39 million**  
Individual Policies

**Over 16 million**  
Participating Members of  
Group Insurance Schemes

Active in  
**18 Markets**  
across Asia

Over  
**23,000**  
Employees across Asia

<sup>1</sup> Incorporated and headquartered in Hong Kong, based on market capitalisation as at 31 December 2021.



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**“Our legacy of trust has been built on more than 100 years of operations in Asia.”**

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



# CHAIRMAN'S STATEMENT

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## Contributing to a Sustainable Future in Asia

I am proud to present AIA Group's latest annual Environmental, Social and Governance (ESG) Report. The title of this year's Report – *Sustaining Healthier, Longer, Better Lives* – was chosen to embody our purpose-driven focus on ESG, delivering on our Purpose of helping millions of people live Healthier, Longer, Better Lives across Asia through building a more sustainable business.

We are deeply rooted within Asia, and intimately connected to its vast potential and evolving needs. While the region is expected to be responsible for 50 per cent of global GDP and drive 40 per cent of the world's consumption by 2040<sup>1</sup>, it also faces significant social and environmental challenges. Societies are grappling with the social and public health challenges brought on by Covid-19, ageing populations, the rise of non-communicable diseases (NCDs), mental health issues and income inequalities. Furthermore, Asia is highly exposed and particularly vulnerable to the wide-reaching effects of climate change<sup>2</sup>.

As the largest pan-Asian life and health insurer, with our **legacy of trust, scale and influence**, we have a responsibility to help address these challenges and take a leading role in contributing to the sustainable economic and social development of the region.

Our legacy of trust has been built on more than 100 years of operations in Asia. Millions of policyholders across the region have entrusted us to provide them

with long-term life and health protection, as well as financial security over multiple generations. We believe firmly that our robust governance culture and sound risk management has provided us with a strong foundation to create tangible value for our customers and for the communities we serve across Asia.

We are deeply embedded in the societies in which we operate. Our strength in developing local business leadership provides us first-hand insight into the evolving needs of our diverse customer base, informing our priorities and supporting our drive for positive impact in the region. We have unquestionable reach through the mobilisation of our more than 23,000 employees, large network of agents, hundreds of partners, numerous joint ventures and millions of policyholders. Collectively, they play a significant role in our capacity for supporting physical, mental, environmental, and financial health and well-being in Asia towards a resilient and inclusive future where everyone can thrive.

Lastly, as a leading asset owner in Asia, we recognise the influence our investment decisions and proactive ESG engagement efforts can have on the region. Whether directly investing in much needed social infrastructure projects or supporting the sustainable transition of Asia's economy through sustainability/ ESG bonds, we are well-positioned to leverage our large investment portfolio and encourage positive change. We believe that the integration of ESG considerations throughout the investment process is fundamental to effectively managing risk and generating sustained returns for our customers.

Taken together, these three defining characteristics give AIA the ability to deliver meaningful change in Asia. Despite the profound recent challenges globally, we have remained resolutely focused on putting our Purpose into action and serving our customers to the best of our ability. I would like to sincerely thank all our employees, agents and partners in the region and from around the world who support AIA in making Healthier, Longer, Better Lives a reality each day. It is because of them that we can build a resilient and sustainable business and, perhaps just as importantly, encourage others to do the same.

In the coming year, I am confident that we will continue playing a leading role in shaping a more sustainable future for our industry and our communities. This Report presents the progress and major milestones AIA has made on its ESG transformation in 2021 and sets forth our sustainability ambitions for the future. I am proud of how far we have come in just the past few years, and I am inspired and energised by where we are headed. Thank you for supporting us on our journey.

Sincerely,



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

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

<sup>2</sup> United Nations Environment Programme (2022)

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**“Helping people live Healthier, Longer, Better Lives guides everything that we do.”**

**LEE YUAN SIONG**  
GROUP CHIEF EXECUTIVE AND PRESIDENT





# STATEMENT FROM THE GROUP CHIEF EXECUTIVE AND PRESIDENT

## Sustaining Healthier, Longer, Better Lives

The responsibility of leading an organisation with over a century of operating history in Asia is both humbling and energising. Our Purpose of helping people live Healthier, Longer, Better Lives guides us in everything we do, and is inherently linked with considerations for the environment and the societies in which we operate.

Sustaining Healthier, Longer, Better Lives is ultimately about delivering on AIA's Purpose through building an equitable, healthy society for all to grow and thrive, while protecting the environment. Adopting a strategic ESG lens to inform our decision-making as an insurer, investor and as a company is crucial to creating long-term value for all our stakeholders, futureproofing our business and delivering on that purpose.

AIA provides long-term life and health protection and financial security to people and their families. Mobilising our unparalleled reach in Asia to minimise the health and mortality risks faced by our customers and communities enables Healthier, Longer, Better Lives. Keeping people healthier for longer is not only better for our customers, their families, and our business, but also for society at large as the burden of care on public institutions is eased. For AIA, this is a virtuous cycle, as enabling better health outcomes for our customers and communities

also leads to strong commercial results, allowing us to continue to invest in critical initiatives.

As a significant asset owner and an investor, AIA seeks sustainable outcomes and aims to secure investment income to deliver on the long-term savings and protection needs of our policyholders. Integrating ESG into the investment process helps us protect assets under our stewardship, lowers investment risk and helps us to fulfil obligations to our customers and stakeholders over the long term.

As a responsible business, improving environmental performance in our operations, building an empowering and inclusive culture where all our employees and our agents can grow and thrive and ensuring strong and ethical governance contributes to building a resilient and enduring business over the long term.

Our ESG Strategy empowers us to deliver long-term value for stakeholders and deliver our Purpose, by addressing our most material ESG topics through a clear programme of goals, meaningful commitments, and tangible actions. For AIA, therefore, continuing to embed ESG considerations into our business delivers value to all our stakeholders, contributes to our Purpose, and strengthens long-term shareholder value.

## Measurable Progress in 2021

The past year has been one of building on our strengths while taking bold new steps toward advancing our sustainability agenda. I am very proud of our achievements and the passion our people across the region have shown in putting our ESG Strategy into action.

We announced the launch of our ESG Strategy in March 2021 built around five core pillars: Health and Wellness, Sustainable Operations, Sustainable Investment, People and Culture and Effective Governance. This was a significant milestone for AIA's sustainability ambition that allowed our Group to further integrate critically important ESG factors into our strategic decisions, while also better aligning our actions with our Purpose at all levels of the organisation.

In 2021, we became one of the largest life and health insurers in the world to commit to achieving net-zero greenhouse gas (GHG) emissions by 2050. To support this pledge and establish a clear roadmap for reaching this goal we also committed to the Science Based Targets initiative (SBTi), a globally recognised body enabling businesses to set verifiable and transparent emissions reduction targets in line with the latest climate science. Furthermore, following a multi-year analysis of our portfolio, AIA has completed the entire divestment of directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses, seven years ahead of our planned schedule.

## 8 STATEMENT FROM THE GROUP CHIEF EXECUTIVE AND PRESIDENT

I am pleased that our efforts and practices were again recognised by a number of independent third parties. MSCI upgraded AIA's ESG rating from A to AA, putting us in their "Leader" ratings range of companies. We were also proud that in this year, building on being ranked in the 2<sup>nd</sup> percentile of companies in our industry for last two years, Sustainalytics has identified AIA as a top ESG performer out of more than 4,000 companies that they cover in their global universe. As a result of this outstanding work, AIA Group Ltd. received the 2022 Industry Top-Rated Badge as well as a brand new Regional Top-Rated Badge.

On the people front, we were recognised in the Forbes' World's Best Employers list for the third year in a row, while maintaining our top quartile spot in Gallup's global financial services and insurance industry benchmark of employee engagement for the fifth consecutive year. Our progress in diversity and inclusion is demonstrated through our status as an inclusive employer of choice for

women across the region. As at 31 December 2021, women represent more than half (58 per cent) of our employees and 42 per cent of our senior leaders.

We hold ourselves accountable and take lessons learned from our stakeholders to continuously sharpen how we embed ESG into our business through consistent collaboration, engagement and feedback. Recognition from the industry affirms our progress as we continue to take the right steps to become an even more sustainable and resilient business.

### Building on Our Strength

As we continue to mature in this journey, there is still much to do to achieve AIA's aspiration of becoming an ESG leader. Our focus will be to further embed ESG into our culture and operations, strengthen governance in ESG, and build capacity to keep pace with our ambitious trajectory.

Our roots are firmly embedded in Asia's history. We are aware of the evolving social and environmental issues faced by our communities and are uniquely placed to address these challenges. I am confident that we will build on our legacy of trust, together with our unrivalled scale and influence in the region to lead by example and accelerate positive change to deliver long-term shared value for all our stakeholders.

I would like to thank all of you for continuing to support us and our purpose-led ambition over the years. We look forward to building a more sustainable future with you.

With warmest regards,



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

# 2021 ESG HIGHLIGHTS

## Climate Action

### Net-Zero

Pledged to reach Net-Zero greenhouse gas emissions by 2050



### SBTi

Committed to the Science Based Targets initiative (SBTi) to set ambitious emissions reduction targets in line with climate science

### Coal Divestment

AIA has completely divested from coal in our directly-managed listed equity and fixed income exposure, seven years ahead of schedule



## Sustainable Investment

### ESG Rating Scorecard

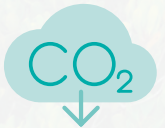
Designed a proprietary ESG Rating Scorecard to enhance our investment research process covering sustainability matters



**US\$8.6 billion and \$3.6 billion**  
Investments in Healthcare and ESG bonds, respectively, representing 100% increase year-over-year

Since 2018, the carbon footprint of our directly-managed listed equity portfolio reduced by

**31.4%**



## Health And Wellness

### US\$2 trillion

total sum assured provided



Serves the holders of **more than 39 million and over 16 million**



individual policies and participating group insurance scheme members, respectively

More than **US\$16 billion paid** in total benefits and claims



## People And Culture

**Named In Forbes' "World's Best Employers"** list, in addition to multiple employee engagement and people awards



**42%** women in senior leadership roles



### Top Quartile

In Gallup's global financial services and insurance industry benchmark of employee engagement for a fifth consecutive year



## Sustainable Operations\*

### 100%

of all new buildings and redevelopments to be green certified



Compared to 2018, there has been a reduction of greenhouse gas emissions per employee by **53%**



### 77%

of our buy, service and claims transactions were submitted digitally reducing paper usage across our operations



\* Renamed from Green Operations to better capture the broader nature of ESG in this pillar.

## Effective Governance

### 100%

of Group Board are Independent Non-executive Directors\*\*



**100%** of Group Board committees are chaired by and comprised of Independent Non-executive Directors\*\*



### Top Rated Performer

by Sustainalytics in our industry and region for ESG and rated AA in MSCI ESG ratings, an improvement over our previous A rating



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

**“AIA has become an important thread in the commercial and social history of many markets we have operated in over the last century. We are in a fortunate position where we have tremendous influence, where we can take full advantage of our credibility and platform to positively impact the environment and communities in a meaningful way.”**



**MITCH NEW**  
GROUP GENERAL COUNSEL AND CHAIR OF THE ESG COMMITTEE

**“ESG integration into our business is fundamental to creating long-term value for all our stakeholders and delivering on our Purpose.”**



**AMITA CHAUDHURY**  
GROUP HEAD OF SUSTAINABILITY

**Key ESG Memberships and Supporting Commitments**



**Key Index Inclusions and Ratings**










# OUR APPROACH

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# 12 OUR APPROACH STAKEHOLDER ENGAGEMENT

The success of our ESG Strategy is dependent on our ability to effectively engage with our stakeholders. Only by understanding the impact of various material topics and recognising the mutual relationships between AIA and its stakeholders can we better identify, anticipate and respond to significant sustainability challenges and opportunities. The following table outlines AIA's key stakeholder groups and engagement platforms:

Key Stakeholder Groups		Engagement Platforms	
 <b>Customers</b>	Listening to our customers is crucial as they provide feedback in the ongoing improvement in our products and service offerings.		<ul style="list-style-type: none"> <li>• Customer surveys</li> <li>• Welcome calls</li> <li>• Customer mobile applications</li> <li>• Focus groups</li> <li>• Feedback from customer buy, service, claim transactions</li> </ul>
 <b>Employees and Agents</b>	Our people's well-being is fundamental to our performance and sustainable growth. We routinely solicit feedback from our employees and agents to ensure we are cultivating an inclusive and fair place to work.		<ul style="list-style-type: none"> <li>• Gallup Q12 Employee Engagement survey</li> <li>• Townhalls and other forums</li> <li>• Internal employee networks and discussion forums</li> <li>• Feedback generated from internal systems and social media</li> <li>• Conferences, training, and other talent development programs</li> </ul>
 <b>Governments and Regulators</b>	We work closely with government agencies and regulators in the markets where we operate, in order to elevate sustainable business practices and to drive change through advocacy and partnerships.		<ul style="list-style-type: none"> <li>• Supervisory college</li> <li>• Regulatory and other reporting</li> <li>• Panel discussions and roundtables</li> <li>• Memberships on advisory boards of standard setters</li> <li>• Consultations and engagement on ESG issues</li> </ul>
 <b>Investors</b>	We focus on strengthening investor trust and regularly engage with them to communicate our ESG Strategy and progress. This two-way communication between the company and the investment community allows analysts to make informed decisions about AIA.		<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Investor roadshows</li> <li>• Ratings and inclusion in indices</li> <li>• Earnings results and analyst calls</li> <li>• Investor conferences, meetings, calls, and correspondence</li> <li>• 20% of investor calls in 2021 specific to ESG issues</li> </ul>
 <b>Communities</b>	Given the breadth and impact of our businesses across Asia, we regularly seek interactions with society and the public at large in our collective pursuit to enact positive change.		<ul style="list-style-type: none"> <li>• Social media interactions</li> <li>• Corporate website and other correspondence</li> <li>• In-person interactions at corporate locations, hosted events</li> <li>• Industry body conferences, training, and other forums</li> </ul>

Robust stakeholder engagement helps AIA identify significant ESG issues, and collect critical inputs to plan for actions we can take to create value for all our stakeholders. Throughout this Report, there are numerous examples of how we are responding to the sustainability needs and challenges that impact our stakeholders.

OUR APPROACH

# MATERIALITY

A materiality assessment is the cornerstone of a robust ESG Strategy, as it helps assess an organisation's impact on the economy, the environment and society. Through this lens we are better positioned to consider the significance of various ESG factors for AIA's stakeholders, as well as their importance to our business.

Given the continuously evolving global and local business environment, a regular review of our most material ESG topics is imperative. This helps to ensure our ESG Strategy will continue to address pertinent ESG-related risks by reducing negative impacts and effectively capturing ESG-related opportunities to drive meaningful positive impact.

## A Robust Approach to Materiality Assessment

In light of our stakeholders' shifting priorities and expectations, we undertook an advanced assessment of material topics facing AIA in 2021, which included the consideration of long-term risks and opportunities, as well as the United Nation's Sustainable Development Goals (UN SDGs). Insights from our stakeholders helped identify and prioritise our final list of material topics. Their concerns are addressed throughout the Report.

In 2021 we also engaged an external consultant to support and challenge our assessment of material topics identified for the Report, who deployed the following process to enhance the scope and depth of our materiality exercise:

### 1. IDENTIFY

Research was undertaken to identify a potential list of material topics, including:

- ESG megatrends – via policies, regulations, and other research
- AIA's Purpose, goals, and objectives – including material topics identified in prior years and other internal analysis
- Industry standards – such as international reporting standards and guidelines, and ESG rating criteria from rating agencies and other bodies
- Industry benchmarking – material topics of our peers
- Internal and external stakeholder feedback – including feedback from a dedicated ESG employee survey, and investor feedback

### 2. PRIORITISE

Material topics were prioritised according to their significance and impact as well as feedback derived from targeted interviews with senior management which included members of the ESG Committee.

### 3. EVALUATE AND VALIDATE

The ESG Committee, comprised of two Independent Non-executive Directors (INEDs) of the Board of Directors (the "Board") in addition to members of the Group Executive Committee, reviewed and validated the prioritised list of material topics.

## OUR APPROACH MATERIALITY

### Our Material Topics

We subsequently analysed each material topic identified by assessing their impact on AIA as a business, as well as AIA's impact on society and the environment to derive the following top three most material topics in the table below. We believe these topics are central to our ability to operate sustainably while supporting our communities and the environment. We have also outlined nine other topics that present both risks and opportunities to our business more broadly:

**Material Topics**

**Top Three Material Topics**

 <b>Climate change</b>	 <b>Health and wellness</b> (including financial inclusion and well-being)	 <b>Sustainable investment</b>
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**Other Material Topics**

Corporate governance	Risk management	Data privacy and cybersecurity	Community engagement and investment	Diversity and inclusion	Employee development and management	Business ethics	Innovation and digitalisation of products, services and processes	Selling practices and product labelling
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Our most material topics in 2020 were:

- The growing protection gap;
- Lifestyle-related diseases; and
- Pollution.

Most of the material topics identified in 2021 are consistent with 2020, with certain regroupings conducted to better align with ongoing trends and enhanced clarity regarding their interconnections.

For example, *the growing protection gap* is now included in health and wellness as it relates to financial inclusion. *Lifestyle-related diseases* is similarly included in the health and wellness grouping, while *pollution* is now considered within climate change.

The top three material topics identified for 2021 have been prioritised due to their expanding internal and external focus, as well as their rising

impact *on* our business and *from* our business. Our ESG Strategy is being continually enhanced through the identification of material ESG factors, which improve alignment of our resources and enhance decision-making – supporting AIA in the delivery of our Purpose.

A summary table linking these material topics with our Strategy and key progress highlights from 2021 is provided on pages 16 and 17.



OUR APPROACH

# THE KEY PILLARS OF OUR STRATEGY

Our ESG Strategy builds on our Purpose by bringing together a clear programme of goals, commitments and actions to deliver long-term sustainable value for our customers, our shareholders and our communities.

Launched in March 2021, our ESG Strategy is built around five pillars: Health and Wellness, Sustainable Operations, Sustainable Investment, People and Culture and Effective Governance. Together, these pillars of our Strategy contribute to a sustainable and healthier development for Asia, its people and its communities, as well as the planet.



**Health and Wellness** focuses on engaging, inspiring, and delivering better health outcomes, championing financial inclusion and expanding access to quality care, producing a wider positive impact on society.



**Sustainable Operations** aims to improve the environmental performance of AIA's operations as well as incorporating ESG factors in sourcing considerations.



**Sustainable Investment** delivers long-term value by allocating capital to companies that commit to sustainable outcomes, investing for the future and lowering our exposure to the risk of stranded assets in a future low-carbon economy.












**People and Culture** empowers our people to succeed through fostering a learning environment, ensuring equitable and fair processes for employment and progression and a diverse, inclusive and supportive culture.















**Effective Governance** ensures that AIA continues to operate to the highest standards of business practices, both in terms of its engagement with stakeholders, and how we manage risks. This provides the necessary management oversight, incentives, organisational accountability, data governance systems and transparent reporting to enable us to succeed.

# 16 OUR APPROACH ADDRESSING OUR MATERIAL TOPICS WITH OUR ESG STRATEGY

The following table summarises how the five pillars of our ESG Strategy align with our material topics and strategic priorities for the business. It also highlights progress made in 2021, as well as how this links to the various UN Sustainable Development Goals. Mapping our material topics to our ESG Strategy and, ultimately, the UN SDGs is an ongoing work in progress that we are committed to improving going forward.

Material Topics	ESG Strategy Pillar	Strategic Priorities	2021 Progress Highlights	UN SDGs
<ul style="list-style-type: none"> <li>Health and wellness</li> <li>Community engagement and investment</li> <li>Innovation and digitalisation of products, services and processes</li> </ul>	<b>Health and Wellness</b> 	<ul style="list-style-type: none"> <li>Engage communities across Asia to improve their physical, mental and environmental wellness while championing financial inclusion.</li> <li>Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation.</li> <li>Build on our leading integrated health and wellness solutions and reward customers for behavioural improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Set target of engaging One Billion people by 2030</li> <li>Established telemedicine networks with more than 10,000 hospitals and clinics</li> <li>Signed over 1.9 million AIA Vitality and China Wellness Programme members to date</li> <li>AIA Vitality members health data shows improvement in blood pressure levels, cholesterol, and glucose levels</li> </ul>	  
<ul style="list-style-type: none"> <li>Climate change</li> <li>Risk management</li> <li>Innovation and digitalisation of products, services and processes</li> </ul>	<b>Sustainable Operations</b> 	<ul style="list-style-type: none"> <li>Ensure that all new buildings and any redevelopments adhere to industry-recognised green building standards.</li> <li>Reduce our carbon footprint, while also measuring and managing the amount of waste produced from our operations.</li> <li>Increase digitalisation and automation to reduce the usage of paper.</li> <li>Encourage improvements in vendors' ESG performance.</li> </ul>	<ul style="list-style-type: none"> <li>100% of new buildings and redevelopments to be green certified</li> <li>Committed to achieve net-zero GHG emissions by 2050; also committed to the Science Based Targets initiative</li> <li>Reduction of GHG per employee by 53%, compared with 2018</li> <li>77% of our buy, service and claims transactions were submitted digitally</li> <li>90% of our communications with policyholders were through digital channels</li> <li>1,200 tonnes of paper saved</li> <li>Plan to engage Tier 1 suppliers on ESG performance</li> </ul>	   

## ADDRESSING OUR MATERIAL TOPICS WITH OUR ESG STRATEGY

Material Topics	ESG Strategy Pillar	Strategic Priorities	2021 Progress Highlights	UN SDGs
<ul style="list-style-type: none"> <li>Sustainable investment</li> <li>Climate change</li> </ul>	<p><b>Sustainable Investment</b></p> 	<ul style="list-style-type: none"> <li>Deepen ESG engagement with investee companies.</li> <li>Augment ESG knowledge and capacity among our investment analysts through dedicated training initiatives.</li> <li>Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure.</li> <li>Enhance portfolio exclusions in consideration of our objective to secure long-term investment outcomes.</li> <li>Continue to carbon footprint our investment portfolio with annual public disclosures and develop emission reduction targets for our portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Designed ESG Rating Scorecard as first step to investment screening</li> <li>Created pool of dedicated investment ESG subject matter experts (SMEs)</li> <li>Submitted inaugural report to the Principles for Responsible Investment (PRI)</li> <li>Invested in renewable energy, green, social and sustainability bonds</li> <li>Completed divestment of directly-managed exposures to coal</li> <li>Committed to net-zero for the investment portfolio</li> </ul>	   
<ul style="list-style-type: none"> <li>Employee development and management</li> <li>Diversity and inclusion</li> <li>Business ethics</li> <li>Selling practices and product labelling</li> </ul>	<p><b>People and Culture</b></p> 	<ul style="list-style-type: none"> <li>Foster a learning culture that supports the development of our people.</li> <li>Promote workplace diversity and advance our culture of innovation and inclusion.</li> <li>Embed a culture of ethical decision-making and strong risk management.</li> <li>Ensure fair, accountable and equitable processes for employment, progression and rewards.</li> </ul>	<ul style="list-style-type: none"> <li>Developed learning to build future-ready capabilities in our people</li> <li>Set targets for diversity and inclusion</li> <li>42% of women in senior leadership roles</li> <li>&gt;70 nationalities across AIA Group</li> <li>Received multiple awards including recognition from Forbes as an employer of choice and ranked in the top quartile in Gallup's global financial services and insurance industry benchmark of employee engagement for the fifth consecutive year</li> </ul>	   
<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Risk management</li> <li>Business ethics</li> <li>Selling practices and product labelling</li> <li>Data privacy and cyber security</li> </ul>	<p><b>Effective Governance</b></p> 	<ul style="list-style-type: none"> <li>Foster business integrity and sound decision-making through a diverse and highly qualified Board.</li> <li>Effectively manage ESG-related risks and opportunities throughout our business.</li> <li>Lead the promotion of ESG best practice across the region.</li> <li>Establish AIA as a global leader on key ESG indices, ratings and benchmarks.</li> </ul>	<ul style="list-style-type: none"> <li>Board and Board committees are chaired by and comprised of Independent Non-executive Directors<sup>1</sup></li> <li>Further embedded ESG-related exposures within enterprise risk management framework</li> <li>Became signatory to UNEP FI Principles for Sustainable Insurance (UN PSI)</li> <li>Achieved ESG Regional and Industry Top Performer rating from Sustainalytics and improved MSCI ESG rating to AA</li> </ul>	

<sup>1</sup> Aside from Group Chief Executive and President who is a member of the Board and Board Risk Committee

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## OUR APPROACH

# OUR ROBUST APPROACH TO ESG GOVERNANCE

In 2021, we enhanced ESG governance and reporting structures and processes. These will help oversee and manage key aspects of our ESG Strategy, enabling progress in the roll out of key initiatives as well as monitoring accountabilities and informing decision-making.

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

## ESG Committee

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

It comprises members of our Group Executive Committee and two INEDs of the Board.

Alongside two INEDs of the Board, the members of our Group Executive Committee are as follows:

- Group Chief Executive and President
- Group General Counsel
- Group Chief Financial Officer
- Group Chief Risk Officer
- Group Chief Investment Officer
- Group Chief Human Resources Officer
- Group Chief Marketing Officer
- Group Head of Sustainability

The ESG Committee also considers ESG research, feedback raised by key stakeholders and reports by rating agencies to provide input on specific ESG issues relevant to the Group.

## Climate and Net-Zero Steering Committee

We are setting up a Net-Zero Steering Committee to support our transition to net-zero. This group will have a specific focus to oversee the roadmap

for Science Based Targets and to monitor accountabilities towards our net-zero 2050 targets across the business, in our investment portfolio as well as in our operations. This committee will report directly to the Group Chief Executive and President, and provide regular updates to the Board. The Group Chief Investment Officer will also have direct oversight of the integration of our net-zero commitment related to the investment portfolio engagement process. There will also be representation from the markets on this committee.

## Group ESG Function

Our Group ESG function plays a key role in delivering on our Group-wide ESG ambition, facilitating, and coordinating the various cross-functional programmes and initiatives required to carry out our ESG Strategy and disclosure efforts. The ESG function, in collaboration with the Group Investment function, also engages with our business units on raising capacity and understanding of ESG issues amongst the leadership team and across the organisation. The Group ESG function is led by the Group Head of Sustainability, who is tasked with leading ESG integration into business operations and culture across markets and functions.

# AIA'S COMMITMENT TO NET-ZERO

In 2021, AIA committed to achieving net-zero GHG emissions by 2050. This pledge is fully aligned with our aim of creating long-term value for the company and supporting the best interests of all our stakeholders. Furthermore, it is true to our Purpose of helping people live Healthier, Longer, Better Lives.

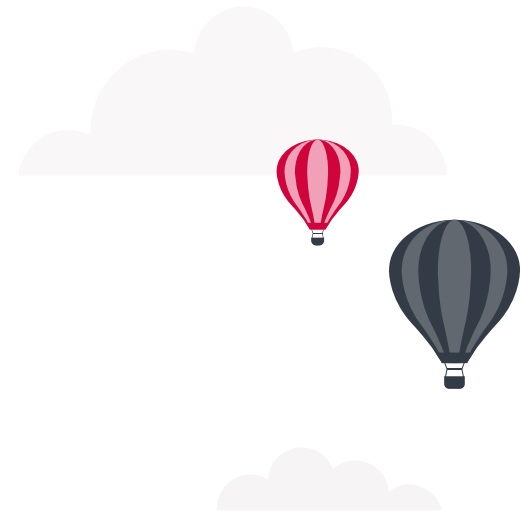
## Taking a Science-Based Approach to Becoming a Net-Zero Company

AIA has also committed to the Science Based Targets initiative ("SBTi"). The SBTi is a global body supporting businesses to set ambitious emissions reduction targets in line with the latest climate science deemed necessary to meet the goals of the Paris Agreement. They will provide independent assessment and validation of AIA's targets and progress reporting.

## AIA's Commitment in Action

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

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



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## AIA'S COMMITMENT TO NET-ZERO

### Our Climate Action and Net-Zero Journey

2016

Became a signatory to the UN Global Compact.

2017

Began reporting on the emissions and energy use arising from our direct operations.

Engaged with CDP.

2018

Confirmed support for the Paris Agreement and launched first Climate Statement.

Endorsed the Task Force on Climate-related Financial Disclosures (TCFD).

2019

Initiated portfolio analysis and engagement on climate change.

One of the first Asian asset owners to carbon footprint listed equity investment portfolio.

Joined the Principles for Responsible Investment (PRI).

Joined the Climate Action 100+.

2021

Became a signatory to the UN Principles for Sustainable Insurance (PSI).

Completely divested entire directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses.

Committed to net-zero emissions by 2050 and signed up to the SBTi.

2023

Set initial near-term Science Based Targets for verification by SBTi.

2040

100% of in-scope investee companies have Science-Based Targets for their organisations.

2050

Achieve net-zero.





## HEALTH AND WELLNESS

# ENABLING BETTER HEALTH OUTCOMES

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# 22 HEALTH AND WELLNESS

**“AIA is focused on engaging communities across the region to improve physical, mental and environmental wellness, while championing financial inclusion.”**



**STUART SPENCER**  
GROUP CHIEF MARKETING OFFICER

## 1

### Introduction

Environmental, health and social issues are closely interconnected<sup>1</sup>. We believe building resilient, sustainable and healthier futures for individuals and their families across Asia means treating health and wellness holistically.

AIA aims to address the needs of our customers by supporting their physical, mental and financial well-being. These factors have become increasingly important with the onset of Covid-19. The pandemic has in many ways exacerbated existing social and demographic challenges like the rise in non-communicable diseases (NCDs)<sup>2</sup>, widening income inequality and expanding ageing populations<sup>3</sup>. It is also putting growing pressure on public services and infrastructure across Asia<sup>4</sup>.

- <sup>1</sup> AIA Australia (2021)
- <sup>2</sup> World Health Organization (2021)
- <sup>3</sup> Organisation for Economic Co-operation and Development (2020)
- <sup>4</sup> Asian Development Bank (2022)

Our Purpose is to help millions of people live Healthier, Longer, Better Lives and our insurance solutions play a significant role in realising this goal. Through the provision of better products, improved access to healthcare and encouraging the adoption of healthier lifestyles and inclusive insurance solutions, AIA aims to build more resilient communities in Asia and a better future for all.





## 2

### Our Approach: At A Glance

As a leading pan-Asian insurer providing life, health and wellness solutions across the region, AIA is proactively promoting healthy lifestyles and illness prevention. This relies on active engagement with communities across our vast network, improving access to quality healthcare and continually enhancing our integrated health and wellness solutions to better meet the needs of our diverse customers.



The following approach makes up the Health and Wellness pillar of our ESG Strategy:

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>1. Engaging Communities Across Asia</b> Engage communities across Asia to improve their physical, mental and environmental wellness while championing financial inclusion.</p>	<p>We have continued to drive focus and activity across all areas of health and wellness and championed financial inclusion</p> <p>We have reinforced our commitment to communities across Asia <b>by setting ourselves a target to engage One Billion People by 2030 to live Healthier, Longer, Better Lives</b></p>	<p> 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p> <p> 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</p> <p> 10.2 By 2030, 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.</p>
<p><b>2. Improving Access to Quality Healthcare</b> Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation.</p>	<p><b>AIA Vitality and AIA China Wellness</b></p> <ul style="list-style-type: none"> <li>• 11 markets live</li> <li>• Number of AIA Vitality and AIA China wellness customers = 1.9m</li> </ul> <p><b>Telemedicine</b></p> <ul style="list-style-type: none"> <li>• 10 markets live</li> <li>• Telemedicine eligible lives = 2.6m</li> <li>• Year-on-year increase in the number of consults = 73%</li> </ul> <p><b>Personal Case Management</b></p> <ul style="list-style-type: none"> <li>• 12 markets live</li> <li>• Eligible lives = 2.9m</li> <li>• Year-on-year increase in the number of Personal Case Management (PCM) cases = 65%</li> <li>• 21% diagnosis change<sup>1</sup></li> <li>• 56% refined treatment plan<sup>1</sup></li> <li>• 94% customer satisfaction rate<sup>1</sup></li> </ul> <p><b>Regional Health Passport</b></p> <ul style="list-style-type: none"> <li>• 7 markets live</li> <li>• Top 100 upper-tier hospitals in Asia</li> <li>• 10,000 providers globally</li> </ul>	<p> 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>

<sup>1</sup> Reported as at Q3 2021

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## HEALTH AND WELLNESS

## Strategic Priorities

**3. Building Better Integrated Health and Wellness Outcomes**

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

## 2021 Progress

**Health and Wellness Solutions**

- Year-on-year increase in the number of AIA Vitality Customers with either 1 biometric result from unhealthy to healthy OR Vitality age improvement + Personal Case Management Customers with a change in diagnosis or treatment optimised<sup>1</sup> = 22.5%
- A member's AIA Vitality Age is their actual age relative to a variety of health factors. Members improved their Vitality Age by an average of 0.49 years since joining the programme
- 29% of at-risk AIA Vitality members have moved to a healthy BMI range
- 54% of at-risk AIA Vitality members have seen their blood pressure levels improve
- 37% of at-risk AIA Vitality members have seen their cholesterol levels decline
- 78% of at-risk members have seen their glucose levels reduce

## Link to SDG Targets



3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

<sup>1</sup> AIA Vitality members who have reported their data.

3

## Health And Wellness: Approach in Action

**Strategic Priority 1**

### Engaging Communities Across Asia

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

Across more than 23,000 employees, millions of individual and group customers, and an extensive network of agents, bancassurance and wider distribution partners, vendors and stakeholders, we have a powerful opportunity to harness action and produce positive change.

Through providing people with protection for their health and financial wellness or motivating them towards healthier living, our impact comes from the breadth and depth of engagement we have with individuals and communities, as we interact with millions of people in Asia everyday.

Tapping into the scale, reach and influence of this network will form a key part of realising our ambition to create a long-lasting impact across society and helping to improve the health of communities – whether physical, mental, environmental or financial.

## | AIA One Billion

### Realising Our Purpose At Scale

AIA One Billion sets a clear goal – by 2030 we will have engaged one billion people to help them live Healthier, Longer, Better Lives. To deliver this, we are seeking to drive societal engagement. We will engage, educate, inspire and support communities across Asia to improve their physical, mental and financial health and wellness. In so doing, we intend to champion and positively contribute to financial inclusivity and the health of the environment through advice, partnerships, events, community programmes and campaigns.

Our AIA One Billion goal is more than an aspiration. It is a plan to which we are committed and backed by metrics to track our progress and measure performance.

We have committed to measuring the number of people engaged through AIA One Billion to track our progress, guide our decisions and help us to focus energy where we can make the greatest difference.

Tracking against our goal will be shared as part of our ESG reporting – our first milestone against this will be shared in our 2022 ESG Report (to be published in March 2023) and will be updated annually thereafter.

As we track our progress and measure our performance, we will mark the successes and tell the stories of individuals and communities along the way to demonstrate the tangible impact of these engagements.

### Measuring Progress

Everyone in the AIA community has a role in delivering our Purpose. We aim to empower our employees, agency network, ambassadors, and partners to help individual and corporate customers to improve their health and wellness whilst engaging millions of others in communities throughout the region.

In order to deliver our Purpose, our goal reaches beyond our existing customers, services, and products to broader communities across Asia. Through AIA One Billion we will be measuring the number of people engaged by following a principle-based methodology to measure progress:

- We have a clear definition of an 'engagement' – "a positive action by an individual". This covers all AIA touchpoints with customers, clients and communities across Asia.
- We will measure a cumulative year-on-year number of people engaged.
- We will review, evolve and enhance our measurement each year, adjusting our approach as required to ensure robust processes and alignment to any changes in our activities that may be necessary.
- We will seek independent verification where appropriate.

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## HEALTH AND WELLNESS

## AIA Live 2021: Inspiring Healthier, Longer, Better Lives

AIA One Billion aims to engage, educate and inspire communities to live Healthier, Longer, Better Lives. AIA Live was created to help achieve this. Running from August to October 2021, AIA's health and wellness ambassadors, subject matter experts and leading influencers shared perspectives on finding purpose and maintaining physical and mental wellness during the pandemic.

On 12 September, 12 countries tuned in live, generating 18.8m video views exploring real issues affecting people today, while providing education, motivation and inspiration for our audiences.

A recent proprietary study by AIA on the perceptions and understanding of health and wellness in Asia identified that 51% of people associated the environment as a critical component of health and wellness, and that a significant proportion (38%) feel helpless to manage the impact of a deteriorating environment.

To explore the interrelation of human and planetary health further, AIA Live 2021 included the Environmental Wellness Dialogue, a series of three inspiring and action-oriented online discussions. It hosted a range of experts and varied perspectives exploring questions related to the impacts of environmental change and climate challenges on human health and how best to drive positive action.

## Widening Financial Inclusivity and Expanding Coverage

Through AIA One Billion, we are committed to championing financial inclusion. As we seek to understand our individual and corporate customers and the diverse communities we serve, we intend to provide inclusive offerings to support vulnerable members of society.

### India Initiatives for Poor and Rural Customers

Approximately 70% of India's population resides in rural areas. TATA AIA Life partners with various institutions and individuals to provide protection to rural populations, offering life cover, health cover and small savings insurance plans.

Between April and October 2021 more than 23% of the total policies sourced by TATA AIA Life were made available to rural customers. The specific propositions tailored to this segment of society include:

**Saat Saath** is an affordable endowment and protection Micro Insurance Product for low income individuals. It offers life protection and the return of a specified percentage of the total premiums paid on maturity of the policy.

**Saral Jeevan Bima** is an affordable, term insurance product for low income groups. Riders covering accidental death and disability offer enhanced protection.

**SIP POS** is a guaranteed regular income and endowment savings product. This product provides higher benefits for female customers.

**Insta Protect** is a pre-packaged bundle of critical illness, hospitalisation, accidental disability and death cover with simplified processes and a 'Return of Premium' option for lower income customers.



## AIA China Total Retirement Solutions

China's Seventh National Population Census, released in May 2021, showed the share of the population aged 60 or above increased by 5.44% to 18.7% of the country's total population from 2010 to 2020. China's ageing population has emerged as a social issue, there is a lack of income substitution options for retirement and the country relies heavily on government-backed social insurance plans.

AIA China launched the "You Zi Zai" total retirement solution in July 2021. Designed to address the findings from AIA China's first blue paper<sup>1</sup>, produced in cooperation with the Chinese Academy of Social Science and Tencent News, it served as an important reference for preventing retirement risks.

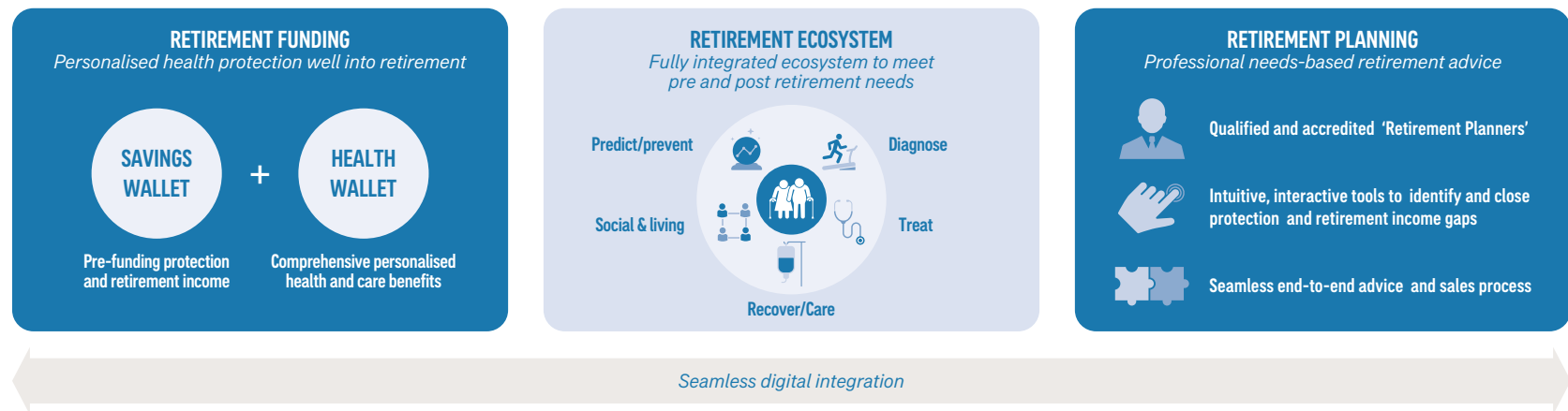
"You Zi Zai" supports retirees in planning and funding as follows:

**Retirement planning.** Established by AIA China in conjunction with Fudan University and the Registered Financial Planner Institute, a Retirement Financial

Planner training programme has been introduced for AIA agents to address customers' retirement planning needs, supplemented with a proprietary, advanced retirement needs analysis tool.

**Retirement funding.** "You Zi Zai" solutions include a Savings Wallet and a Health Wallet. Customers can personalise their solution by selecting from a menu of options that include savings, medical and long-term care products. "You Zi Zai" is also the first retirement solution to offer joint life design for individual or family financial planning for retirement.

**AIA China Total Retirement Solution:** A comprehensive retirement savings and health solution helping customers achieve their retirement aspirations.



<sup>1</sup> AIA China (2021)

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## HEALTH AND WELLNESS



**Retirement ecosystem.** “You Zi Zai” offers a health and wellness ecosystem addressing pre-retirement and post-retirement needs via a broad network of service providers for the active, inactive and higher dependency health stages of ageing. The post-retirement network includes community-based care, retirement institutions and rehabilitation institutions to support an array of retirement lifestyle choices.

A retirement concierge service is available for health service planning and service arrangement support. “You Zi Zai” is fully integrated in a smartphone app designed to help customers pursue healthy lifestyles.

## Delivering Innovative Products and Solutions to Meet Customer Needs

AIA aims to continuously develop propositions to help customers prevent, manage and recover from the array of diseases and conditions that are prevalent today, that have traditionally not been covered by insurers and which affect people not traditionally served by the insurance industry. This enables our business to expand into new markets and communities within these markets.



1

**Tackling diabetes in Singapore:** According to the Singapore Ministry of Health, one in three Singaporeans faces the lifetime risk of developing diabetes<sup>1</sup>. AIA Singapore's Diabetes Care is for pre-diabetics and Type 2 diabetics aged 30 to 65 years old. Underpinned by hassle-free underwriting and available with no extra premiums, the plan covers five key diabetes related complications: blindness, kidney failure, stroke, heart attack and coronary artery bypass surgery. Integrated with AIA Vitality, members are motivated to prevent and manage diabetes progression. The proposition also delivers extra pay outs such as an additional 20% payment for amputations as a result of diabetes.

2

**Combined coverage for lifestyle-related conditions in Hong Kong:** According to Hong Kong's Social Welfare Department, 15% of the population (1.15 million Hong Kong'ers) are living with chronic diseases<sup>2</sup>. Most are elderly and 48.9% suffer from hypertension and 20% from diabetes. AIA Hong Kong's Metro-Trio Medical and Critical Illness Protection Plan is the first in the market to offer individuals with diabetes, hypertension and high cholesterol combined medical, critical illness and life protection. The plan is for non-smokers, renewal is guaranteed up to the age of 85 and individuals with average blood sugar levels (as measured by HbA1c) as high as 10% (approximately twice the normal range) are not automatically excluded. Personal case management support is delivered via AIA Hong Kong's exclusive partnership with Medix. AIA Vitality is an integral part of the plan, helping customers in the management of their condition and rewarding them with upfront premium discounts.

<sup>1</sup> Government of Singapore (2021)

<sup>2</sup> Social Welfare Department, Government of HKSAR (2010)

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## HEALTH AND WELLNESS

3

**Growing Takaful Coverage In Malaysia:** Studies suggest more than 50% of Malaysians are still without life insurance coverage<sup>1</sup>, caused by a lack of awareness on protection solutions and knowledge. AIA PUBLIC in Malaysia serves the Takaful segment and launched the “A-Life Legasi Builder” which is a Family Takaful plan to help Takaful customers to build a lasting legacy by ensuring their loved ones are taken care. A-Life Builder is the Hibah (‘gift’) to a person’s loved ones, providing multiple forms of protection upon death including accelerated Total and Permanent Disability and accidental benefits (during Hajj/Umrah, public conveyance, natural disaster) up to 600% of the basic coverage amount. With A-Life Legasi Builder, customers are contributing to their legacy planning and will receive support towards achieving their financial goals with increased savings through Legasi Rewards, Legasi Booster and Maturity Booster. AIA PUBLIC also helps customers to create a better legacy by staying healthy with AIA Vitality with Vitality Booster.

4

**AIA Vitality expansion into new markets:** AIA Vitality launched in Indonesia in early 2021 with an integrated Whole of Life Critical Illness plan offering premium discount and annual cash back at renewal based on AIA Vitality member status and an integrated Investment linked plan with an end of year cash back based on AIA Vitality member status. As at end of December 2021, AIA Indonesia has exceeded their average 3-month engagement target.

5

**AIA Vitality Covid-19 vaccine incentives:** AIA introduced an incentive in early 2021 where AIA Vitality members can earn an additional 1,000 to 2,000 AIA Vitality points when they submit proof of Covid-19 vaccination. As of December 2021, a total of 149,549 AIA Vitality members submitted proof of Covid-19 vaccination.

6

**Coverage for Mental Health Conditions:** AIA is developing innovative propositions that offer coverage for previously excluded or not fully covered conditions.

AIA Hong Kong launched a next generation severity-based health protection insurance plan in 2021, “AIA One Absolute”, that offers life insurance and health protection based on the severity of a customer’s medical journey and the impact to one’s life, such that a person starting to exhibit symptoms of dementia will receive a benefit.

Mental illness is increasingly being covered within medical plans when traditionally it was excluded. AIA Malaysia’s A-Life Lady Plan launched in 2021 covers Psychotherapy with a one-off payment of MYR 5,000. AIA Hong Kong’s newly launched VHIS Prestige Plus covers psychiatric treatments during confinement in HK and Macau as recommended by a specialist up to a maximum of HK\$40,000 per annum.

<sup>1</sup> New Straits Times (2020)



**Strategic Priority 2**

**Improving Access to Quality Healthcare**

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

Through our range of health and wellness services across multiple touchpoints and millions of individual and corporate customers, we are making high-quality care more accessible and sustainable, helping ease the burden on healthcare systems across the region. We help people at all stages of their health journey – from prediction, prevention, diagnosis, treatment through to recovery – resulting in healthier customers, lower insurance costs and ultimately helping more people live Healthier, Longer, Better Lives.

**Ongoing Transformation from Payor to Shaper**

AIA is the largest pan-Asian life and health insurer. We are uniquely positioned to deploy our superior technology, digital and analytics capabilities to deliver healthcare solutions with greater convenience, expanded access and lower costs to customers while easing pressure on traditional healthcare delivery models.

In February 2022, we announced the establishment of a new business, Amplify Health, in partnership with Discovery Group Limited ("Discovery"), our long-standing partner in AIA Vitality. Our vision is for Amplify Health to be a leading digital health technology and integrated solutions business, transforming how individuals, corporates, payors and providers experience healthcare delivery, improving the health and wellness outcomes of patients and communities across Asia. Amplify Health will accelerate AIA's health and wellness strategy, leveraging an array of health technology assets and expertise transferred from Discovery, a global leader in value-based healthcare.



**The customer-centric health and wellness journey that benefits AIA customers**

## HEALTH AND WELLNESS

### Harnessing the Power of Digital Technologies

Rapid advancement of technology and the increasing need for access to healthcare amid the Covid-19 pandemic is transforming the remote healthcare market. AIA has fundamentally rethought how we provide support to our customers throughout their health and wellness journeys.

Digital technologies now enable our advisors, agents, and other customer-facing staff to better meet our customers' changing needs and expectations in a flexible and personalised manner.

**ALive:** "ALive powered by AIA" is AIA Thailand's newest digital platform, launched during the pandemic when most Thais were at home due to restrictions and lockdowns. Key features include telemedicine, a chat feature that delivers access to expert advice, community chat, an extensive content library and a variety of health trackers.



The platform targets both policyholders and non-policyholders and has been especially effective in delivering insights on behaviours and preferences of our customers and potential customers. As of December 2021, ALive has 300,000 active users.

**Telemedicine:** Telemedicine has emerged as a primary digital healthcare support tool during the pandemic, allowing customers access to video consultation services, prescription, delivery of medication when required and onward referral to AIA's health provider networks where necessary.

In select markets, telemedicine coverage also extends to paediatricians, psychologists and a broad range of other specialists. Telemedicine services are currently available in 10 AIA markets – Mainland China, Hong Kong, India, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Sri Lanka and Thailand.

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

**Regional Health Passport:** The AIA Regional Health Passport is a key part of our health and wellness ecosystem leveraging our pan-Asian presence to provide customers access to a wide network of leading international hospitals across multiple markets. Customers enjoy the convenience of a region-wide referral and appointment service and cross-border cashless payments. The regional health passport is available in seven AIA markets – Mainland China, Hong Kong, Malaysia, Singapore, Thailand with Indonesia and Sri Lanka being launched in 2021.

**Commonwealth Bank of Australia (CBA):** CBA launched AIA Vitality to employees in December 2019, which has since been incorporated in direct to consumer insurance (Life and Health) products and embedded in CBA's digital customer journey to create greater awareness, consideration and customer engagement of health and wellness.

CBA is also part of the AIA Vitality Rewards programme and CBA customers who are also AIA Vitality members have the option of depositing their weekly activity benefit or status-based shopping rewards directly into their CBA account.

**AIA Launches Food Scoring in Five Markets:** AIA launched an AI-based food scoring tool developed in partnership with Holmusk, a health technology company. Available in five AIA markets – Hong Kong, Malaysia, Singapore, Thailand and the Philippines – as of December 2021, customers have uploaded over one million food photos.

**Strategic Priority 3**

**Building Better Integrated Health and Wellness Outcomes**

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

**Growing Levels of Support for Communities' Mental Health Needs**

The Covid-19 pandemic has negatively impacted the mental health and wellness of many people over the last two years. The 2021 East Asia Summit, organised by ASEAN, released a statement on mental health cooperation that recognised the impact of the pandemic and pledged cooperation between member nations to promote mental health and well-being and effective policy models for mental health services.

AIA has made mental health support a key area of focus. This has included:

**AIA Australia tackling mental well-being:** AIA Australia launched comprehensive mental health support through AIA Vitality that included self-help tools, mindfulness activities and coaching sessions with a mental well-being coach. Customers were given access to Mentemia, an evidence based mental well-being app with tools and techniques to deal with common everyday stressors. AIA Australia also launched a 12-month pilot programme ending in December 2021 that provided customers with access to mental well-being coaching.

**#LiveWithVitality in Singapore:** AIA's research in early 2021 highlighted more than 90% of Singaporeans reported a decline in their mental health<sup>1</sup>. AIA Singapore launched #LiveWithVitality in August 2021 with activities ranging from online events such as webinars, web-cooking sessions, fitness classes to sharing member-ambassador stories on how they are now making AIA Vitality a lifestyle commitment. As at end September 2021, the #LiveWithVitality Campaign had 372,804 video views across YouTube and social media.

In support of World Mental Health Day on 10 October 2021 and in continuation of the #LiveWithVitality campaign, AIA Vitality launched the Live 10.10 With Vitality initiative with 10 free activities that included workouts, healthy baking and wellness sessions. AIA Singapore also collaborated with the Singapore Health Promotion Board (HPB) to create two out of the 10 activities for members/customers to help them to think well and live well.

**AIA Hong Kong Health Talks:** With the pandemic affecting all aspects of health, AIA Hong Kong developed a series of initiatives to keep members learning about new ways to stay healthy amid isolation and stress caused by the pandemic.

AIA Hong Kong and Macau launched 57 free virtual 'pandemic health' talks from January to October 2021. A nutritionist advised on achieving an ideal weight through a healthy diet and a registered Chinese medicine practitioner explored the philosophical principles of Traditional Chinese Medicine (TCM) to improve health and immunity for the colder season.

The talks also featured a Q&A section where participants could interact with the professionals.

**The AIA Hong Kong 8-Week Check-In Challenge:** Accessible via the AIA Connect mobile app or the AIA Vitality webpage, the 8-Week Check-In Challenge dashboard card resulted in over 270,000 members engaging and earning AIA Vitality points.

The first round of the 8-Week Check-In Challenge ran from 19 October to 13 December 2020 with the second round from 15 November 2021 to 9 January 2022. As a result of the challenge, there was a significant increase in engagement rates among users, with in-app adoption rates increasing from 46% to 50% and 73% of the participants answering quiz questions correctly.

<sup>1</sup> AIA Singapore (2021)



## Mental Wellness in the Workplace

AIA launched a holistic mental health and wellness programme to meet growing demand from corporate clients and their employees and dependents arising from significant changes to work environments during Covid-19. The service was rolled out in phases in Hong Kong and Singapore,

first delivered to AIA staff and subsequently extended to the wider market through distribution partners. The programme comprises three components:

- A proactive workplace engagement programme for employers that delivers year-round mental health and wellness support to employees via engagement workshops and planning, regular

newsletters and webinars to promote the programme and drive engagement and corporate reporting to evaluate programme impacts.

- Digital engagement with employees via an app designed to promote self-care through clinically validated mental wellness assessments and personalised feedback, a well-being library including content on a wide variety of mental health and wellness-related topics and themes, on-demand, text-based mental wellness coaching delivered by qualified behavioural health coaches, and mood tracking and journaling.

- The ability to support employees based on their individual mental health risk profile and to steer them towards different resources based on their unique needs. This could include an Employee Assistance Programme (EAP) or directing the individual to a country specific resource such as related hotlines or NGO service. Based on need, it could entail triaging an individual to a clinical setting within AIA's mental health specialist network.

4

**The People at the Heart of Health And Wellness**

**AIA Vitality transforming the lives of AIA customers**

**Customer/ Member Spotlight**

"I went from pizza and prata to organic muesli and steamed vegetables within eight months. My blood pressure and BMI improved by 25% to enter a healthy range. AIA Vitality's support has helped me on my journey to health."

**Chin Pak Tjun**  
Silver Member, Singapore

Sometimes I get demotivated to stay active but since joining AIA Vitality, I never find myself demotivated anymore. As a Platinum member now, I've found that AIA Vitality really encourages me to live a healthier lifestyle – the programme is very inspiring and beneficial! I have lots of reasons to keep being active and to keep running almost every day!

**Nurul Nabilah binti Mohd Nasir**  
Platinum Member, Malaysia

"I was always overweight as a kid. I was 79.5kg and 165cm in 2017 until I finally decided that I have to maintain a healthy lifestyle. I became more active and participated in the AIA Vitality Weekly Challenge. Currently I have 19,430 points and I'm on the way to achieving gold status. When I last weighed in, I came in at 67kg and I've never felt better!"

**Mark Ryan Rodil**  
Silver Member, Malaysia

"Exercise has become an irreplaceable part of my life. As I added AIA Vitality to my fitness regime, my lifestyle grew to include healthier food choices and regular check ups. I may not be where I want to go yet, but as long as I keep going I will get there."

**Casilda Kwok**  
Gold Member, Singapore

## Leveraging the Power of Agents to Help Customers Live Healthier, Longer, Better Lives



**"THE VALUES AND FOUNDATION CULTIVATED IN MY DISTRICT HAVE MOULDED ME TO THE PERSON I AM TODAY. I AM KEEN TO PASS ON MY KNOWLEDGE, TRAIN AND MOTIVATE THE NEWCOMERS IN OUR BIG FAMILY."**

**JACQUELINE WEE KENG KIN**

Jacqueline Wee Keng Kin, a Singapore-based agent, is representative of the courage and deep sense of commitment to building healthy communities that run through AIA, its employees and network of agents.

Challenging personal circumstances early on in life instilled in her the value of insurance. At 17, her father suffered a stroke and with no insurance, she had to take a tuition fee loan for her tertiary education.

In the more than 25 years of her career, she has consistently applied grit and determination to help people live Healthier, Longer, Better Lives. During the pandemic she sent numerous care packages to her clients, both local and overseas. To uplift her clients' spirits, she ordered cooked and frozen foods to have them delivered to their homes.

Jacqueline exhibits compassion and resilience, the hallmarks of effective agents that lead to trusted relationships that AIA enjoys with its customers. Jacqueline attributes her success to her leader and seniors and is determined to pay this forward. She mentors many young professionals and inspires her fellow agents to work harder and to learn to give.

"The values and foundation cultivated in my district have moulded me to the person I am today. I am keen to pass on my knowledge, train and motivate the newcomers in our big family." To explain her motivation, she references a quote she lives by: "Grow old with me. The best is yet to be!"



**"I TOOK IT AS A CHALLENGE AS I DO WITH MANY THINGS IN LIFE. I WANTED TO DEFEAT IT SO I CAN GO BACK TO MY LIFE AND LIVE IT."**

**LEE SUN MEI**

Based in Malaysia, Lee Sun Mei is an inspirational figure, known to her peers and colleagues as the 'Iron Lady'. Sun Mei joined AIA in 2016 after a previous role as an accountant.

Unfortunately, Sun Mei was diagnosed with breast cancer in late 2019. Her story of how she discovered the disease has left her grateful for her career.

One of her customers shared her reluctance in getting a lump in her breast checked, which turned out to be final stage cancer. On hearing her story, Sun Mei decided to get checked. To her dismay, it was cancer.

"I took it as a challenge as I do with many things in life. I wanted to defeat it so I can go back to my life and live it."

"It also reaffirmed the importance of insurance. When I was ill, I could allow myself the opportunity to focus on fighting the disease and give myself the time and peace of mind to recover. This is because I had insurance and was protected by my coverage. I didn't have to worry about my financial standing during this time."

She strongly believes in the importance and responsibility of her role as an agent. "I always sincerely believed that insurance is important for everyone. However, having battled with cancer myself, I have firsthand experience of what it is like to be insured. This gives me credibility and experience when I speak to my customers."



## SUSTAINABLE OPERATIONS

# IMPROVING ENVIRONMENTAL PERFORMANCE & SOURCING SUSTAINABLY

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# 38 SUSTAINABLE OPERATIONS

**“Through measuring and disclosing the GHG footprint of our operations and engaging our suppliers, we aim to achieve Sustainable Operations.”**



**TAN HAK-LEH**  
REGIONAL CHIEF EXECUTIVE AND  
GROUP CHIEF LIFE OPERATIONS OFFICER

## 1

### Introduction

AIA contributes toward helping people live Healthier, Longer, Better Lives through sustainably managing our operations, adopting internationally recognised green best practices in the buildings we occupy, and positively influencing the stakeholders with whom we do business.

This strategic pillar has been renamed from 'Green Operations' given our remit to consider social and governance issues in our operations in addition to environmental concerns.

## 2

### Our Approach: At A Glance

Sustainable Operations takes a critical look at reducing our carbon footprint across our premises, leveraging technology to improve efficiency and reduce waste and encouraging our broad network of vendors to join us on our sustainability journey.

We draw on our network of partner and vendor relationships to harness our scale and influence in making a positive impact across our operations.







The following table summarises our efforts across four strategic priorities.

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>1. Ensuring Greener Buildings</b> Ensure that all new buildings and any redevelopments adhere to industry-recognised green building standards.</p>	<ul style="list-style-type: none"> <li>All new buildings and redevelopments to be green certified</li> <li>Six buildings are green certified:                             <ul style="list-style-type: none"> <li>AIA Central, Hong Kong, China</li> <li>AIA Sathorn Tower, Thailand</li> <li>AIA Capital Centre, Thailand</li> <li>One AIA Financial Centre, China</li> <li>Two AIA Financial Centre, China</li> <li>Philam Life Centre Cebu, Philippines</li> </ul> </li> </ul>	<p> 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p> 7.3 By 2030, double the global rate of improvement in energy efficiency.</p> <p> 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable.</p>
<p><b>2. Improving Our Environmental Performance</b> Reduce our carbon footprint, while also measuring and managing the amount of waste produced from our operations.</p>	<ul style="list-style-type: none"> <li>Commitment made to achieve net-zero GHG emissions by 2050</li> <li>Also committed to Science Based Targets initiative (SBTi)</li> <li>Reduction of GHG per employee by 53%, compared with 2018</li> <li>Waste measurement expected to begin in 2022</li> </ul>	<p> 7.3 By 2030, double the global rate of improvement in energy efficiency.</p> <p> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p> 13.2 Integrate climate change measures into national policies, strategies and planning.</p>

## SUSTAINABLE OPERATIONS

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>3. Advancing Digital Transformation</b> Increase digitalisation and automation to reduce the usage of paper.</p>	<ul style="list-style-type: none"> <li>• 77% of our buy, service and claims transactions were submitted digitally</li> <li>• 90% of our communications with policyholders were through digital channels</li> <li>• Across the Group we have saved more than 1,200 tonnes (equivalent to 240 million pieces) of paper</li> </ul>	<p> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>
<p><b>4. Encouraging Good ESG Practice</b> Encourage improvements in ESG performance with vendors.</p>	<ul style="list-style-type: none"> <li>• The Supplier Code of Conduct applies to all suppliers</li> <li>• Plan to assess Tier 1 suppliers on their ESG performance</li> </ul>	<p> 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.</p> <p> 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>

3

### Sustainable Operations: Approach in Action

Our journey toward achieving more Sustainable Operations accelerated this year as we formally committed to reaching net-zero by 2050 in line with the Paris Climate Accords' ambitious 1.5-degree climate scenario.

Our commitment requires us to reduce our carbon emissions from our operations (Scope 1 and 2) across the Group. We have also committed to the globally recognised SBTi, whom we are working closely with to set comprehensive emissions reduction targets for our operations. AIA is on track to have these measures ready and validated by SBTi by the end of 2023.

Overview

Achievements in AIA's Sustainable Operations:



77%

buy, claim, and service transactions completed were submitted digitally



All

new buildings and redevelopments to be green certified



Reduction of  
11,924 tonnes

of CO<sub>2</sub> emitted in 2021 compared to 2020



1,200 tonnes

of paper saved, equivalent to

240 million

pieces of paper



Reduction of  
18,272,976 kWh

of energy consumed in 2021 compared to 2020

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## SUSTAINABLE OPERATIONS

**Strategic Priority 1****Ensuring Greener Buildings**

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

As the region's largest listed life and health insurance group and a significant employer, we have a deep understanding of how our premises impact people's long-term health and well-being. This explains why AIA seeks to put sustainability and environmental considerations at the heart of our real estate decision-making activities.

Our commitment meets or exceeds industry-recognised green building standards for all new developments and redevelopment projects helps to improve the carbon footprint and sustainability of our property portfolio.

Sustainability is a key consideration in our real estate strategy – from the design and construction of new properties, the efficient operation and upgrading of existing spaces through to the carefully planned demolition of obsolete locations.



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

*More details on our approach to property management and real estate investment are available in our Environmental Policy and the 'AIA's Approach to Sustainable Investment' page on our website [www.aia.com](http://www.aia.com).*

## SUSTAINABLE OPERATIONS

### AIA Central

Hong Kong SAR, China 185 metres

- LEED O+M, Silver (2012)
- HK-BEAM for New Office Designs, Excellent (2005)

### AIA Sathorn Tower

Bangkok, Thailand 134 metres

- LEED O+M, Platinum (2020)
- LEED BD+C Gold (2015)
- Southeast Asia Property Awards, Best Green Development, Highly Commended (2015)
- Thailand Property Awards, Best Green Development, Winner (2015)

### Philam Life Center Cebu

Cebu, Philippines 72 metres

- LEED BD+C, Silver (2020)

### AIA Capital Center

Bangkok, Thailand 154 metres

- LEED O+M, Gold (2018)
- LEED BD+C, Gold (2014)
- Southeast Asia Property Awards, Best Commercial Development, Winner (2014)
- Thailand Property Awards, Best Commercial Development, Winner (2014)

### One AIA Financial Center

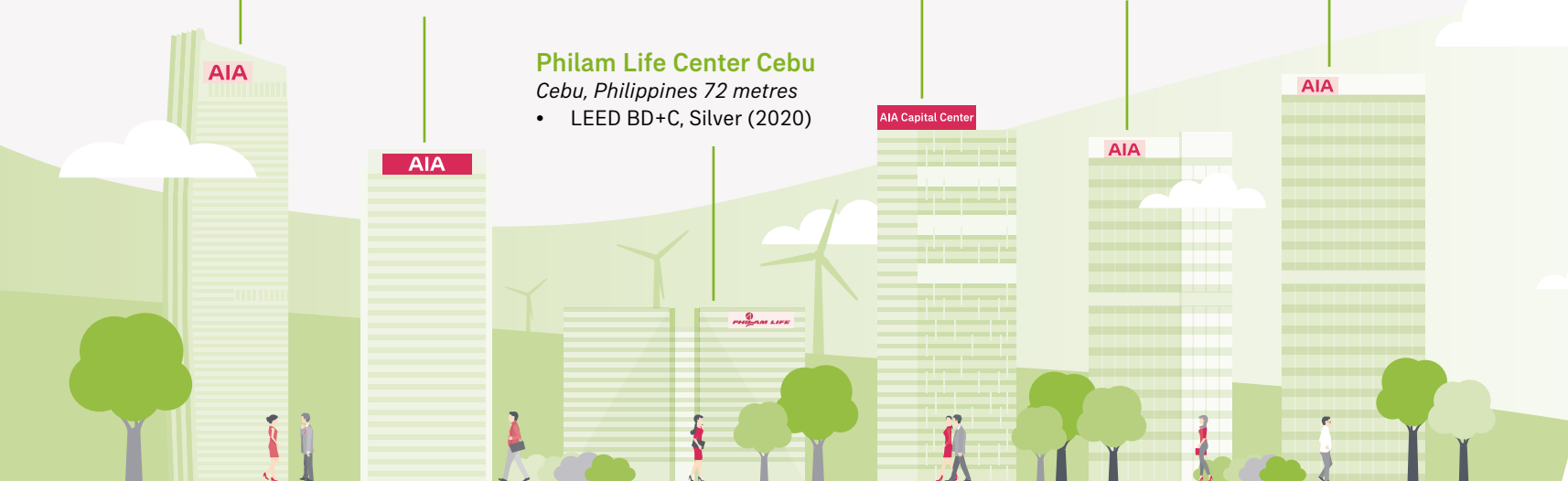
Nanhai, China 141 metres

- LEED O+M, Platinum (2017)
- LEED BD+C, Gold (2013)

### Two AIA Financial Center

Nanhai, China 168 metres

- LEED O+M, Platinum (2018)
- LEED BD+C, Gold (2017)
- Certificate of Green Building Design Label (2015)



#### Note

1. LEED O+M: Leadership in Energy and Environmental Design for Operations and Maintenance certificate awarded by the US Green Building Council
2. LEED BD+C: Leadership in Energy and Environmental Design for Building Design and Construction certificate awarded by the US Green Building Council
3. HK-BEAM: Hong Kong Building Environment Assessment Method

## SUSTAINABLE OPERATIONS

### Better Buildings and Healthier Outcomes

Studies highlight how the physical environments in which we live, work and play serve a critical role in health and wellness outcomes. Estimates suggest we spend around 90% of our time indoors, where concentrations of some pollutants, like radon and formaldehyde, can be two to five times that of outside<sup>1</sup>.

The Covid-19 pandemic has reinforced awareness around this causal link and

catalysed efforts to actively promote health through the physical spaces that we inhabit.

At AIA we want our all buildings to be places that support the health and safety of our employees and occupants. To this end, we achieved International WELL Building Institute (IWBL) WELL Building Standard Health-Safety Ratings<sup>2</sup> for three of our Hong Kong locations in 2021, covering over 1,200,000 sq ft of commercial space. The rating, which is composed of a subset of relevant examination features adapted from the internationally recognised WELL Building Standard provides an effective way to guide,

validate, recognise and scale the efforts of facility owners and operators on critical health and safety issues. Key elements of achieving this rating included an assessment of cleaning and sanitisation procedures, emergency preparedness programmes, health service resources, stakeholder engagement, as well as air and water quality management.

We are continuing efforts to apply similar industry-leading best practices across our built environments to support healthier outcomes for occupants across our properties.

<sup>1</sup> United States Environmental Protection Agency (2022)

<sup>2</sup> International WELL Building Institute (2022)

### WELL Rating Achievements

Building	Award Name	Location	Year of Award
AIA Central	WELL Health-Safety Rating	Hong Kong	2021
AIA Hong Kong Tower	WELL Health-Safety Rating	Hong Kong	2021
Corporate Offices in Hopewell Centre	WELL Health-Safety Rating	Hong Kong	2021
AIA East Gateway	WELL Building Standard Gold-Level Pre-certification	Bangkok, Thailand	2020

**Strategic Priority 2**

**Improving Our Environmental Performance**

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

AIA continues to monitor and reduce the carbon footprint of its operations. In 2021, the Group produced 30,626 tonnes of CO<sub>2</sub>e, or 1.3 tonnes per employee. The decrease in the overall footprint this year was due to a significant reduction in business travel and the continuation of remote working measures put in place across our Group in response to Covid-19. Total energy consumption across the Group was 53,378,456 kWh, amounting to 2,226 kWh per employee.

The largest contributor to our operational footprint is the electricity used in buildings, which contributes 27,966 tonnes out of our total Scope 2 emissions of 27,968 tonnes.

Other sources of emissions include those from our corporate vehicle fleet and business travel. AIA continues to monitor its environmental footprint and implement energy efficiency measures where applicable throughout the business. This includes the adoption of greener technology solutions like light emitting diode (LED) lighting and video conferencing.

AIA is planning to measure the carbon footprint of its wider portfolio of buildings and offices over which it has operational control. This effort would allow for a more complete carbon emission inventory for the preparation of developing a representative Science Based Target. Please refer to AIA's Commitment to Net-Zero for more information.

**Waste Management**

In 2017, AIA established an Environmental Policy, specifically to champion Group-wide efforts to manage our operational footprint.

Building on this policy, we launched our internal Environmental Procedures in 2020, which provides greater clarity on waste management. AIA will continue to monitor and review these policies annually or as required, ensuring both relevance and effectiveness.

As part of the next step of this journey, AIA is expected to begin measuring and reporting on the amount of waste produced from our operations, using 2022 as a benchmark year.

**“I’m very passionate about reducing our carbon footprint, saving energy and cutting our waste. While I’m proud of our progress so far, we must accelerate our transformation and encourage our customers, partners, colleagues and vendors to improve their actions too.”**



**ALGER FUNG**  
CHIEF EXECUTIVE OFFICER,  
HONG KONG AND MACAU

**Strategic Priority 3****Advancing Digital Transformation**

Increase digitalisation and automation to reduce the usage of paper.



In 2021,

**1,200  
tonnes**

of paper was saved across  
the Group, equivalent to

**240 million  
pieces**

the height of which  
would almost be

**two times  
taller than  
Mount  
Everest**



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

### Digital Transformation: Reducing Our Paper Usage

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

Our digital transformation strategy has also contributed to operational resilience through challenging times. The social distancing measures during Covid-19 necessitated the rapid adoption of digital-first operating practices.

We doubled down on our technology capabilities to increase the availability and accessibility of our products through digital channels and to support increasing numbers of seamless customer interactions online. Customers are now able to buy more products and submit more claims digitally than ever before – accelerating our progress toward our 2023 corporate strategy targets.

As of the end of the year, 77 per cent of our buy, service and claims transactions were submitted digitally. We now use digital methods for 90 per cent of communications with policyholders, requiring fewer physical paper letters.

### Digitalisation and Business Travel

Our use of video conferencing technology has continued to improve efficiency and reduced the volume and frequency of business travel. Due to travel restrictions imposed by authorities across the region, emissions from business travel have declined. AIA aims to further balance the use of technology and the need for business travel going forward. Emissions from business travel are incorporated within the Group's Scope 3 emissions found in Our TCFD Report.



**Strategic Priority 4**

**Encouraging Good ESG Practice**

Encourage improvements in ESG performance with vendors.

The scale of AIA's operational network provides significant opportunities to actively engage with our vendors, partners and suppliers on good ESG practice. Our Purpose guides our own operations, and we expect our partners to conduct themselves with the same focus, ambition and values. We aim to harness relationships to magnify collective efforts and deliver meaningful impact.

We expect all our suppliers and vendors to comply with our Supplier Code of Conduct ("Supplier Code"). We encourage suppliers to establish their own policies and practices to ensure compliance with the Supplier Code. In addition, beyond their own relationship with us, we ask our partners to take reasonable efforts to monitor and ensure that their own supply chain is also aware of the Supplier Code to further promote good ESG practices.

The Supplier Code has been developed taking into account several international charters and conventions that support social well-being and ethical operations around the world, including the United Nation's Declaration on Human Rights and the International Labour Organization (ILO) Core Conventions. Its implementation serves as a

guide to facilitate broader discussions around ESG performance and improvements with our partners.

AIA encourages suppliers to emulate ESG standards, practices, and principles that we are committed to upholding. This goes far beyond just being compliant with all local and national legislation. We want our partners to think holistically about their ESG programmes and the impact they have on our communities. This translates into taking action to minimise energy consumption and their carbon footprint, while at the same time promoting ethical conduct and employee well-being throughout their operations.

As part of this effort, we have identified 13 Tier-1<sup>1</sup> Suppliers that cover the Group Office, and the majority of which are utilised across AIA's five largest markets. In the upcoming year, we plan to engage them on their ESG performance.

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

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

**Impact of Pollution across Asia**

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.

Research supported by AIA this year showed that fine particulate matters (PM2.5) continued to reduce across parts of Asia and is projected to reduce further from now to 2050. However, the continent's ageing population makes it increasingly susceptible to the detrimental impact of air pollution, meaning that more stringent, cross-sector reduction in air pollution and mitigation of climate change will be required to lessen the health impacts.

AIA's influence 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.

## 4

## The People at the Heart of Sustainable Operations



**"IT BEGINS WITH OUR PURPOSE AND A CLEAR FOCUS ON DOING BUSINESS THE RIGHT WAY WHILST ADDRESSING THE NEEDS OF OUR COMMUNITIES AND STAKEHOLDERS, INCLUDING THE ENVIRONMENT."**

**POKPONG YINDEEPOP  
DIRECTOR, REAL ESTATE AND CORPORATE SERVICES**

After almost 30 years managing a notable portfolio of properties for AIA, there are few people that possess as deep an understanding of our evolving sustainable operations effort as Pokpong. He currently oversees 14 buildings in Thailand, two of which are owned by AIA, with a team of 33 professionals. They are all focused on incorporating sustainable practices and behaviours across AIA Thailand's 350,000+ square metres attributed to their building portfolio. Thanks to the hard work and dedication of his team, both owned sites under their care have attained LEED certification. This is a feat that Pokpong is particularly proud of given the rigorous and extensive certification process involved.

The key to this success is in part thanks to technological advancement explained Pokpong. Over the years, he has witnessed firsthand a significant increase in the capabilities and sophistication of technology systems used to monitor, measure and manage the carbon impact and sustainability of built environments. These innovations have created

new opportunities to take AIA's sustainability ambition further. Pokpong and his team now deploy a range of technologies that help AIA work towards achieving energy efficiency and the reduction of carbon emissions across our buildings.

That said, what has made the biggest difference goes far beyond technology and can be summed up in two simple words according to Pokpong – passion and Purpose. He is a passionate advocate for company-wide efforts to reduce emissions, save energy and minimise waste due to the extended positive influence these changes can have across AIA's vast network. In his own words, Pokpong explained that "as the biggest life insurer in Asia, others look to AIA for leadership. At an individual, team and company-level we have the potential to make a huge difference by managing our own footprint and reducing waste produced from our operations. We are working closely with a range of partners to share the benefit of our experience and extend this impact further."

At the heart of this passion is AIA's Purpose of helping millions of people live Healthier, Longer, Better Lives. Pokpong argues that "it begins with our Purpose and a clear focus on doing business the right way while addressing the needs of our communities and stakeholders, including the environment." When viewed in this way and embraced by all levels of the business, sustainability becomes a long-term journey of self-improvement that can leave a lasting legacy.



## SUSTAINABLE INVESTMENT

# GENERATING SUSTAINABLE VALUE FOR POLICYHOLDERS

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# 50 SUSTAINABLE INVESTMENT

**“AIA is committed to embedding ESG best practices across the organisation and within our investment processes. It is a fundamental part of who we are and how we operate.”**



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

## 1

### Introduction

#### Delivering Value Through Long-Term ESG Considerations

As an insurer, we are committed to supporting the protection needs of our customers over many years. Our investment strategy reflects our belief that ESG principles underpin proactive risk management, and help deliver sustainable risk-adjusted returns.

Given this long-term outlook, we focus on prioritising businesses that practice good governance and understand the impacts of social and environmental factors on their operations.

We believe that sound governance underpins good corporate behaviour, which contributes to good results for stakeholders and reinforces our ability to achieve sustainable long-term outcomes.

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

## 2

### Our Approach: at a Glance

Ignoring ESG risks can have the same detrimental financial consequences as ignoring credit, currency and commercial risks.

AIA believes that a sustainable business model is a key determinant of management capability, and determines whether an issuer can meet its financial obligations in the long-term.






AIA's investment decisions with respect to ESG are based upon an assessment of relevant ESG factors in potential and actual investee companies, and the belief that active engagement with investee companies is a more effective mechanism to promote, develop and enhance ESG-related business practices.

We may consider excluding sectors or categories where we determine that a transition of those sectors to a more sustainable or resilient model is either not possible or not at the speed required, raising the prospect of stranded assets.

AIA employs a consistent approach to addressing ESG issues, considering a range of ESG factors, including but not limited to water shortage, energy supply, climate change, environmental regulations, labour supply and relations, resource scarcity/bottleneck, management capability and integrity and financial management.

Across markets our research analysts are required to incorporate an assessment of ESG risks and issues into their research reports. AIA research analysts refer to a company's ESG report to better understand how these issues and risks are being managed. Analysts also consider ESG research and data produced by third-party research providers.

AIA's approach to Sustainable Investment focuses on five strategic priorities outlined below.

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>1. Deepening ESG Engagement</b> Deepen ESG engagement with investee companies.</p>	<ul style="list-style-type: none"> <li>Enhanced thematic engagement process</li> <li>Designed proprietary ESG Rating Scorecard to embed ESG considerations within investment research process</li> </ul>	<p> 13.2 Integrate climate change measures into national policies, strategies and planning.</p> <p> 16.6 Develop effective, accountable and transparent institutions at all levels.</p> <p>16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance.</p>
<p><b>2. Augmenting ESG Training and Capacity</b> Augment knowledge and capacity among our investment analysts through dedicated training initiatives.</p>	<ul style="list-style-type: none"> <li>Submitted inaugural report to PRI for feedback in 2022</li> <li>Established pool of dedicated ESG subject matter experts</li> </ul>	<p> 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>
<p><b>3. Broadening Portfolio Inclusions</b> Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure.</p>	<ul style="list-style-type: none"> <li>As of 2021 AIA has over US\$5.2 billion invested in a combination of renewable energy, green, social and sustainability bonds with plans for this to grow materially in the years ahead</li> </ul>	<p> 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p> 16.6 Develop effective, accountable and transparent institutions at all levels.</p>

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>4. Enhancing Portfolio Exclusions</b> Enhance portfolio exclusions in consideration of our objective to secure long-term investment outcomes.</p>	<ul style="list-style-type: none"> <li>As of October 2021, AIA has completely divested its directly-managed listed equity and fixed income exposure to coal mining and coal fired power businesses – seven years ahead of schedule</li> </ul>	<p> 13.2 Integrate climate change measures into national policies, strategies and planning.</p> <p> 16.6 Develop effective, accountable and transparent institutions at all levels.</p>
<p><b>5. Carbon Footprinting Our Portfolio</b> Continue to carbon footprint our investment portfolio with annual public disclosure and develop emission reduction targets for our portfolio.</p>	<ul style="list-style-type: none"> <li>Committed to net-zero and SBTi with the goal of reducing Scope 3 emissions from our investment portfolio, as well as enhancing our ESG engagement process</li> <li>Reduced 72.89 tonnes of CO<sub>2</sub>e/US\$ million for the Group's listed equity portfolio</li> </ul>	<p> 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p> 13.2 Integrate climate change measures into national policies, strategies and planning.</p> <p> 16.6 Develop effective, accountable and transparent institutions at all levels.</p>

## AIA is Uniquely Placed to Support Sustainable Economic Growth in Asia

Our Sustainable Investment pillar draws on our size, expertise and robust investment governance framework. And as a major asset manager and owner in the region we can leverage our combined scale and influence to catalyse progress toward realising a more resilient future:



**250+**  
investment professionals



More than  
**100 years**  
of history serving as stewards  
of our policyholders in Asia



**First**  
Hong Kong headquartered  
asset owner to become a  
signatory to the UN-backed PRI



**US\$253.6 billion**  
in total investment assets  
as of 31 December 2021



**13**  
local investment teams on  
the ground across Asia



Responsible for overseeing  
the assets of more than  
**39 million**  
individual policies

### 3

## Sustainable Investment: Approach in Action

In 2021, AIA has further strengthened its commitment to sustainable investment practices. Acting on behalf of our customers, each of these achievements supports our overarching Purpose of helping people live Healthier, Longer, Better Lives as well as meeting the long-term interests of our stakeholders.

### Net-Zero Commitment

Amongst these achievements is our formal pledge to reach net-zero GHG emissions by 2050 in alignment with SBTi. The commitment will require AIA to build on the strength of our existing sustainable investment approach.

This net-zero commitment will be further embedded into our established portfolio engagement process, with the target that 100 per cent of in-scope investee companies will establish Science Based Targets for their organisations by 2040. Moreover, AIA will also engage proactively with third-party asset managers to encourage them to support SBTi through setting their own Science Based Targets as well.

## 54

## SUSTAINABLE INVESTMENT

## Coal Divestment

As of October 2021, AIA has completely divested its directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses, seven years ahead of our planned schedule.

This achievement follows an extensively researched and phased approach to divestment over the last three years to address stranded assets risk specifically and manage down our investments in the most carbon-intensive sectors. Going forward we will make no new investments in businesses involved directly in either mining coal or generating electricity from coal.

These are some of the many ways our sustainable investment practice is contributing to AIA's ESG Strategy and Purpose. We believe that investing in companies with sound ESG practices will deliver sustainable outcomes and superior financial returns, and better enable AIA to meet its longer-term financial commitment.

*For more information on our climate achievements, please see page 20, which discusses our net-zero commitment.*

## Strategic Priority 1

## Deepening ESG Engagement

Deepen ESG engagement with investee companies.

AIA believes that active engagement with investee companies before and after an investment decision is made, particularly those in emerging economies, remains one of the most effective mechanisms for improving ESG awareness and best practices across our portfolio. It is through engagement and monitoring throughout the investment management process that we can contribute to changing behaviours for the better, while also securing sustainable long-term outcomes for our stakeholders.

AIA conducts investee company engagements on specific themes or sectors. Our ESG and Investment functions coordinate on a wide range of areas for engagement activities, including the preparation of investment materials, assessment and/or scoring methodology and the briefing of our research analysts who engage regularly with our investee companies.

This year, AIA has taken steps to further formalise our centrally coordinated thematic engagement approach. We have designed a robust multi-stage process, shaped by a standardised scoring methodology and governance structure to provide consistency,

accountability, and transparency in our active ownership practices. The ESG and Investment functions remain committed to enhancing our investee company engagement approach and methodology, for example, through the continued evolution and improvement of our internal scoring methodology so that deeper and broader insights can be derived from our portfolio, across sectors, geographical locations and/or asset classes.





## Incorporating ESG into Investment Decision-Making

Considerations of ESG factors are embedded in our investment process. This is driven through the Investment Governance Framework (IGF), which governs all aspects of investment activity and represents best practice. With respect to ESG for the Investment function, ESG considerations have been structurally embedded through our Investment Standards on ESG, Research Process, and Proxy Voting. The ESG Standard describes our philosophy towards ESG investment, establishes the Investment function's focus, the factors to be considered and sets out the functional ownership of ESG issues.

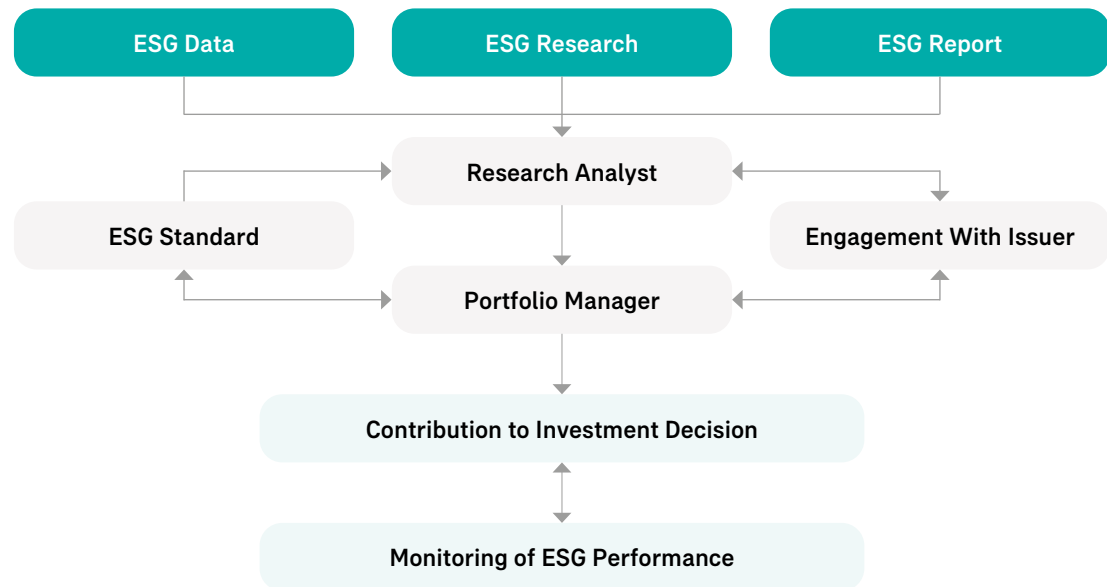
Given the increasing importance of ESG scores, representing best practice, and the insights that these can provide, AIA has developed internal ESG scores through our ESG Rating Scorecard. In designing this, AIA has reviewed and considered ESG assessment methodologies from leading international ESG ratings agencies and external investment managers. Our ESG Rating Scorecard quantifies the assessment by AIA research analysts of ESG risks and opportunities in our investee companies, and scores these across the individual Environmental, Social and Governance pillars. The methodology is based on a number of weighted factors and material themes, together with a number of industry-specific factors, and with independent points of reference provided by external data providers. The overall ESG assessment is then mapped to a five-grade scale from A to E, with A being the highest grade. The scorecard is

designed to complement the fundamental analysis conducted by AIA's research analysts.

This methodology enhances our existing research process and has been externally validated to ensure fitness for purpose. It is being implemented within our fixed income and equities asset classes and the implementation will be completed in 2022.

AIA's ESG function continues to work closely with the Investment function to share and apply relevant industry knowledge, trends, and international best practices to enhance our ESG capabilities. In addition, our teams look to devise and implement specific investment engagement strategies that are aligned with international market-leading approaches and outcomes for certain topical areas.

## Our Approach to ESG Integration



For more information about the embedding of ESG in our investment process, please see AIA's Approach to Sustainable Investment.

## Proxy Voting

Voting at company meetings is an important part of the ongoing dialogue with shareholders and an opportunity to influence sustainable outcomes. As an asset owner it is a fundamental aspect of our commitment to sustainability.

Our Proxy Voting Standard (Voting Standard) is based on principles of good corporate governance which serve to protect the long-term interests of shareholders. Senior management in the Investment function at our business units will decide on whether a voting event or transaction is significant enough for review by AIA. If a review is justified, the relevant research analyst and portfolio managers will provide an analysis of the voting decision and resolution. The relevant portfolio managers will then determine whether AIA will participate in voting.

Our Voting Standard also outlines a list of mandatory ESG issues that must be considered in our voting decisions, for example:

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

## Engaging with Our Investment Managers

As a large asset owner, we work with many third-party investment managers who manage and invest our general account assets on behalf of AIA. During the due diligence process, we consider the ESG practices adopted by investment managers, reviewing their approach to both ESG engagement with investee companies and the assessment of ESG factors for investment decisions.

After awarding a mandate, AIA continues to monitor the ESG practices of these external parties throughout the relationship. Following our net-zero commitment, ongoing engagement with our asset management partners will be even more important as our investment assets managed by external asset managers will be in-scope under our net-zero commitment, and AIA will be encouraging our external asset managers to support SBTi through setting their own Science Based Targets as part of our long-term pledge.

## Corporate Governance Thematic Engagement

### Why Corporate Governance

AIA believes sound governance underpins good corporate behaviour. Progressive and effective governance mechanisms need to be in place for companies to properly address and ensure adequate oversight of ESG and other risks. As such, we engaged with 1,000 investee companies, who are listed equity or corporate bond issuers, to determine whether their corporate governance practices aligned with AIA's expectations.

### Methodology

The engagement questionnaire was designed by AIA's Investment function with input from the Group ESG function and was formulated with reference to various international corporate governance standards, including the International Corporate Governance Network's Global Governance Principles, UNPRI's reporting modules, and corporate governance practices across the Asia Pacific region. The questionnaire was structured into four sections, comprising questions in relation to the (i) Role of Chairman and CEO, (ii) Board Structure, (iii) Company Diversity and (iv) Good Governance Practices. In this engagement, AIA implemented a consistent, internally-devised scoring methodology mapped to grades, which will be applied to all of AIA's thematic engagements going forward. The scope of the engagement was determined in consultation with AIA Investment's asset class research teams, and the questionnaire was reviewed and endorsed by the Investment ESG Management Working Group and approved by the Group Chief Investment Officer.

## Engagement Performance (cont'd)

To assess specific corporate governance practices, AIA sample checked 20% of responses on a question-by-question level. Notably, our investee companies reflected good corporate governance behaviour in the areas of Board Structure and Role of Chairman and CEO, examples of which are:

- **96%** of companies responded that all of their board directors attend at least **75%** of meetings;
- **91%** of companies responded having a board that use KPIs to hold their CEOs accountable for performance;
- **89%** of companies responded that the role of Chairman and CEO are separated in their company;
- **89%** of companies responded that their board conducts regular board evaluations no less than every 2 years;

- **89%** of companies responded that there are measures in place to ensure shareholder resolutions will be considered, with many providing both public and private disclosures of their policies.

These corporate governance practices reflect recommended best practices from international standards, even if they are not included as listing requirements in listing rules across Asia Pacific.

While our investee companies demonstrate good corporate governance practices in some areas, there is room for continued improvement with regards to:

- Establishing standards as to the length of service and number of board directorships for board directors;
- Active participation of the Chairman's involvement in various capacities, such as the selection, appointment and performance management of C-suite level executive roles, and participation in board subcommittees; and
- Public disclosure of share-based remuneration awarded to the CEO, if any.

## Next Steps

As part of our stewardship and active ownership approach, AIA continues to facilitate active dialogue with our investee companies to further advocate for best practices in corporate governance across the region. The findings of this thematic engagement were reported to the Investment ESG Management Working Group in December 2021, and select companies were chosen for follow-up discussions. The ongoing dialogue results will be reported to the Investment ESG Management Working Group and other AIA governance bodies and structures.

**Strategic Priority 2****Augmenting ESG Training and Capacity**

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

The rapid evolution and maturation of ESG as a strategic priority across the financial services industry has put pressure on financial institutions of all sizes to cultivate ESG expertise and foster a culture of continual learning. AIA strongly believes that ongoing capacity building around understanding and assessing developing ESG issues is an essential component in making informed investment decisions. Core to this belief is our long-standing view that a sustainable business model and good corporate governance drive shareholder value.

Given the dynamic nature of the ESG space, as well as the material ESG risks that companies face, our analysts are provided with access to regularly updated ESG resources, materials, and training to keep abreast of relevant developments. In addition, our analysts can complement their day-to-day research activities with a wide range of ESG resources, including webinars, industry discussion forums, external research reports and thought leadership articles for continual subject matter enrichment. The Investment function works closely with AIA's ESG function to help raise awareness and keep the research and portfolio management teams informed about industry

developments and up to date on the current focus areas of stakeholders such as regulators, asset owners and trade associations.

AIA is an active supporter of leading global sustainability initiatives such as SBTi (2021), PRI (2019) and TCFD (2018), which provide us with valuable resources as we continue to integrate ESG considerations into our investment process to drive sustainable investment outcomes.

**AIA was the first Hong Kong-headquartered asset owner to become a signatory to the PRI** and we submitted our first mandatory report in 2021 under the new PRI reporting portal. Going forward we will review regional and international initiatives to address climate change and continue to evolve our approach based on our external commitments.

In line with this capacity building effort and AIA's core belief that good corporate governance underpins sustainable behavior, we have strengthened our investment governance structures this year. First, AIA has established a dedicated pool of investment ESG subject matter expertise called the **Investment ESG Centre of Excellence**.

Second, we have instituted a formal advisory forum within the Investment function, chaired by the Group Chief Investment Officer (CIO) and comprising senior members of the AIA Investment Management function, for regular discussions on ESG matters - this body is the **Investment ESG Management Working Group**. The Investment ESG Management Working Group meets at least quarterly to consider ESG matters and advise the Group CIO.

With this group we aim to continue to enhance our internal capabilities and the resources available to support ESG understanding across AIA and build ownership for ESG outcomes through the entire investment management team.

Over the course of 2021, more than 45 external articles and reports have been circulated by the Investment ESG Centre of Excellence to the AIA investment community.

**Strategic Priority 3**

**Broadening Portfolio Inclusions**

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

Achieving the SDGs by 2030 in Asia is a monumental undertaking, requiring close cooperation between the public and private sector to encourage the flow of capital resources toward inclusive and sustainable activities. Following the onset of the Covid-19 pandemic, amid strained government balance sheets and uncertain economic growth prospects, this collaborative relationship has become even more important to drive sustainable behaviour and outcomes. Crucial to maintaining long-run growth momentum in the region and progress toward its sustainable development will be continued access to finance and investments.

AIA is critically aware of the need to provide sustainable financing within and across the communities where we operate. Through the mobilisation, aggregation and productive deployment of long-term capital, we play a crucial role supporting the development of capital markets. This deployment provides important capital to fund infrastructure, and supports both economic prosperity and sustainable outcomes that become self-reinforcing.

As an asset owner, with US\$253.6 billion total investment assets, we have significant investments in social infrastructure, healthcare and other key industries for economic development. AIA has been active in providing funding for many infrastructure projects in the region. Our investment in renewable energy rose from US\$407 million in 2020 to US\$1.6 billion in 2021, an increase of 293%. Out of our total fixed income and equity investments, approximately US\$8.6 billion was invested in healthcare, representing an increase of 100 per cent compared to 2020. We also doubled our total investments in ESG bonds to US\$3.6 billion, compared with US\$1.8 billion in 2020. This demonstrates our unwavering commitment to the long-term sustainable development of our markets.

We continue to report annually on our investments in sustainable development and energy transition, including capital deployment in clean energy, transportation, healthcare and green bonds.

**Supporting Sustainable Development**



**INVESTMENTS IN INFRASTRUCTURE**

**US\$880 million**  
in Water Utilities



**US\$6.2 billion**  
in Transportation Infrastructure

**US\$3.5 billion**  
in Road and Rail Infrastructure



**US\$1.6 billion**  
in Renewable Energy



**INVESTMENTS IN HEALTHCARE**

**US\$8.6 billion**



**INVESTMENTS IN ESG (GREEN, SOCIAL, AND SUSTAINABILITY) BONDS**

**US\$3.6 billion**

Investments in ESG (green, social, and sustainability) bonds

of which

**US\$2 billion**

are investments in Green Bonds

\* All above figures are as of 31 December 2021



### AIA Australia's Leading Sustainability Efforts

Over the past five years, AIA Australia has been an active participant in the Australian green finance market, having invested over AU\$120 million across green, social and sustainability bonds generally. Last year saw our Australia team invest in Australian Dollars-denominated sustainability-linked bonds (SLB) which were a new development in the Australian issuance market.

Particularly noteworthy was the fact that two of the issuers were household names in Australia: conglomerate Wesfarmers as well

as retail group Woolworths. It was encouraging to see these well-known issuers further embedding sustainability into their business models, and committing to reduce carbon emissions and, in the case of Wesfarmers, also increasing the use of renewable electricity. Also noteworthy was the fact that one of the SLB issuances was a 10-year note, which appealed to long-term investors such as AIA Australia.

In addition to leading the Australian team on these transactions, Alison Murray, General Manager Direct Investments, AIA Australia, is an active member of the local S&P Global Ratings' ESG Leadership Council (the 'Council'), comprised of investment professionals from major institutional investors in Australia. The Council's objectives are to stimulate discussion among ESG industry leaders in an open forum on ESG developments and impacts on capital markets, as well as provide feedback and market insights for S&P Global Ratings. As a participant, Alison shares AIA's Purpose and experiences with the financial services community to promote the advancement of ESG investment practices.

**"It is important for AIA Australia, as a long-term investor focused on achieving sustainable financial outcomes, to have a voice in industry bodies and meaningfully contribute to the market development and reduction in carbon emissions. We are pleased to have participated in the successful SLB deals and hope to see increased issuance in this area in the years ahead."**

**Alison Murray**  
General Manager Direct Investments,  
AIA Australia

**Strategic Priority 4**

**Enhancing Portfolio Exclusions**

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

As part of our effort to align the investment process with our Purpose and our commitment to delivering sustainable long-term investment outcomes, we may consider excluding certain types of opportunities from our investment universe. Such exclusions are considered after all other approaches, including engagement and transition alignment, have been considered.

We believe longer-term stakeholder value, including investment returns, will be impacted by the ultimate decline in sustainability of certain sectors. It is therefore from a long-term risk management perspective that AIA has decided to exclude some sectors from our investment programme. Any sectors excluded from the investment programme are reflected in the automated pre-trade controls implemented in our investment trading platforms, providing robust pre-trade restriction governance. In addition, our investment exclusions are reviewed on a regular basis, and are efficiently operationalised through the Group-wide IGF to keep our processes updated.

Our carefully maintained exclusion list applies externally as well. All our directly-managed full discretion investment operations, including any assets managed by our discretionary

external managers, are required to abide by AIA's exclusion list. By doing this we aim to maintain alignment with our Purpose and sustainable investment approach (even when assets are externally managed by our discretionary partners) to the same degree and criteria wherever possible.

In 2021, AIA further enhanced our existing exclusion process by continuing to formalise the roles and responsibilities of various investment governance structures from the point of view of exclusion assessment, feasibility discussion and approval. Most notably, we established the Investment ESG Centre of Excellence and the Investment ESG Management Working Group, which help centralise these critical areas of our sustainable investment programme.

While we still believe that active engagement is a more effective mechanism for improving ESG awareness and sustainable behaviour as opposed to outright exclusion, AIA will continue to monitor regulatory and thematic developments, and regularly review our exclusion list.

**Exclusion Snapshot**

**Tobacco**



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

**Cluster Munitions**



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

**Coal Mining and Coal-fired Power Generation**



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

*Please see page 54 for more information on AIA's coal divestment.*

**Strategic Priority 5****Carbon Footprinting Our Portfolio**

Continue to carbon footprint our investment portfolio with annual public disclosure and develop emission reduction targets for our portfolio.

As an asset owner, our influence, including our environmental impact, extends to our investments and the diverse sectors in which we invest. We have taken a phased and methodical approach to addressing our investments in carbon-intensive sectors since confirming our support for the Paris Agreement in 2018, including becoming one of the first Asian asset owners to carbon footprint their equities investment portfolio in 2019. We aim to continue this transparent disclosure to our stakeholders going forward.

**Measuring Our Footprint**

AIA is committed to being transparent with our stakeholders and focusing on key areas of impact in our ESG reporting. We remain devoted to reducing our carbon footprint and we continue to evolve our measurement methodology as the market and our investee companies make fuller and more consistent disclosures on carbon emissions to maintain relevance and inform our decision-making capabilities.

As outlined in detail on page 19, AIA has committed to achieving net-zero GHG emissions by 2050 in line with the SBTi, making a reduction of the emissions across our investment portfolio critical for us to achieve our new targets. In relation to the investment portfolio, AIA will work closely with SBTi to set comprehensive targets for engaging our in-scope investee companies with the goal that 100% of our in-scope investee companies will have established their own Science Based Targets by 2040.

Although carbon footprinting is not mandatory under the SBTi methodology, AIA now measures and discloses its total financed emissions across listed equities and corporate bonds. We understand that the SBTi assessment methodology is still evolving and has yet to be developed in respect of certain asset classes such as sovereign bonds. AIA will continue to monitor these developments closely so that once published, the implications and impact on AIA's investment portfolio and our net-zero commitment can be fully assessed and consequent actions planned, designed and implemented in a robust and structured manner.

**Methodology and Application**

There are many different carbon emissions and carbon intensity metrics that can be applied in calculating the carbon footprint of investment portfolios. Consistent with our disclosures in previous years and in line with widely accepted market benchmarking standards established by MSCI, AIA continues to measure carbon footprinting in its directly-managed equity investments with reference to the weighted average carbon intensity (WACI) of the issuers in our equity portfolio.

WACI is calculated based on the portfolio companies' emissions (or estimates of these emissions where this information is not publicly available) relative to their sales, with the sales information being based on publicly available sources, weighted by the percentage that each portfolio company's market capitalisation represents in the market capitalisation of the whole portfolio.

In addition, we have also started to measure our carbon footprint from a total financed emissions perspective, across our directly-managed listed equity and corporate bond portfolios, to get a more holistic picture of our climate impact and risk exposures. To do this we have adopted the GHG accounting method published by the Partnership for Carbon Accounting Financials (PCAF). PCAF is a globally recognised industry initiative created in 2015 to help financial institutions assess and disclose financed emissions attributable to their investing and lending activities.

In 2021, AIA again engaged Deloitte Advisory (Hong Kong) Limited (Deloitte) to assist us in carbon footprinting our large directly-managed equity and corporate bond portfolios as at 31 December 2020 and 30 November 2021. It was determined that working with Deloitte was the best course of action given the significance of the undertaking, the subjective nature of carbon emissions calculation methodologies and the firm's notable experience in carrying out similar exercises in the industry.

<sup>1</sup> Most up-to-date data period at time of publication.



## SUSTAINABLE INVESTMENT

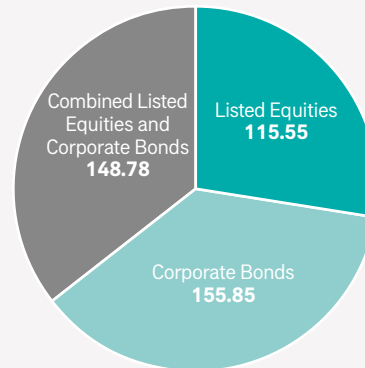
### Results

The results of AIA's carbon footprinting effort last year confirm our continued success in delivering on our commitment to address the carbon intensity of our investment portfolio actively and aggressively.

On a WACI basis, our directly-managed listed equity portfolio has seen a decrease of its carbon intensity by more than 31% since 2018 due to our ambitious efforts to divest from the coal mining and coal-fired energy sectors. Furthermore, this year we have additionally measured our total financed emissions per dollar invested of 148.78 tonnes of CO<sub>2</sub>e/US\$M for listed equities and corporate bonds combined as at 31 December 2020. Following the announcement of our net-zero pledge, we will consider setting an appropriate baseline for tracking our listed equities and corporate bond footprint in coming years.

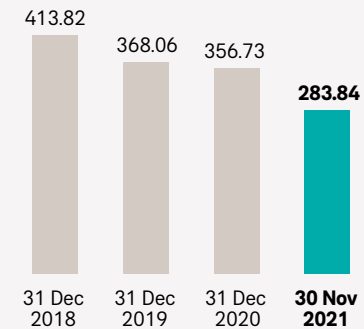
AIA will continue to monitor the carbon footprint of its portfolio going forward, expanding to include other asset classes. AIA will use this data to assist our research analysts with making sectoral comparisons and raising awareness of risks such as those posed by potential carbon regulations in our markets.

#### Total Financed Emissions\* (tonnes of CO<sub>2</sub>e/US\$ million)



\* Based on PCAF accounting methodology as at 31 December 2020.

#### Weighted Average of the Issuers' Carbon Intensity of Equity Portfolio (tonnes of CO<sub>2</sub>e/US\$ million)



Note: Reflects latest published emissions and revenues of investee companies, or if not publicly available, estimated in accordance with the WACI methodology.

## The People at the Heart of Sustainable Investment



**“ESG PROVIDES AN ESSENTIAL LENS TO IDENTIFY GOOD INVESTMENT OPPORTUNITIES IN SUSTAINABLE AND SOCIALLY-RESPONSIBLE BUSINESSES.”**

### **CORRINE PNG REGIONAL HEAD OF EQUITIES RESEARCH**

Based in Singapore, Corrine Png brings more than 21 years of equity research experience with top investment banks and asset managers to serve AIA's investment management function. She leads a team of 35 equity research analysts based in nine locations across Asia who are responsible for delivering alpha-generating stock recommendations, supported by rigorous fundamental research.

Corrine sees her love of equity research and AIA's Purpose of helping people live Healthier, Longer, Better Lives as intrinsically intertwined.

Asia's ageing populations and longer average lifespans are driving a growing demand for healthcare, financial planning and wealth management services. For AIA this means staying well positioned to support the holistic needs of customers over the long-term and offering the most compelling solutions to meet the evolving needs of customers.

The Equity Research Team plays a meaningful role in achieving this goal. She explains, “it is our team's responsibility to provide robust bottom-up fundamental research and high conviction stock recommendations to support our investment managers in delivering compelling risk-adjusted returns.” In addition, as part of this process, Corrine is a strong advocate of deeply embedding ESG considerations into AIA Group's equity research and investment process.

Corrine highlights that selecting high-quality companies with strong long-term growth prospects has always been important for the equity research team. ESG provides an essential lens to identify good investment opportunities in

sustainable and socially-responsible businesses to guide long-term capital allocation decisions.

She is particularly proud of AIA's team of Research Analysts across the region, who play a crucial role in implementing ESG practices in the investment management process. Being present in key markets in Asia means the team is uniquely attuned to local ESG-related risk factors and important cultural nuances that have a material impact on the long-term sustainability of AIA's equity investments.

Corrine places great emphasis on mentoring, looking after the welfare of her team and helping them develop deeper ESG research capabilities. To this end, her team organises regular training sessions on various ESG matters to keep abreast of the latest ESG trends. Furthermore, to encourage capabilities, ESG research has been added into each analyst's KPI scorecard starting in 2022.

Looking forward, Corrine is committed to further embedding ESG considerations within the investment management process and supporting the development of the team's capabilities in this area as AIA progresses on its path to reaching net-zero.



## PEOPLE AND CULTURE

# EMPOWERING OUR WORKFORCE

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# 66 PEOPLE AND CULTURE

**“Our culture brings us together and sets us apart. Our Operating Philosophy and Leadership Essentials provide a compass that guides each of us, regardless of where we are and what we do.”**



**CARA ANG**  
GROUP CHIEF HUMAN  
RESOURCES OFFICER

## 1

### Introduction

At AIA, we firmly believe our greatest asset is our people. They span multiple geographies and communities, and make up the culture of our business, delivering on our Purpose to help millions of people across Asia to live Healthier, Longer, Better Lives. Our organisation and people strategy enables us to attract, retain and develop outstanding people, making AIA an employer-of-choice across our markets.

Nurturing and growing our culture, building leaders and workforce capability and supporting and developing our people so that they can achieve their potential are key organisation and people priorities for AIA.

As we embark on our second century of growth, and in the context of the current global pandemic, we are mindful that our culture brings us together and sets us apart from our competitors.



Our culture is anchored on our Operating Philosophy and three Leadership Essentials. Our belief that “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come”. Along with our three deep-rooted Leadership Essentials of Clarity, Courage and Humanity provide a compass that guides each of us, regardless of where we are and what we do.





## 2

### Our Approach: At A Glance

The right culture is crucial in building alignment in an organisation geared towards our Purpose, enabling us to embed ESG fully in our operations so that it becomes a fundamental reflection of who we are. The success of AIA's ESG Strategy depends on tapping into the reach and influence of our people.

Based on four key components, our People and Culture approach is designed to develop, engage and help our people to grow professionally and personally. AIA has also established targets to direct our focus, resources and decision-making in the right areas.

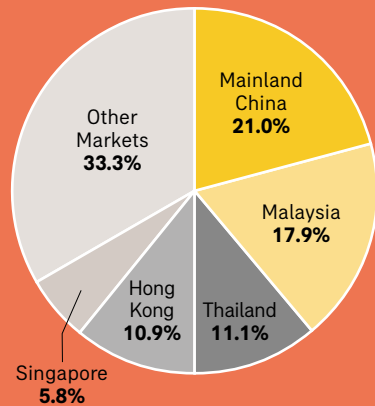
Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>1. Supporting Development and Career Progression</b> Foster a learning culture that supports the development of our people.</p>	<ul style="list-style-type: none"> <li>• Design of new academies to develop capabilities needed for our Organisation of the Future</li> <li>• Launch of a Group-wide digital learning journey, with over 20 modules focused on technology, digital and analytics</li> <li>• 17.1 hours training per employee. (Target: 24 hours / employee / year by 2023)</li> <li>• More than 1,000 employees placed on internal assignments, or transferred to different functions, teams, or parts of the Group</li> <li>• Top quartile in Gallup's global financial services and insurance industry benchmark of employee engagement for the fifth consecutive year, with 97% participation</li> <li>• Winning multiple employee engagement and people awards including for the third year in a row, being recognised in the Forbes' "World's Best Employers" list</li> </ul>	<p> 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development.</p> <p> 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.</p>

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>2. Accelerating Progress in Diversity and Inclusion</b> Promote workplace diversity and advance our culture of innovation and inclusion.</p>	<ul style="list-style-type: none"> <li>• 58% women employees in workforce</li> <li>• 42% women in senior leadership</li> <li>• &gt;25% of women in programmes for leadership development (target: 45% by end 2026)</li> <li>• &gt;70 nationalities across AIA Group</li> <li>• Committed to launch Diversity &amp; Inclusion training for all managers by end 2022</li> </ul>	<p> 5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>
<p><b>3. Strengthening Risk Awareness</b> Embed a culture of ethical decision-making and strong risk management.</p>	<ul style="list-style-type: none"> <li>• Achieved 100% of employees acknowledging compliance with the AIA Group Code of Conduct on an annual basis (Target: 100%)</li> </ul>	<p> 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.</p>
<p><b>4. Enriching and Rewarding Opportunities for All</b> Ensure fair, accountable and equitable processes for employment, progression and rewards.</p>	<ul style="list-style-type: none"> <li>• Launched a mental wellness campaign in Group Office, promoting small steps that employees can adopt to create a work environment that is more supportive of mental health</li> <li>• Committed to launch AIA Workforce Wellbeing programme to employees in all markets by end 2023</li> </ul>	<p> 16.5 Substantially reduce corruption and bribery in all their forms.</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p> <p> 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>

## Our Workforce at A Glance

AIA has more than 23,900 employees<sup>1</sup>, and is supported by tens of thousands of agents across Asia.

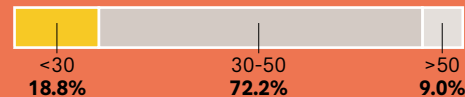
### Total Employees Across Our Markets<sup>2</sup> (%)



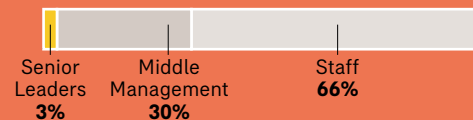
### Overview of Our Employee Demographics by Gender (%)



### Overview of Our Employee Demographics by Age Group (%)



### Overview of Our Workforce by Seniority<sup>3</sup> (%)



<sup>1</sup> As at 31 December 2021, which includes full-time and part-time as well as employees on contract, and excludes interns, agents of the Group and employees of our joint venture, TATA AIA Life.

<sup>2</sup> Figures for Hong Kong include Group Office employees, figures for Mainland China and Malaysia include our employees in our shared services centres.

<sup>3</sup> "Senior Leader" captures all GCB08 roles and above, "Middle Management" captures GCB05-07, "Staff" captures GCB01-04.

## 3

### People and Culture: Approach in Action

We have built the talent pool to address what is actually needed by our customers and empower and entrust our people to make decisions. In addition, providing the conditions and framework they need to succeed whilst ensuring that we have a supportive culture enables them to better serve our customers.

>23,900

Employees<sup>1</sup>

>70

Nationalities

37.7

Average age

**“At AIA, we provide programmes to build leaders, hone business skills, advance functional specialist know-how and build future-ready skills today. Embedding ESG into our programmes is a critical priority.”**



**CAROL GAN**  
AIA CHINA, ASSOCIATE DIRECTOR,  
LEARNING AND DEVELOPMENT

#### Strategic Priority 1

### Supporting Development and Career Progression

Foster a learning culture that supports the development of our people.

#### Building Future-Fit Leaders

AIA is committed to developing strong internal leadership capability, with a succession pipeline that drives sustainable business growth and shapes our organisation for our people and customers.

#### Leadership Development

We continue to provide leading talent development programmes through the AIA Leadership Centre (ALC), our world-class learning facility in Bangkok, Thailand. The ALC collaborates with world-renowned business schools and consulting firms to deliver customised programmes to our senior leaders, top agency leaders and key partner executives, with a clear focus on AIA's strategic and governance priorities. We are proud of the progress made in 2021 in delivering many of our leadership programmes virtually, enabling our development strategies to continue to build momentum.

During the last three years, we have taken significant steps in strengthening our approach to leadership development by rolling out “SPARK”, a bespoke and in-depth leadership programme for

our most senior leaders. In addition, we have recently rolled out two further signature leadership programmes targeted at additional leadership segments: “Leading Across Boundaries” and “Voyage”.

#### Succession and Organisation Planning

Our annual Group Organisation and People Review process identifies different talent segments to enable leaders to plan for the succession of all key leadership roles. The success of our targeted approach to talent development and succession planning continues to be evidenced by the many examples of internal promotions into key leadership roles throughout the Group.

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



## Building a Future Ready Workforce

Building workforce capability and developing our people so they can achieve their potential is a key priority for AIA and is critical for us to fulfill our strategic ambitions.

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

Between 1 July 2020 to 31 December 2021, we invested in technology, digital and analytics capabilities, resulting in an increase of 29 per cent in our overall number of employees in this area. This material and ongoing investment supports our strategy and the delivery of compelling propositions and leading experiences for our customers.

## Learning and Development

Our learning culture actively supports people in their current roles while providing a platform for growth and development within AIA. Our focus on learning is a key part of our ambition to make sure our people can reskill, upskill, work more flexibly and adapt to the changing world of work. We take a holistic approach to learning and development that includes knowledge and skills accumulated from on-the-job experiences, mobility, collaborative projects, structured virtual lessons and digital self-learning, supported by mentoring and coaching.

To ensure that we continue to develop talent for the future, we continually research the skills and knowledge needs of our industry, review feedback from our employees and design programmes to address these needs. In addition, our people are required to regularly complete mandatory training on critical topics.

We have launched, and are in the process of designing, new programmes to incubate new talent capabilities in core lines of business across the Group and to reskill employees for new roles to support our organisation, including:

- A Group-wide digital learning journey, with over 20 modules focused on technology, digital and analytics, to accelerate capability and drive a true digital culture across the business.
- New academies to develop capabilities needed for our Organisation of the Future, such as "Agile", "Analytics" and "Design" programmes to help re-skill for critical roles and upskill existing talent.

Digital content and delivery methods play an important role in shaping a culture of continuous learning at AIA. All of our business units provide their employees with access to our Learning Hub, an online platform which provides access to thousands of digital learning courses.



## Employee Mobility

We strongly believe that career mobility and assignments in different business units or functions provide our employees with new opportunities. These assignments serve as platforms to learn new skills and help develop the individual's AIA network. In 2021, more than 1,000 employees were placed on internal assignments or transferred to different functions, teams, or parts of the Group.

## Employee Coaching and Internships

We encourage our employees to expand their networks, seek guidance and foster communications across different departments and seniorities.

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

## Agency Learning and Development

Our large network of agents play an undeniable role in our ability to realise our Purpose of helping people live Healthier, Longer, Better Lives. It is for this reason we continually support our agents to be the best that they can be.

AIA's Premier Agency strategy focuses on developing best-in-class agents through innovative approaches to recruitment, training and development. This has enabled us to set ourselves apart in the industry through the quality of advice we offer our customers and our ability to tailor solutions to their specific needs.

We have embraced e-learning with agents accessing their learning via Learning Management System (LMS) platforms, through smartphones or tablets. LMS features are continually updated, and the system is accessible by trainers across our markets. The platform offers training courses for both agents and agency leaders, to help ensure that our best practices are appropriately shared and embedded across the Group. The current digital training adoption across all markets is 98%.

AIA also continues to work with specialised professional development associations to enhance the capabilities of our agents and build out our agency leadership programmes.

In 2021, we introduced revised modules from the Life Insurance Marketing and Research Association (LIMRA) to upgrade our distribution management capabilities. Across the Group, we worked with seven Business Units to develop 119 Agency Executives in Effective Management Skills and Strategic Leadership in the third quarter of 2021. This will eventually help prepare them for the Chartered Insurance Distribution Executive (CIAE) certification by LIMRA.

In addition, we launched our internally developed Premier Agent to Premier Advisor (PA to PA) programme in July 2021 with the objective of further elevating the capabilities of our agents by:

- Helping them become Purpose-led and Trusted Premier Advisors, offering AIA customers greater access to personalised advice as Life-time Partners.
- Increasing retention to support a sustainable long-term business for our customers and their families.

- Offering user-friendly digital tools that connect agents seamlessly to our differentiated propositions ecosystem and unique content.

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

Last year also saw AIA collaborate with LIMRA to launch the Chartered Insurance Agency Managers (CIAM) Capstone Program in four key markets including Mainland China, Hong Kong, Singapore, and Malaysia. The programme focuses on:

- Developing critical core skills necessary for success in the sales manager role.
- Enhancing sales management skills.
- Helping experienced sales managers achieve better performance.

As an organisation built on more than 100 years of cultivating trust, we remain committed to the long-term learning and development needs of our agents across the region. We believe that by taking this stance and supporting initiatives like those last year we can contribute to bringing about not only better outcomes for our customers and their families, but a more sustainable insurance industry for future generations.

**“We’ve pivoted quickly to new ways of working while keeping the best of our culture. In doing so, we’re staying true to our Leadership Essentials framework as the expression of what is expected from leaders at AIA today and in the future.**

**This has kept our people engaged and motivated while delivering results against the backdrop of a global pandemic.”**



**WATCHAREE  
SIRIKAJORNDECHSAKUL**  
AIA THAILAND, DIRECTOR,  
LEARNING AND DEVELOPMENT

## Engaging our People

Ensuring that we offer a collaborative and inclusive workplace that prioritises employee engagement is a top priority for AIA. To help us monitor levels of engagement across our business units and functions, we conduct the Gallup Q12 employee engagement survey. It 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 2021, 97 per cent of our people responded to the survey and the Group’s employee engagement scores improved to place AIA at the ninetieth percentile in Gallup’s global financial services and insurance industry benchmark. We are proud that our employee engagement levels are in the top quartile of this benchmark for the fifth consecutive year.

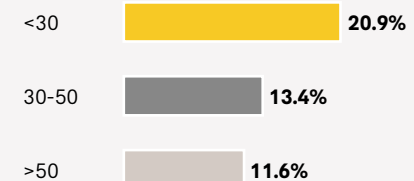
Asia is a dynamic region that provides ample scope for career opportunities. At the same time, it is characterised by strong demand and competition for skilled talent. One way that we are responding as a business is by actively monitoring our turnover levels against industry benchmarks. From this we are able to understand levels of employee engagement and better target programmes and opportunities to our people in order to create an environment in which employees perform their best and grow with AIA.

Across the Group, our employee turnover<sup>1</sup> was 14.6 per cent in 2021 compared to 9.5 per cent in 2020. We believe a more positive business sentiment in the second year of the pandemic created greater competition for talent.

### Employee Turnover by Gender (%)



### Employee Turnover by Age Group (%)



<sup>1</sup> Excludes employees on fixed-term contracts.

## Recognition as an Employer

In 2021, our continued focus on our people has resulted in several local and global accolades, including:

- AIA Group was named in the Forbes' "World's Best Employers" list.
- AIA China was awarded the "Top Employer China" by Top Employers Institute.
- AIA China was awarded "Best Employers" by Kincentric.
- AIA China was awarded the "Employer Excellence of China" by 51job.com.
- AIA Thailand was awarded the "Top Employer Thailand" by Top Employers Institute.
- AIA Malaysia was voted as "Graduates' Top 25 Preferred Employer in 2022" by Graduates Choice Award.
- AIA Malaysia was the insurance sector winner of "Graduate Employer Of The Year", and AIA Shared Services, Malaysia, was the BPO and shared services sector winner of "Graduate Employer Of The Year", by GTI Media.

- AIA Singapore was the insurance and risk management sector winner in "Singapore's 100 Leading Graduate Employers" by GTI Media.
- AIA Vietnam and AIA Sri Lanka were certified as a "Great Place To Work" by Great Place to Work.
- AIA Thailand, AIA Vietnam, AIA Cambodia were named "Best Companies to Work for in Asia" by HR Asia.
- AIA New Zealand was named "Top Insurance Employers 2021" by Insurance Business New Zealand.



**Strategic Priority 2****Accelerating Progress in Diversity and Inclusion**

Promote workplace diversity and advances our culture of innovation and inclusion.

**Diversity and Inclusion Priorities in 2021**

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

As part of their orientation, all employees joining AIA are required to complete training on the Code of Conduct, which includes our approach to inclusion and non-discrimination. 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 line with our Code of Conduct, AIA has zero tolerance for discrimination or harassment in any form, including on the basis of race, colour, religion, sex, nationality, age, disability, military service, marital status and sexual orientation.

We strive to provide an inclusive workplace and are proud to be an employer of choice for women across the region. Women represent 58 per cent of our employee population<sup>1</sup> and 42 per cent of our senior leaders across the Group as at 31 December 2021.

We recognise the importance of understanding different generational needs when shaping our policies and practices, and we aim to ensure that we create an inclusive workplace for all age groups. As at 31 December 2021, 65 per cent of our employees are Gen Y and Gen Z<sup>2</sup>.

We continue to facilitate professional and personal development and support a diverse and inclusive workplace through local affinity networks that are employee-led and executive-sponsored to bring people together.

We also believe that different cultural and national backgrounds enrich AIA's social fabric. As of 31 December 2021, over 70 nationalities are represented across AIA. AIA also values diverse perspectives for effective governance and decision-making, with our Board representing different nationalities and ethnicities, as well as a range of educational backgrounds and experience.

<sup>1</sup> Refers to employees on permanent and fixed-term contracts, excluding interns, agents of the Group and employees of our joint venture, Tata AIA Life.

<sup>2</sup> Gen Y is defined as the generation born between 1981 and 1996 and Gen Z is defined as the generation born from 1997 onwards

**Strategic Priority 3**

**Strengthening Risk Awareness**

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

**Prioritising Strong Risk Management**

A strong and resilient culture is key to the effective management of risk which in turn shapes how an organisation navigates the challenges and opportunities related to its licence to operate.

Trust is integral to the products and services that AIA offers to our customers and is the foundation of all our interactions in the workplace, and with all other external stakeholders. We hold ourselves to the highest professional standards as defined in our Code of Conduct, which outlines how we maintain this trust and reflects our Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come".

AIA's Operating Philosophy and Code of Conduct further outline expectations on professional conduct, identifying expected risk awareness and channels for reporting on potential risks. Frequent training and internal communications ensure that all employees are familiar with the appropriate reporting options, which typically start with an employee's manager or use of our internal or external hotlines.

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



**65%**

of our employees are Gen Y and Gen Z

**42%**

of women in senior leadership positions

**Strategic Priority 4****Enriching and Rewarding Opportunities for All**

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

**Recognising and Rewarding Our People**

Robust dialogues on individual, and team progress are part of the ongoing performance development process at AIA. Our Performance Development Dialogue programme is designed to enable managers to continually assess the performance, impact and behaviours of their team and recommend development activities to help meet defined career objectives. The Performance Development Dialogue focuses on what employees and/or their teams have accomplished and, just as importantly, how they achieved their goals.

We provide competitive, fair and equitable total rewards programmes that use a combination of market competitive financial and non-financial rewards to attract, engage and retain diverse talent while motivating them to help execute our business goals. We believe that our existing reward programmes are well received by employees for their simplicity, transparency and market alignment.

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

**Embedding Our Purpose**

The health and well-being of our people and their families is a key priority for the Group. Our Group-wide benefits and workforce well-being programmes help our employees and their families live Healthier, Longer, Better Lives through a range of flexible benefits tailored to local circumstances and employee needs. We encourage employees to stay active, understand their health profile and take steps to safeguard their well-being. Our business units offer a range of benefits suited to local needs, which may include flexible working, discounted gym memberships, other sporting and recreational facilities and mothers' rooms.

In 2021, we continued to provide a safe and secure environment for our employees during the pandemic. Many of our business units operated remote working or flexible working arrangements to protect our employees, families, and communities. We also continued to provide virtual learning, resources and programmes to help support our employees.

**Group Office and AIA Hong Kong Mental Well-being**

In conjunction with World Mental Health Day, we launched a mental wellness campaign in our Group Office and AIA Hong Kong. The campaign promoted small steps that employees can adopt to create a work environment that is more supportive of mental health.

We launched a virtual mental health coaching app – mHaven – to all AIA employees based in Hong Kong. This provides employees with access to a self-help and science-based guided tools with assessments, original educational content and text-based coaching developed by trained psychologists. We also provided wellness workshops, weekly movement for mental health exercise sessions and pop-by events.



4

## The People at the Heart of People and Culture



**"I'M IN A GREAT TEAM AND MY MANAGEMENT IS SO SUPPORTIVE. I CAN BE THERE FOR MY FAMILY AND I CAN BE THERE FOR AIA AND OUR CUSTOMERS. I'M IN A GOOD SPACE."**

**CHRISTINA KING  
REHABILITATION CONSULTANT  
AIA AUSTRALIA**

As a rehabilitation consultant, Christina works closely with colleagues on the recovery and rehabilitation of AIA customers to facilitate their return to health and work.

Prior to joining AIA, she ran a successful business providing contract services to AIA for 10 years. Being a small business owner allowed her the flexibility to focus on her priority to spend more time with her young children. As her children grew more

independent, Christina felt ready to spend more of her time on her career and she joined the rehabilitation team in AIA Australia in 2020.

She started on a permanent full-time basis, working a standard five day week, and recently switched to a non-standard work pattern with a compressed work week. She completes her full-time hours each fortnight in nine days. This work pattern allows her to use her time more flexibly around her family commitments. She dedicates one weekday each fortnight for her children, helping out with school activities, picking them up from school and sending them to after-school training sessions.

Christina credits her management team and teammates for creating an environment that supports this. "My manager has always known that family is important to me. She broached the topic with me to consider a compressed work week. We explored the benefits and challenges of this over a number of

conversations before I decided to give it a try." Christina continues to have monthly reviews with her manager to ensure that this work arrangement is still conducive for her and the team.

The team also has a regular buddy system where buddies cover for each other if a teammate needs to take time off work. This same arrangement gives Christina assurance that she can count on her buddy to stand in for her on the days that she is not at work, ensuring that other colleagues and customers still receive the attention they need.

She is enjoying the compressed work week and plans to continue with it. Christina shares the following tips for colleagues who are considering alternative work arrangements: understand how the work arrangement would fit the business needs and your personal work style, be open with your manager about your needs, start the conversations early and review the arrangement regularly.

## 80

## PEOPLE AND CULTURE



**“AIA’S PURPOSE INSPIRES ME AND MY AGENTS TO MAKE A POSITIVE IMPACT, WHETHER IT’S HELPING OUR CLIENTS OR UNDERPRIVILEGED CHILDREN REALISE THEIR DREAMS.”**

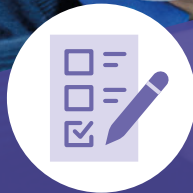
**SUN PENG**  
**DISTRICT AGENCY DIRECTOR, AIA CHINA**

We encourage our leaders to live by our Operating Philosophy and Purpose in all that they do. Our hope is that they also inspire others, both internally and externally, to do the same. Sun Peng, one of our China-based Agency Leaders, role models this and leads his team by example.

Over his 20-year career in AIA, Sun has hired and nurtured nearly 3,000 agents, including 300 supervisors, 14 directors, and 143 members of the Million Dollar Round Table (MDRT). Deeply committed to cultivating exceptional agents, he was made a certified mentor by LIMRA, and his team has been rated one of the top 10 by the Insurance Association of China.

Key to this success is a deep sense of social impact. Sun strongly believes that “a life of giving is better than a life of taking.” He sees that AIA’s Operating Philosophy and our Purpose of helping people live Healthier, Longer, Better Lives inspires individuals to have higher pursuits. For his agents, this means working closely with clients day-to-day, not only helping to protect them in times of crisis but lifting them up to realise their dreams in life.

Outside of work, his team has committed to supporting public welfare and continues to donate to underprivileged children – a pledge that embodies the social value of insurance. He donated to five left-behind children in need to help provide them with tuition from the third grade to junior high school, with plans to sponsor two more children every year. One accomplishment he is particularly proud of is fundraising with his teammates to donate campus libraries to two underprivileged schools last year and two more in the early part of 2022. Sun hopes that eventually they will be able to donate more than 100 campus libraries across China.



## EFFECTIVE GOVERNANCE

# BUILDING THE FOUNDATION OF TRUST

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# 82 EFFECTIVE GOVERNANCE

**“Effective governance is the foundation of trust upon which our business is built. The trust we earned over a hundred years in Asia is one of our competitive advantages.”**



**MITCH NEW**  
GROUP GENERAL COUNSEL  
AND CHAIR OF THE ESG COMMITTEE

## 1

### Introduction

Effective Governance ensures that AIA operates to the highest standards. It provides the necessary board and management oversight, employee incentives, organisational accountability, data governance systems and transparent reporting to enable the organisation to succeed.

Our established reputation for responsible business practices and long history of maintaining robust governance processes have contributed to our 100-year legacy of trust in the region, and we are committed to upholding high standards of governance essential to delivering sustainable, long-term value creation.

## 2

### Our Approach: At A Glance

Our Effective Governance pillar looks both inward and outward to maintain robust corporate governance standards whilst allowing for flexibility to respond to emerging risks that are material to our business and its stakeholders. Leveraging these frameworks, we prudently manage risks and capture opportunities, allowing us to drive sustainable, long-term value.



AIA's approach to Effective Governance focuses on four strategic priorities. Coupled with the following targets, these ensure the integrity and relevance of our programme for the realisation of our long-term ESG Strategy.

Strategic Priorities	2021 Progress	Link to SDG Targets
<p><b>1. Board Governance</b> Foster business integrity and sound decision-making through a diverse and highly qualified Board.</p>	<ul style="list-style-type: none"> <li>All Non-executive Directors on the AIA Group Limited Board are independent (Target: 100%)</li> <li>Board membership broadly reflects a cross-section of the jurisdictions in which we operate</li> <li>All Board committees are chaired by and comprised almost entirely of INEDs (Target: 100% of Board committees chaired by INEDs)</li> <li>Group Board ESG awareness session held during 2021</li> <li>Group Board endorsed ESG Strategy</li> </ul>	 <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p>
<p><b>2. Ensuring Effective Risk Management and Responsible Business Practice</b> Effectively manage ESG-related risks and opportunities throughout our business.</p>	<ul style="list-style-type: none"> <li>ESG-related risks and risk tolerances identified and discussed in various governance bodies including the Group Operational Risk Committee, and the ESG Committee</li> <li>ESG-related risks, similar to other material risks, are managed within the ERM framework</li> </ul>	 <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p>
<p><b>3. Promoting ESG Best Practices</b> Lead the promotion of ESG best practices across the region.</p>	<ul style="list-style-type: none"> <li>ESG-specific investor meetings accounted for 20% of total investor meetings held during 2021</li> <li>Continued participation with partners and alliances including signing up to the UN Environment Programme Finance Initiative's Principles for Sustainable Insurance in August 2021</li> </ul>	
<p><b>4. ESG Ratings and Index Inclusion</b> Establish AIA as a global leader on key ESG indices, ratings, and benchmarks.</p>	<ul style="list-style-type: none"> <li>Recognised as an Industry and Regional ESG Top Performer by Sustainalytics</li> <li>Rated AA by MSCI from an A rating in the previous year</li> <li>Inclusion in the Hang Seng Low Carbon Index and the Hang Seng ESG Enhanced Index</li> </ul>	

## 3

## Effective Governance: Approach in Action

AIA has continued to uphold the highest standards of corporate governance and responsible business practices in 2021. This included maintaining, among other things, our engagement with stakeholders on ESG issues, transparent reporting processes and building on our existing culture of business integrity.



### Strategic Priority 1

## Board Governance

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

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

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

### Board Independence

Providing independent and objective judgment that acts in the interests of the Company and its stakeholders is central to the Board's oversight.

With the exception of the Group Chief Executive and President, the Board is made up entirely of INEDs, underscoring our strong commitment to operating according to international best practice.

### Board Committee Composition

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

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

**Board Diversity**

Board diversity is a fundamental component to ensuring robust corporate governance practices and high quality decision-making. The Board draws on extensive business, financial, government, regulatory and policy experience from a broad spectrum of backgrounds. The Board also reflects a diversity of nationalities, ethnicities, educational backgrounds, functional expertise, gender and age.

In 2021, as part of AIA's continual effort to promote the diversity of the Board, we appointed Ms. Sun Jie (Jane) to the Board. As a respected leader and active CEO, her experience will add strength to our corporate governance practices.

*Further details on the Company's corporate governance practices and Board evaluation processes are set out in the Corporate Governance Report as part of the Annual Report 2021.*



**| Director Anti-Corruption Training**

AIA Group takes a zero-tolerance approach to bribery and corruption and is committed to conducting its business in an honest and ethical manner. We have established the AIA Group Anti-Corruption Policy, which is applicable to all officers and employees of AIA Group, and sets out the organisational approach, roles and responsibilities and minimum standards to ensure the Group's businesses implement a robust anti-corruption programme.

The Policy is applied alongside the AIA Code of Conduct, which provides guidance on giving and accepting gifts and entertainment. Every Director of the Company, upon their appointment, is provided with training on anti-corruption. Updated training materials on anti-corruption will also be provided to the Directors from time to time.

**Strategic Priority 2****Ensuring Effective Risk Management And Responsible Business Practices**

Effectively manage ESG risks and opportunities throughout our business.

**Effective Risk Management**

AIA's comprehensive approach to risk management is embedded within frameworks across our businesses to identify and address material risks, which include those related to ESG topics.

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

AIA's Risk Management Framework (RMF) ensures the necessary capabilities and processes are in place to identify, quantify and monitor risk across the Group, whether they be existing or emerging exposures. The boards of directors of our business units are responsible for regularly reviewing this framework to ensure that it is sufficiently effective given local business environments and context.

Long-term ESG-related risks present material challenges to our business and given their far-reaching consequences, Effective Governance is critical in underpinning AIA's ability to respond adequately and to deliver lasting positive impact on the communities we serve. We address such ESG-related risks according to the process outlined in the RMF and categorise them based on the impact to our operations.

AIA seeks to address ESG-related issues through proactive discussion with stakeholders to uphold the responsible business practices that are hallmarks of our business. Adverse extreme weather events from acute physical climate risks, data protection, cybersecurity, people management and responsible business practices may have immediate operational impacts and are therefore viewed and treated as operational risks. Long-term challenges such as chronic physical shifts in climate, 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 are discussed by the relevant governance body depending on their nature and content.

In addition to these processes, we regularly test the adequacy of our risk procedures and update them when required to ensure robustness. AIA's Internal Audit function provides independent assurance on the effectiveness of key controls and recommends improvements as necessary. This function provides assurance that we implement appropriate controls to effectively address material risks posed to our business. Independent assurance regarding the effectiveness of the RMF is conducted on an annual basis coupled with regular, ongoing third-party validation.

To ensure we are there for our policyholders when we are needed most, AIA conducts scenario testing and business continuity analysis, taking into account a variety of stressed conditions. Doing so helps us guarantee sufficient capital is available to provide protection to our policyholders under all circumstances.

*For more on our approach to managing risk at AIA, please refer to the Risk Management section of the Annual Report 2021.*



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

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

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

**The Risks and Impact:** Improper use of AI may cause an insurer to lose credibility with customers and other stakeholders in connection with poor customer outcomes resulting in consequences such as direct negative impact on sales, higher lapse rates, and reputational and operational impacts of customer dissatisfaction.

Governments, regulatory authorities, and industry bodies are mindful of the evolving issue and looking to promote the responsible use of AI. Most industry-wide initiatives comprise of voluntary commitments so as to not limit innovation in this high potential technology.

**Our Mitigating Actions:** Our Code of Conduct was revised in 2020 to explicitly state our commitment to the principle that the development and use of AI applications should be consistent with AIA's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People...

and the Right Results will come". This was done with the goal of ensuring fairness to customers in the design and use of coordinated human-machine analytics and decision-making to avoid creating or reinforcing unintended bias.

In 2021, the Group established a Responsible Use of Artificial Intelligence Standard setting out our principles on the use and application of AI. It introduces four high level principles as the basis for AI use in both internally developed or externally sourced solutions:

- Accountability
- Soundness
- Ethical, fair, and justifiable
- Transparency and explainability

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

### Responsible Business Practices

Our business depends on trust. We play a pivotal role in the lives of our tens of millions of customers and their families, providing financial security and protection across generations and through difficult times. Our customers need to know they can count on us to follow through with the support that they need.

Throughout our more than 100 years of responsible operations in Asia, we have built a strong reputation for reliability, trustworthiness and integrity among our customers. This is a great source of pride for us. Our ability to fulfil our Purpose of helping people live Healthier, Longer, Better Lives depends greatly on the continued sustainability and resilience of our operations.

### Code of Conduct

Our Code of Conduct forms the foundation of our Effective Governance pillar and frames our approach to good governance across the organisation at all levels. The Code of Conduct provides clear guidance on how we conduct business and applies to everyone who works at AIA. It reflects our Operating Philosophy, namely "Doing the Right Thing, in the Right Way, with the Right People...the Right Results will come". It 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 of Conduct has been translated into six languages and all employees are required to undertake training on the Code of Conduct when joining AIA. All employees are required to complete an annual certification attesting to their familiarity and compliance with the Code of Conduct. Training on the Code of Conduct is supplemented with leadership programmes to equip AIA leaders with practical training to manage situations involving decision-making dilemmas.

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

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

### Preventing Bribery and Corruption

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

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

### Preventing Fraud

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

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

### Whistle-Blower Protection Programme and Policy

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

Reporting channels include a 24-hour, multilingual third-party administered ethics hotline, which supports complete anonymity.

Reporting through internal channels (such as dedicated internal email addresses and contact with Internal Audit or Compliance) accounted for 66 percent of the reports received during the year. All allegations are assessed using a consistent process and, whenever warranted, investigated. The Whistle-blower Programme is overseen by the Board Audit Committee, which receives regular reports from Group Compliance on the number and nature of issues raised and the progress of all material investigations. AIA's Whistle-blower Protection Policy prohibits retaliation against an employee providing a good faith report of a suspected violation of the Code of Conduct, AIA policies or the law.

In 2021, the Programme received reports on a broad range of issues, including: customer complaints, Human Resources and work grievances, matters relating to individual circumstances such as conflicts of interest, matters of workplace respect, matters of unethical conduct and questions about business practices.

Among investigations completed in calendar years 2020-2021, 34 per cent covered allegations which were at least partly substantiated.

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

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

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

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

**“As risks increase in sophistication and become more interconnected, we remain vigilant and continually enhance our risk frameworks to protect the organisation and maintain our resilience.”**



JAYNE PLUNKETT  
GROUP CHIEF RISK OFFICER

## Our Commitments to Our Customers

At AIA, we aim to meet customer expectations and earn our customers' trust by adhering to high standards of quality and customer service throughout the customer journey.

As part of the product approval process, business units are required to:

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

AIA's intermediaries play a major role in building trust with our customers through their professionalism. To support this, and manage sales conduct risk, we have a business quality framework the key elements of which include:

- Market conduct guidelines must define proper behaviour for intermediaries;
- Training programmes on AIA products and sales processes should cover Know-Your-Customer due diligence;
- Sales processes include financial needs analysis for product suitability and affordability assessments; and
- Interactive Point of Sale (iPoS) technology guides our agents through the sales process, which embeds controls and ensures a consistent, high-quality customer experience.



We monitor adherence to our standards through, for example, direct verification calls with customers and a mystery shopping programme.

Efforts to deceive customers, for example through unsupported or fictitious claims about our products or those of our competitors, are dealt with through measures including disciplinary action.

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

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

## Engaging with Our Customers

Helping millions of people in Asia to live Healthier, Longer, Better Lives depends on our ability to meaningfully engage with our customers across a broad and extensive ecosystem of stakeholders and partners, and at multiple stages of an individual's health and wellness journey (see page 31 in our Health and Wellness Pillar for further details).

Our touchpoints with the holders of more than 39 million individual policies and over 16 million participating members on group insurance schemes underscores the scale, reach and impact AIA creates in achieving lasting positive improvements in the physical, mental, financial and environmental health and wellness needs of our customers and the communities in which we're present. Continuously evaluating and analysing the extent and nature of these interactions builds deeper understanding, richer insights and supports more lasting, sustainable outcomes.

### Customer Segmentation and Insights

All our customers are unique, with changing needs and goals throughout life. To stay up to date with their evolving and dynamic needs and ensure our wide range of offerings stay relevant, we continually refresh and deepen our knowledge of the communities we serve. Our extensive market research programmes allow us to garner insights and customise solutions more accurately and effectively.

In 2021, we have expanded our segmentation research efforts to Australia and Singapore to better understand our customers in these markets. Our team is taking a close look at a variety of inputs to better inform our segmentation models including deepening our understanding of life stages, attitudes and behaviours. In addition, AIA has also refreshed our existing segmentation model in Hong Kong to obtain a more up-to-date profile of needs across customer segments. These holistic insights mean we can customise our propositions and engagement processes as well as support our agents on the ground with digital sales tools and training to offer more relevant and effective advice.

As part of our ongoing research efforts, we also conducted the AIA Save Smarter Study 2021 interviewing 7,400 consumers across eight markets, to examine their attitudes and behaviours to household savings, and how they have been impacted by Covid-19. This research provided valuable insights on saving and insurance needs emerging from the pandemic, informing product development and enabling us to share our insights and advice to support consumers to save smarter through these difficult times. We have published these in the AIA Save Smarter Study whitepaper.

### Listening to Our Customers

Listening to our customers enables us to consistently deliver distinctive, personalised and meaningful customer experiences that serve changing needs. Our customer experience research empowers us to understand more about how customers interact with AIA at different stages of the customer journey and refine the experience to better meet their requirements. We have continued to improve on our annual Customer Relationship Survey (CRS) and Distributor Survey, through refining metrics and design, to garner deeper insights across the customer journey.

### Handling of Customer Complaints

The Group has set out a Servicing Operations Standard which outlines complaints handling principles for Group and Business Units. This is to ensure that complaints are handled fairly, consistently and promptly as defined by this Standard, Business Unit Standard Operating Procedures and local regulations. AIA aims to handle all complaints and investigations in a prompt, efficient, fair and transparent manner. The average time taken to resolve a complaint in 2021 was 14 days. We have also established a process for disclosure to local regulators and as required by the HKSE. Over the last year we have received less than 0.002 complaints per customer.



## In Action: Enhancing Customer Experience with Technology

A seamless omnichannel customer experience (CX) with best-in-class engagement is one of our key business priorities. By creating distinctive, personalised and meaningful experiences for customers, our aim is to improve customer satisfaction and retention and increase sales leads, cross-sales and conversion and productivity gains for our distribution channels. We are making a series of fundamental shifts in support of these goals, including reorienting the Organisation around customer journeys and leveraging Technology, Digital and Analytics (TDA) to enable customers to live Healthier, Longer, Better Lives.

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

Customer feedback across the Group has told us that that faster transaction turnaround times (TAT) and claims experience are key drivers of satisfaction. We have increased the percentage of all completed same day customer transactions across the Group to more than 59 per cent in

December 2021. Top performing markets include South Korea and Thailand, which respectively saw a 98 per cent service request and 76 per cent health claims same day completion rate in December 2021.

Creating a faster and easier claims process has been a priority. AIA Singapore has developed AI and intelligent information extraction solutions as part of their Claims EZ solution. This provides a seamless claim experience to customers, from submission, to status tracking to final claim payment. The turnaround time has significantly improved, with over 90 per cent of health claims paid within three days and claims customer satisfaction score improving by 14 percentage points in 2021. Claims EZ has won six external awards for the delivery of outstanding digital service and experience in the Life Insurance and Financial Services industries.

In Mainland China, we have a highly evolved Voice of Customer programme with CRS and RCS. Dedicated follow-ups on surveys, combined with leveraging data analytics and AI capabilities, have enabled us to transform the CX across transactions. These capabilities have been embedded in our key insurance processes, helping to simplify the underwriting process and automate the claims process. This has also allowed AIA China to embed voicebots into both inbound chat (XiaoYou) and outbound call (XiaoBang) services. Since its launch in 2020, XiaoBang has made over 1.3 million calls, served more than 810,000 policies and has won the "Insurtech Initiative

of the Year" award from Asian Insurance. These capabilities have enabled AIA China to continue as the insurance market leader for overall Net Promoter Score (NPS) and Customer Effort Score (CES), according to the results from our 2021 CRS. We were also ahead of our major competitors on customer satisfaction and customer effort scores across our learn, buy, service and claim journeys.

As the pandemic enters its third year, there remains a need for customers to get and benefit from protection solutions. In Thailand, AIA was the first insurance company to launch revised remote signature capabilities, having worked closely with the Office of Insurance Commission (OIC) to gain regulatory approval. This dramatically improved the remote buying experience for customers when meeting face-to-face was not possible. The virtual branches launched in AIA Malaysia provided remote and comprehensive support for our agents, enabling them to access required services anywhere to continue to deliver great services to their customers during lockdowns. In Hong Kong, the integration of customer data and use of AI has allowed AIA HK to create a 3D Protection Index which shows a holistic view across the extent of cover, diversifying coverage and ensuring protection for dependents on the customers' AIA Connect mobile tool. This has enabled personalised insurance recommendations and an engaging experience for our customers.

## Customer Experience Training

To drive cultural change and sharing regarding Customer Experience within AIA, we created a bespoke CX Leadership development programme with the London Business School to offer to the top 200 AIA leaders across business functions and drive the 'AIA-way' for customer experience across the organisation.

The first cohort completed the programme in November 2021 and comprised 42 top managers from 13 business units and seven Group Office functions, representing all the key areas of our business. We will be expanding the reach of this programme to institutionalise our approach and commitment to Leading Customer Experience.

## Securing Customer Information

### Data Protection and Cybersecurity

In today's digital world, good governance surrounding data protection and cybersecurity is paramount. This is even more pressing for an insurer. We are trusted with a wide range of sensitive information from our customers, employees and business partners in the provision of our solutions. To ensure we safeguard that information, AIA has in place a Group Data Privacy Compliance Policy to promote the use of adequate safeguards for our customer and business data as well as compliance with relevant data protection legislation.

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 consistent with industry-leading standards to ensure that our systems, processes and information are secure. Key cybersecurity updates are provided to the Board at least once a year.

Our Group Chief Technology Officer and a dedicated information security team oversee the quality and consistency of 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. This includes focusing on

key systems that process our customer data and support business processes.

All cybersecurity issues are handled by the Director of Information Security, who reports directly to the Head of Group IT Operations. We also partner with leading information security service providers to further enhance our ability to ensure a secure operational environment. AIA safeguards its critical assets from cyber threats using classification and threat modelling techniques.

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

In 2021, AIA continued to maintain International Organization for Standardization (ISO) 27001 certification for our identity access management, cybersecurity operations services and further extended it to cover Cloud Security operations at the end of 2021.

We will also continue 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 more information on data privacy at AIA, please see our Privacy Statement.*

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**Assessing Third-Party Security**

The nature of today's software innovation ecosystem necessitates effective and timely collaboration and partnership between various technology service providers, developers and vendors. We take these relationships very seriously and are committed to promoting security across our entire technology supply chain.

AIA reviews the data security standards of our third-party vendors through our Third-party Security Assessment process. This regularly assesses a broad range of security controls of our vendors, including data security and encryption, against ISO 27001 and National Institute of Standards and Technology of the United States (NIST) standards.

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 also has carefully established the necessary levels of insurance coverage to protect the organisation against cyber-security related events and incidents.

**Protecting Intellectual Property Rights**

We work hard to protect AIA's brand from misrepresentation and misuse that could negatively impact our reputation. All of our intellectual property is protected by registering trademarks or patents ("Marks") either locally for specific business unit use or across all jurisdictions for cross-jurisdictional use. We seek to register all our Marks under one entity, AIA Company Limited, for effective control and oversight.

Our extensive trademark portfolio is managed centrally by Group Legal to ensure consistent application of use guidelines and avoid dilution resulting from inconsistent usage. To enhance this process, we also work closely with an external provider to monitor, report on and prosecute unauthorised use of our Marks across all jurisdictions.

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





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

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

**The Risks and Impact:** Greater reliance on microservices, third-party application programming interfaces (APIs) and open source components embedded in vendor provided solutions have raised growing concerns as sources of unforeseen vulnerabilities. Adding to this complication, the "always connected" nature of modern technology services means that traditional point-in-time assessments conducted against service providers struggle to keep up with an increasingly large number of third parties, who in turn rely on their fourth-party providers. This creates an opportunity for malicious actors to target

the weakest link in the supply chain with cyber attacks rather than its intended target.

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

**Our Mitigating Actions:** As a digitally enabled insurer, these digital supply chain issues are potentially material to our operations. Our technology partners empower us to continue innovating new ways to better serve our customers and more inclusively provide financial services across Asia. It is with

these goals in mind that we look to effectively manage this emerging risk.

To this end, AIA deploys a number of controls including the maintenance of a register of third-party providers permitted to interact with our data or systems after they have undergone a comprehensive risk-based assessment over their cyber security processes and controls. AIA closely monitors this register and has recently reviewed the risk assessment criteria and associated processes for the management of third parties.

In addition to the periodic review of supplier controls and processes, AIA employs a service which provides ongoing monitoring of technical indicators related to our service providers. Reports generated by this service consolidate these and other externally available datapoints, such as the number of vulnerabilities on the suppliers' external facing systems and whether any of the suppliers' staff credentials have been discovered or leaked on the dark web. These measures provide us with a real-time view of our providers' risk and enable us to respond in an appropriate and timely manner.

**Strategic Priority 3****Promoting ESG  
Best Practices**

Lead the promotion of ESG best practice across the region.

AIA continues to proactively contribute to discussions shaping regional ESG regulations, best practices and disclosures. We regularly participate in consultations with regulators and the insurance sector to promote the advancement of sustainability issues.

We also engage with the Group's investors on ESG themes to stay abreast of the latest industry developments that are most relevant to our shareholders. Through these proactive engagements we are able to magnify our impact and contribute to building a more sustainable future with our stakeholders.

**Our Engagement Effort in Malaysia**

In April 2021, Bank Negara Malaysia (BNM) issued the Climate Change and Principle-based Taxonomy (CCPT) guidance document, which serves as a common framework to help meet climate objectives and environmental sustainability. AIA Malaysia Bhd. is one of the participants in BNM's CCPT Implementation Group for financial institutions. We are proud to be working with our peers in establishing an effective platform for the industry to share knowledge, expertise and best practices in this market.

In addition, our Malaysian subsidiary AIA Public Takaful Bhd. played an active role in the development of the Value Based Intermediation for Takaful (VBIT) framework that was rolled out in June. VBIT aims to encourage the industry to achieve more sustainable growth that is meaningful for all stakeholders in an effort to create positive socio-economic impact. We also continue to serve as an active member of the Joint Committee on Climate Change (JC3) Subcommittee on Bridging Data Gaps, working to create a financial sector that better understands environmental risks through access to relevant data.

**ESG-related Organisation****Level of Membership**

UN Global Compact	Signatory
Principles for Sustainable Insurance (PSI)	Signatory
Women in Finance Asia (WiFA)	Member
Task Force on Climate-related Financial Disclosures (TCFD)	Supporter
Principles for Responsible Investment (PRI)	Signatory
Hong Kong Green Finance Association (HKGFA)	Member
30% Club (Hong Kong Chapter)	Member
Climate Action 100+	Member
Principles for Responsible Investment Investor Working Group on Sustainable Palm Oil	Member
Science-Based Targets Initiative	Signatory

We are committed to fostering open dialogue on ESG issues and enhancing our own approach to transparent disclosure in line with best practice on ESG reporting. AIA is an active member to a growing list of ESG associations where we will continue to participate in building a more sustainable financial services industry.

**The Principles for Sustainable Insurance**

This year, AIA became a signatory of the PSI. These Principles are designed to address material ESG risks and opportunities and underpin the largest collaborative initiative between the UN and the global insurance industry. By signing the Principles, we are reinforcing our commitment to drive tangible, measurable and reportable outcomes within our businesses when it comes to ESG.



**Strategic Priority 4**  
**ESG Ratings and Index Inclusions**

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




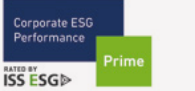
AIA is proud of our inclusion on sustainability indices and benchmarks and of our various ESG ratings and scores. Since commencing our ESG journey, AIA has achieved substantial improvements in our ratings over a very short period of time, illustrating our commitment to transparent disclosure and enhancing our performance on material ESG issues.




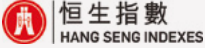
This can be seen with the consistent improvement of our MSCI score, which has improved from “BBB” to “A” to “AA” year-on-year, from 2019 to 2021.

In Hong Kong, we are proud of being continually recognised as a sustainability leader with a presence on two Hang Seng Corporate Sustainability Indices, as well as the newly launched Hang Seng Index (HSI) ESG Enhanced Index and the HSI Low Carbon Index.

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A summary of our key ESG ratings and index inclusions is included below:

Organisation	Description	2021	2020	2019
	AIA has consistently placed in the first percentile of the insurance industry in Sustainalytics' ESG Risk Rating assessment.			
	<b>Rank (Insurance)</b>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>
	<b>Percentile (Insurance)</b>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	<b>Percentile (Life and Health Insurance)</b>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>
	<b>Percentile (Global Universe)</b>	5 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>
	Formerly known as Morgan Stanley Capital International, the MSCI ESG ratings measure a company's resilience to long-term, industry-material ESG risks.	AA	A	BBB
	Providing a benchmark for sustainable investments both locally and regionally, the inclusion of AIA in the series is based on a sustainability assessment undertaken by Hong Kong Quality Assurance Agency (HKQAA). HSSUS tracks the performances of Hong Kong listed companies that excel in corporate sustainability, while HSMHSUS is a cross-market index that covers corporate sustainability leaders in Mainland China and Hong Kong.	A+	A+	A+
	The ISS ESG Corporate ESG Performance Status takes into account ESG challenges that are profoundly distinct in individual sectors, as well as for companies and states, by assigning different "ISS ESG Prime" absolute performance thresholds. AIA has achieved "Prime" status three years in a row.	Prime	Prime	Prime

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

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### The People at the Heart of Effective Governance



**“WE CANNOT SAFEGUARD HUMAN HEALTH WITHOUT A HEALTHY PLANET.”**

**TIMOTHY LI**  
**ASSOCIATE, GROUP RISK**

Based in Hong Kong, Timothy Li is an Associate in Group Risk responsible for supporting risk governance, processes and systems within the Operational Risk Management team. Key to this role is working closely with cross-functional stakeholders and business units from around the Group to identify and escalate risks from business units around the region to be resolved at the Group level – playing a key role in maintaining our robust Group-wide policies and ERM framework.

Timothy joined AIA in September 2021 as part of our AIA Early Career Programme,

moving back to Hong Kong after completing his Bachelor's Degree in the United States. Following interviews and conversations with Senior Management, Timothy noted AIA's values as well as a clear opportunity to learn about a field he is passionate about were both important driving forces in the decision to uproot his life and move across the ocean.

Having focused his career on risk management, Timothy sees a clear intersection between ESG and his maturing role at AIA. He observes that “we cannot safeguard human health without a healthy planet,” adding that he believes “sustainability, climate and environmental risks have become more pressing topics to deep dive into and explore potential operational impacts.”

As a member of our Group Risk team, he feels the opportunity to make a difference for the Group and help AIA deliver on its Purpose of helping millions of people in Asia live Healthier, Longer, Better Lives.



**“AT THE END OF THE DAY,  
WE ALL WORK TO ENRICH LIVES  
AND OUR COMMUNITIES.”**

**DANUSHI WIDANAGAMACHCHI  
HEAD OF RISK, AIA SRI LANKA**

After completing university, Danushi wanted to work for an employer who valued diversity and could support her growth and professional ambitions. She started her career with AIA as an actuarial intern over 11 years ago. After spending five years in the Actuarial function Danushi moved to the Risk team as an Assistant Manager covering financial and operational risk. Today she heads the Risk function for AIA Sri Lanka reporting to the Chief Risk Officer.

Speaking from her experience at AIA, Danushi believes that stepping out of her comfort zone

and learning more about how her role benefits stakeholders provides a key source of motivation and meaningful impact. She has come to recognise that her role contributes to the effective implementation of various ESG principles across the organisation, benefiting the communities she lives and works in. Highlighting one example she values dearly, Danushi pointed to her work on the product development team designing new financial solutions serving underprivileged or underserved markets. She says: “at the end of the day, we all work to enrich lives and our communities.”

As a devout follower of Buddhism, Danushi sees the purpose of life as living free from negativity. She feels AIA’s Purpose resonates closely with her own values. On the personal front, she looks to make time to live a healthy life – in mind and body – while also juggling the demands of her career and family. In addition, she aims to help others live in a similar way and embrace positivity.

Sustainability is something that hits close to home for Danushi. Sri Lanka has been at the forefront of the climate crisis over the years, experiencing changing weather and extreme natural disasters that have devastated communities across the country. She feels the need to build upon sustainability programmes focused on minimising the environmental damage caused by planned and unplanned human activities is becoming more pressing. As a woman, Danushi believes that she has a major role to play in the sustainable development of her country – leading by example to help realise positive change.

“Joining AIA was one of the best decisions I have made in my life. I have had many professional achievements and I am now proud to call myself a young leader here. As a female millennial, working for a company that is devoted to helping people live Healthier, Longer, Better Lives feels fulfilling. I am thankful to AIA for inspiring me everyday to be the best version of myself.”

# 102 OUR TCFD REPORT

To provide transparency around our climate-related exposures, AIA published its inaugural climate-related disclosures in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019. The 2021 Report provides further transparency in this area by describing our contributions and progress in line with the voluntary disclosure recommendations of the TCFD.

In preparing this disclosure, AIA considered the TCFD's "Guidance for All Sectors" and "Supplemental Guidance" for insurance companies. The following section follows the TCFD structure of addressing Governance, Strategy, Risk Management and Metrics and Targets as illustrated below:

Our emissions data within the Metrics and Targets section has been reviewed by AIA's external auditors (PwC) on a voluntary basis. Their Limited Assurance Report can be found at the end of this Report.

## Governance of Climate Change Risks and Impacts

### 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 select 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, inclusive of current and emerging ESG-related risks. 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, boards of directors of our business units 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. Such risks, their impact, and mitigating strategies and actions may be discussed by the BRC, ORC, FRC, or the Group's ESG Committee depending on the nature of the risk. Please see the 'Risk Management' section for further details.



#### Governance

The organisation's governance around climate-related risks and opportunities

#### Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

#### Risk Management

The processes used by the organisation to identify, assess and manage climate-related risks

#### Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities



## Management-level Governance

The Group's ESG Committee provides effective governance for integrating and addressing ESG issues, including climate risk, within our business. The ESG Committee is comprised of members of the Group Executive Committee, with representation from two INEDs of the Board. The Committee meets on at least a quarterly basis and plays an integral role in overseeing the Company's ESG Strategy, policies and disclosures, including reporting to the Board on a bi-annual basis. Pertinent information regarding ESG-related issues is reported and/or shared amongst management-level committees as a best practice and by virtue of shared memberships amongst the committees.

The ESG Committee also considers ESG research and feedback raised by key stakeholders including institutional shareholders and reports by rating agencies, and provides input on material ESG issues relevant to the Group.

During the year, the ESG Committee considered at its meetings, and informed the Board about, issues relating to climate change. This included progress updates on the Group's ESG Strategy, which is entering into its second year.

On a day-to-day basis, the Group ESG function collaborates with multiple internal stakeholders with the goal of actualising our ESG Strategy via integrating its pillars across the Group. Notably, the team works closely with the Group Investment function to develop consistent and enhanced approaches to address climate risk issues, and with the Group Risk function to ensure proper identification, treatment, and escalation of ESG-related matters at both the Group Office and within local business units.

## Strategy

We believe that the success of our Purpose relies on having a healthy planet. As such, AIA is committed to reducing its carbon footprint and supporting the transition to a low-carbon economy. Our climate strategy is fully integrated across the business, with risks and opportunities continuously monitored, addressed and overseen via robust governance bodies.



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## OUR TCFD REPORT

### Our Climate Change Strategy

Our ESG Strategy, first announced in 2021, set in place a transformational, long-term programme. Along with tackling multiple ESG issues, it prioritised the identification, assessment and management of climate change risks and opportunities.

For example, our strategic Sustainable Operations initiatives aim to contribute to our climate aspirations by reducing paper usage via increased digitalisation, encouraging good ESG practices within internal processes, aiming to green our portfolio of buildings and reducing our operational carbon footprint.

As a significant assets owner in Asia, AIA seeks sustainable outcomes in our investment portfolio. We do this through our efforts to enhance capacity in training and development. We also broaden our portfolio inclusions of green finance and renewable energy. We have divested our coal-related holdings and report our portfolio's carbon footprint.

More specifically, our ambition to decarbonise our investment portfolio and operations are manifested through:

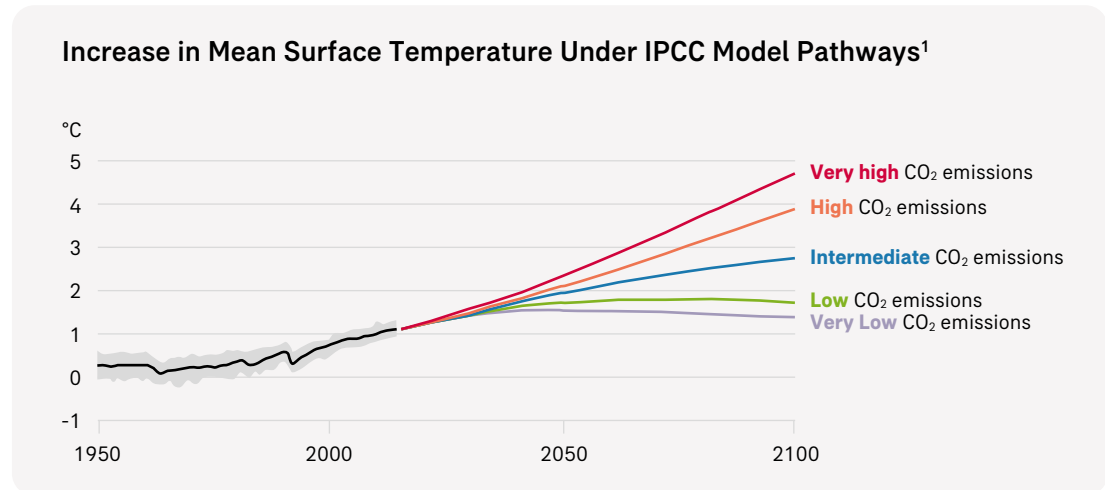
- Committing the organisation to net-zero emissions in line with the Paris Agreement by setting operational emissions reduction targets and investment portfolio engagement targets for in-scope companies;
- Also committing to the SBTi;
- Explicitly considering ESG criteria, including climate, as part of our investment decision-making;
- Actively divested from, and no longer investing in, exposures to coal mining and coal-fired power businesses in our entire directly-managed equity and fixed income; and
- Improving open and transparent climate-related disclosures, including ongoing progress on our commitments, in line with the recommendations of the G20 Financial Stability Board's TCFD.



## Risks and Opportunities

In its Sixth Assessment Report, issued in August 2021, the Intergovernmental Panel on Climate Change (IPCC) presented further unequivocal scientific evidence that human influence has warmed the atmosphere, ocean and land via anthropogenic Greenhouse Gas (GHG) emissions at a rate that is unprecedented in at least the last 2,000 years. Human-induced climate change has resulted in, or exacerbated, adverse weather events such as heatwaves, heavy precipitation, droughts and cyclones since the previous IPCC Report, which was published in 2014. Based on the Report, global surface temperatures will continue to increase until at least the mid-21st century, with many changes in the climate system becoming more significant as warming increases.

Even though some of the effects of climate change are irreversible, early and significant interventions to reduce GHG emissions would still have discernible effects on GHG concentrations and limit warming. Correcting the effects of climate change will require unparalleled levels of global cooperation amongst governments, industry, and societies. The Sixth Assessment Report outlines the surface temperature scenarios associated with "very low" and "low" future GHG emissions. Both scenarios are projected to have rapid and sustained effects in terms of limiting human-caused climate change.



We acknowledge that climate change presents a range of short-, medium- and long-term risks that could have substantial impact on our businesses and activities. We are also aware of and are proactive in seeking opportunities over these time horizons. We believe AIA is well-positioned to address these issues and explore avenues to allow us to adapt to and mitigate climate change effects as we help our communities live Healthier, Longer, Better Lives.

Climate change has the potential to significantly impact our risk profile, mainly from the perspective

of a life and health insurer and as a large asset owner with financial interests across multiple sectors and asset classes. These risks include the acute and chronic physical effects of climate change on human health and property, as well as socioeconomic impacts from transitioning to a low-carbon economy.

Our RMF, further detailed under the Effective Governance pillar, outlines the process through which all risks, including those relating to and caused by climate change, are identified, assessed and managed.

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

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## OUR TCFD REPORT

### Physical Climate Risks

The physical risks of climate change can be far-reaching and affect the quality of life for our communities. Research shows global surface temperature will increase until at least mid-century, along with extreme heat, worsened monsoon precipitation, sea level rise and increased frequency and severity of coastal flooding in the regions where we operate.

These conditions would likely pose significant disruptions to communities and businesses in the long term, adversely impacting economic output and productivity while decreasing the quality of life for many. In Asian cities, where half of the world's population reside, the severity of heatwaves will increase while heavier precipitation will increase the incidence of flooding.

The chronic physical risks brought on by rising temperatures, increased precipitation and other climate effects described above are likely to result in a greater prevalence of vector-borne and respiratory illnesses, heart disease and increases in heat-related morbidity and mortality that affect AIA as a

life and health insurer. Acute physical risks from inclement weather events expose our operations to threats that include damage to AIA properties and facilities, possibly resulting in financial losses, business interruptions and diminished real estate holding values in affected areas.



### Proliferation of Vector-borne Diseases Due to Climate Change

A recent scientific study<sup>1</sup> into the relationship between climate change and the occurrence of vector-borne diseases indicates that climate change will severely exacerbate the risk and burden of Aedes-transmitted viruses including dengue, chikungunya, and Zika.

Within the next century, nearly a billion people could face their first exposure to viral transmission from a vector in the worst-case scenario, with year-round transmission potential likely to increase in south Asia, among other areas. The study concludes that mitigating climate change would shift the projected burden of both dengue and chikungunya back into the tropics, where transmission might otherwise begin to decline due to rising temperatures.

<sup>1</sup> Ryan SJ, Carlson CJ, Mordecai EA, Johnson LP (2019)

### Impact of Climate Change on Mortality and Morbidity

With the effects of climate change already manifesting themselves in many parts of the world, the World Health Organization (WHO) states that climate change threatens to undo the last 50 years of progress in the development of global health advances. This is because climate change affects the social and environmental determinants of health, including clean air, safe drinking water and sufficient food and shelter.

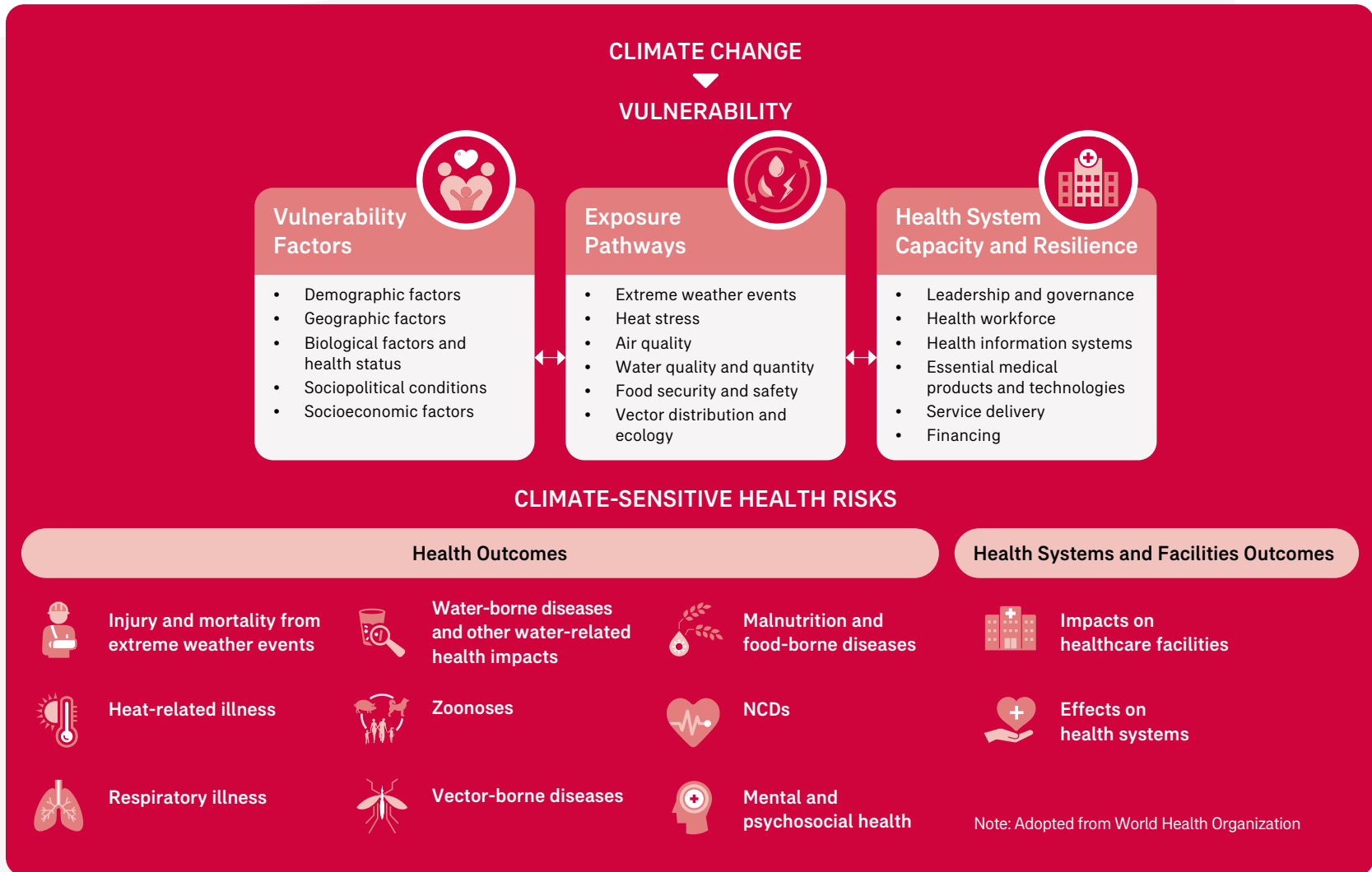
The proliferation of extreme weather events from climate change can lead to severe infrastructure damage and coincidental higher rates of mortality and morbidity. For example, more intense and frequent precipitation events leading to flooding would increase exposure to toxic chemicals in runoff, waterborne diseases and ecosystem changes and may lead to population displacement. Acute weather events also result in direct

death and injury, and increases in stress, anxiety and other mental illnesses. More sustained adverse climate changes such as rising temperatures are likely to induce heatwaves, disrupt food systems and coincide with the increase of food-, water- and vector-borne diseases.

Although it remains difficult to accurately estimate the scale and impact of climate-sensitive health risks, the WHO estimates that between 2030 and 2050, climate change will cause approximately 250,000 additional deaths per year from malnutrition, malaria, diarrhoea and heat stress. The direct health-associated costs are estimated to be between US\$2 billion to US\$4 billion per year by 2030.

The WHO concludes that, in the longer term, the health effects of climate change felt by billions around the world will depend on the extent of transformative actions taken now to reduce emissions to avoid the breaching of irreversible tipping points.

# 108 OUR TCFD REPORT



Through our insurance and investment solutions, AIA helps communities protect their well-being and grow their financial security, contributing to greater resilience against the potential health impact of extreme weather and climate-related diseases.

Robust risk mitigation measures and diversification of risks taken, combined with our reinsurance programme and broad geographic footprint, helps AIA manage physical climate risk and the impacts of climate change.

### Transition Climate-related Risks

Transition risks posed by climate change include 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.



### Our Green Products

We appreciate the importance of positive environmental stewardship in generating financial return, and provide our Mandatory Provident Fund (MPF) customers investment options that take into account environmental ratings and financial performance, such as the Green Fund.

The Green Fund is a feeder fund with the investment objective to provide investors with long-term capital appreciation through diversified investments in equities according to investees' environmental ratings, amongst other factors.

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## Risk Management

### Climate Change Scenarios and Our Insurance Operations

#### I. Identifying and Assessing Climate Risks

AIA's risk governance framework is built on the 'Three Lines of Defence' model which clearly defines roles and responsibilities for the management of risk between Executive Management in the First Line, Risk and Compliance in the Second Line and Internal Audit in the Third Line. The Group and business unit risk teams place reliance on, and work closely with, their respective first line partners in ensuring ESG-related risks are anticipated and managed, regardless of the ownership over any specific ESG issue.

ESG-related risks, whether they manifest themselves as physical, transition or liability risks, and whether they take place in the short-, medium- or long-term, are subject to the risk management process embedded within the RMF.

Our insurance operations are potentially impacted by acute physical and certain liability risks in the near-term, and chronic physical, transition and also liability risks in the long-term.

The following table provides an overview of how climate change risks typically impact life and health insurers.

#### Typical climate-related risks for life and health insurers:

Climate-related risks		Common Manifestations of Risk	Primary Exposure to Insurers
<b>Physical</b>	Acute	<ul style="list-style-type: none"> <li>Increased severity of extreme weather events such as cyclones and floods</li> </ul>	Operational Risk
	Chronic	<ul style="list-style-type: none"> <li>Changes in precipitation patterns and extreme variability in weather patterns</li> <li>Rising mean temperatures</li> <li>Rising sea levels</li> </ul>	Insurance Risk
<b>Transition</b>	Policy and legal	<ul style="list-style-type: none"> <li>Increased carbon pricing</li> <li>Enhanced emissions reporting obligations</li> </ul>	Investment Risk Structural Risk Business Risk Operational Risk
	Market and Technology	<ul style="list-style-type: none"> <li>Substitution of existing products and services with lower emissions options</li> <li>Unsuccessful investment in new technologies</li> <li>Costs of transition to lower emissions technology</li> <li>Changing customer behaviour</li> <li>Uncertain market signals</li> </ul>	Operational Risk
	Reputation	<ul style="list-style-type: none"> <li>Shifts in consumer preferences</li> <li>Stigmatisation of industry sector</li> <li>Increased stakeholders concern or negative stakeholder feedback</li> </ul>	Operational Risk
<b>Liability</b>	Litigation	<ul style="list-style-type: none"> <li>Exposure to litigation</li> </ul>	Operational Risk
	Regulatory enforcement	<ul style="list-style-type: none"> <li>Mandatory regulation of existing products and services</li> <li>Mandatory disclosure of climate-related information</li> </ul>	Operational Risk



The Group's ESG function discusses climate change impacts with a number of stakeholders across the Group. These discussions regularly take into account relevant research to inform our understanding and improve decision-making, such as the one funded by the UK Medical Research Council in 2017 which outlined potential impacts to morbidity from climate-related temperature increases using scenario analysis. AIA continues to consider such research and looks forward to developing capabilities to conduct meaningful scenario analysis.

To benefit from ongoing knowledge sharing and capacity building, AIA regularly participates in industry discussions on environmental topics and is a member of many leading climate associations like the Hong Kong Green Finance Association. We actively contribute to consultations on climate and other environmental issues with our regulators and industry peers.

## II. Climate Impacts and Strategies Within Our Investment Portfolio

Increasing transitional and physical risks could affect companies in our investment portfolio, with research indicating far-reaching impacts from scenarios that range from 1.5°C to 2°C increases in temperatures. As discussed in the Sustainable Investment section of this Report, we mandate consideration of climate change, in addition to other ESG factors, within our investment process.

AIA continues to engage with businesses on raising awareness of these risks, encouraging them to address them transparently, thereby supporting the transition to a low carbon economy. We also

monitor investment opportunities across our markets in the transition to a climate resilient future, supporting our communities in achieving their environmental targets and objectives.



### Enhancement of Climate Assessments

AIA has designed a proprietary ESG Rating Scorecard, taking into consideration the methodologies from leading international ESG ratings agencies and external investment managers.

This ESG Rating Scorecard represents an enhancement to our assessment of ESG risks and opportunities in our investee companies by scoring them against Environmental, Social and Governance pillars.

*To learn more, please see page 55 of the Sustainable Investment chapter.*

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## Energy and Emissions

Total GHG Emissions per Scope (in tonnes of CO <sub>2</sub> e)	2021	2020	2019	2018
Scope 1	1,322	2,167	3,640	4,149
Scope 2	27,968	38,029	45,263	43,016
Scope 3	1,336	2,354	10,846	8,596
Total GHG Emissions	30,626	42,550	59,749	55,761
Total GHG Emissions Intensity per employee (Scope 1, 2 and 3)	1.3	1.8	2.6	2.7

In 2021, the Group produced 30,626 tonnes of CO<sub>2</sub>e, or 1.3 tonnes per employee. The decrease in our overall footprint this year was due to a significant reduction in business travel and the continuation of remote work measures put in place across our Group in response to Covid-19.

Total energy consumption across the Group was 53,378,456 kWh, amounting to 2,226 kWh per employee.

As stated on page 19, AIA has committed to achieving net-zero GHG emissions by 2050. We will continue to monitor and manage our GHG emissions as employees across our business units resume business travel

and return to our office spaces. AIA will also continue to monitor our environmental footprint, and implement energy efficiency measures, where applicable, throughout our business.

The largest contributor to our operational footprint is the electricity we use in our buildings, which contributes 27,966 tonnes out of our total Scope 2 emissions of 27,968 tonnes.

Other sources of emissions include those from our rented and owned corporate vehicle fleet, and business travel.

*Please also refer to the Sustainable Investment section of this Report for further detail on how AIA carbon footprints its investment portfolio.*

## Assured Data

Select emissions and energy data from our Group Office, AIA Singapore, Hong Kong, Thailand, Mainland China, Malaysia, Indonesia, the Philippines, and New Zealand presented in this Report were assured by an external auditor. Please refer to the Assurance Statement on page 114 of this Report for a further breakdown of our operations from buildings in scope of this data assurance exercise.

Total assured greenhouse gas emissions (Scope 1, 2, and 3) from these markets amounted to 18,859 tonnes of CO<sub>2</sub>e or 62 per cent of our total emission footprint.

Total assured energy use from these markets amounted to 36,850,981 kWh.

## Data Calculation Methodologies

AIA calculates emissions according to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government. We identify emission factors on electricity consumption for each operating region via the sustainability reports of utility companies, or the Greenhouse Gas Protocol database and the List of Emission Factors published by the Institute for Global Environmental Strategies.

AIA relies on third-party data where this is available, with business travel emissions data for Group Office and AIA Hong Kong provided directly by our travel agent. At our other markets where this data is not available, we refer to the Carbon Neutral Calculator for Short – Medium haul flights by the United Kingdom's Department for Environment, Food, and Rural Affairs (DEFRA) emission factors.

We calculate emissions from any private air travel according to the recommended practice of the International Air Transport Association (IATA). AIA also refers to the Fifth Assessment Report from the International Panel on Climate Change, in reference to any Global Warming Potential (GWP) factors used.



# 114 INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT



## TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

We have undertaken a limited assurance engagement in respect of the selected sustainability information of AIA Group Limited (the "Company") 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 2021 to 31 December 2021 ("ESG Report 2021").

### Identified Sustainability Information

The Identified Sustainability Information for the twelve-month period from 1 January 2021 to 31 December 2021 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 the consumption of diesel, petrol, Towngas, natural gas, liquified petroleum gas and jet fuel.

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

Note 3: Emissions produced indirectly from commercial business travel by airplane, except from AIA China, AIA New Zealand, AIA Philippines and AIA Indonesia.

Selective quantitative data was provided for nine 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 2021 to 31 December 2021, namely:

- the Company's Group Office operations in Hong Kong conducted from its premises located at AIA Central (1 Connaught Road Central, Central), Hopewell Centre (183 Queen's Road East, Wan Chai) and 625 King's Road, North Point;
- the operations of AIA Hong Kong conducted from its premises located at AIA Hong Kong Tower (734 King's Road, Quarry Bay) and Kerry Building (683 King's 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), Telepark (5 Tampines Central 6) and 1 Finlayson Green;
- 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);
- the operations of AIA Thailand conducted from its premises at AIA Thailand Tower 1&2 (181 Thanon Surawong Road, Bangkok);
- the operations of AIA New Zealand conducted from its premises at AIA House (74 Taharoto Road, Smales Farm, Auckland), AIA Thrive (57 Market Road, Remuera, Auckland) and AIA Christchurch (126 Oxford Terrace, Christchurch);

- the operations of AIA Philippines conducted from its premises at Philam Life Head Office (16<sup>th</sup> -18<sup>th</sup> Floor Six/NEO Building, 5<sup>th</sup> Avenue corner 26<sup>th</sup> Street, Bonifacio Global City, Taguig City 1634), Philam Life Center Cebu (L1/L2, B16 Cardinal Rosales/Samar Loop/Masbate Rd., Cebu City, Cebu) and Philam Life Alabang (Acacia Ave. & Industry St., Madrigal Business Park, Alabang, Muntinlupa City); and
- the operations of AIA Indonesia conducted from its premises at Jakarta Head Office (Jl. Jend. Sudirman Kav.48A, Jakarta Selatan), Surabaya AIA Centre (Pakuwon Tower lantai 25, Jl. Embong Malang Surabaya), and Tangerang Branch Office (Karawaci Office Park Blok G 30-32, Lippo Karawaci, Tangerang).

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 2021 to 31 December 2021 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 2021 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 2021 under the section "About this Report".

## INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

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### The Company's Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information

based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

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

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

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

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to

check that data had been appropriately recorded, calculated and reported; and

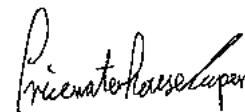
- considered the disclosure and presentation of the Identified Sustainability Information.

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 2021 to 31 December 2021 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong  
10 March 2022

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.

# 116 REGULATORY AND MANDATORY DISCLOSURES

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

This Report complies with the comply or explain requirements of the Hong Kong Stock Exchange ESG Guide, and 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. Additional data and information is highlighted in the Content Index and commentary table beginning on page 126. This includes any changes to methodology or KPIs not discussed in the main body of the Report.

This Report also serves as our 2021 communication regarding the progress of our implementation of the UN Global Compact (UNGC) Ten Principles, which have been outlined below.

GRI Standard Disclosure Including UNGC	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference, Page and additional information
GRI 102-1	–	Name of organisation	About AIA Group
GRI 102-2	–	Activities, brands, products, and services	About AIA Group
GRI 102-3	–	Location of headquarters	About AIA Group
GRI 102-4	–	Location of operations	About AIA Group
GRI 102-5	–	Nature of ownership and legal form	About AIA Group
GRI 102-6	–	Markets served	About AIA Group
GRI 102-7	–	Scale of the organisation	Our Approach – Who We Are, People and Culture – Our Workforce at a Glance <i>Please also refer to the Group's Annual Results for the year ended 31 December 2021 for details on net sales and total capitalisation.</i>
GRI 102-8	KPI B1.1 Disclosure 102-8	Information on employees and other workers	People and Culture – Our Workforce at a Glance GRI & HKSE Commentary Table
GRI 102-9	GD B5 KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4 Disclosure 102-9	Supply chain description	Effective Governance – Responsible Business Practices Sustainable Operations – Encouraging Good ESG Practice
GRI 102-10	–	Significant changes to the organisation and its supply chain	Our Approach There have been no significant changes to the organisation and its supply chain.

## REGULATORY AND MANDATORY DISCLOSURES

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GRI Standard Disclosure Including UNGC	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference, Page and additional information
GRI 102-11	–	Report how the Precautionary Principle is applied	Effective Governance – Effective Risk Management and Responsible Business Practices
GRI 102-12	–	External Initiatives	People and Culture – Support Development and Career Progression Effective Governance – Promoting ESG Best Practice, ESG Rating and Index Inclusions
GRI 102-13	–	Membership of associations	Memberships in Effective Governance – Promoting ESG Best Practice
GRI 102-14	Governance Structure 13 Disclosure 102-14	Statement from senior decision maker	Statement from Group Chief Executive and President
GRI 102-16	–	Values, principles, standards and norms of behaviour	Our Approach Effective Governance – Effective Risk Management and Responsible Business Practices <i>Please also refer to AIA's Code of Conduct</i>
GRI 102-18	–	Governance structure of the organisation	Our Approach To ESG Governance Effective Governance – Board Governance, ESG Committee <i>Please also refer to information on our leadership team.</i>
GRI 102-40	Overall Approach Reporting Principles 14 Disclosure 102-40	List of stakeholders engaged by the organisation	Our Approach – Stakeholder Engagement
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	Overall Approach Reporting Principles 14 Disclosure 102-42	Identifying and selecting stakeholders	Our Approach – Stakeholder Engagement
GRI 102-43	Overall Approach Reporting Principles 14 KPI B6.2 Disclosure 102-43	Approach to stakeholder engagement	Our Approach – Stakeholder Engagement Effective Governance – Ensuring Effective Risk Management And Responsible Business Practices 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.

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GRI Standard Disclosure Including UNGC	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference, Page and additional information
GRI 102-44	Overall Approach Reporting Principles 14 KPI B6.2 Disclosure 102-44	Report any key topics and concerns raised by stakeholders	Our Approach – Materiality
GRI 102-45	Reporting Boundary 15 Disclosure 102-45	Entities included in the consolidated financial statements	Our Approach – Who We Are About this Report
GRI 102-46	–	Defining report content and topic boundaries	Our Approach – Materiality, About This Report
GRI 102-47	Reporting Principles 14 Disclosure 102-47	List of material topics	Our Approach – Materiality
GRI 102-48	–	Restatements of information	
GRI 102-49	Reporting Boundary 15 Disclosure 102-49	Changes in reporting	Regarding contributions, we have altered the definition to “charitable donations”. This was done to align with our financial reporting.  Regarding the assured GHG emission data scope, we have increased it to include three other markets: New Zealand (excluding its rented vehicles), Indonesia, and the Philippines. This is in response to the maturity of ESG regulation in those regions.
GRI 102-50	–	Reporting period	Our Approach
GRI 102-51	–	Date of most recent Report	AIA's ESG Report 2021 was published on 12 <sup>th</sup> March 2021.
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 and Feedback
GRI 102-55	–	GRI Content Index	GRI and HKSE Content Index
GRI 102-56	Overall Approach Disclosure 102-56	External Assurance	Independent Practitioner's Limited Assurance Report



## REGULATORY AND MANDATORY DISCLOSURES

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Management Approach</b>			
GRI 103-1	Governance Structure 13 Disclosure 103-1	Explanation of why topics are material and its boundary.	Our Approach
GRI 103-2	Governance Structure 13 Disclosure 103-2	The management approach and its components for material topics.	Our Approach
GRI 103-3	Governance Structure 13 Disclosure 103-3	Evaluation of the management approach for material topics.	Our Approach
<b>Economic Performance</b>			
GRI 103-1, 103-2, 103-3	KPI B8.2 Governance Structure 13	Discussion of management approach and related policies	Effective Governance Please also refer to the further detail on our Leadership Team.
GRI 201-1	KPI B8.2 Disclosure 201-1 (a-ii)	Direct Economic Value generated and distributed	Health and Wellness – Engaging Communities Across Asia, Improving Access to Quality Healthcare, Building Better Integrated Health and Wellness Outcomes Sustainable Investment – Deepening ESG Engagement <i>Please also refer to the Group's Annual Results for the year ended 31 December 2021.</i>
GRI 201-2	KPI A4.1 Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Our TCFD Report – Strategy, Risk Management Sustainable Operations – Ensuring Greener Buildings Sustainable Investment – Deepening ESG Engagement, Enhancing Portfolio Exclusions Please also refer to AIA's Climate Change Statement.
<b>Indirect economic impacts</b>			
GRI 103-1, 103-2, 103-3 GRI 203 UNGC 7 UNGC 8 UNGC 9	Governance Structure 13	Discussion of management approach and related policies	Our TCFD Report – Governance of Climate Change Risks and Impacts Sustainable Investment – Deepening ESG Engagement
GRI 203-1	KPI B8.1 Disclosures 203-1 (a)	Infrastructure investments and services supported	Sustainable Operations – Ensuring Greener Buildings Sustainable Investment – Broadening Portfolio Inclusions
GRI 203-2	KPI B8.2 Disclosure 201-1 (a-ii) Disclosures 203-1 (a)	Resources contributed (e.g. money or time) to the focus area. Significant indirect economic impacts	GRI & HKSE Commentary Table Health and Wellness – Engaging Communities Across Asia, Improving Access to Quality Healthcare Sustainable Investment – Carbon Footprinting Our Portfolio

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Anti-corruption</b>			
GRI 103-1, 103-2, 103-3	GD B7 Disclosure 103-2 (c-i)	Discussion of management approach and related policies	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices
GRI 205-2	GD B7 KPI B7.3 Disclosure 205-2	Communication and training about anti-corruption policies	Effective Governance – Effective Risk Management and Responsible Business Practices Effective Governance – Board Governance AIA Code of Conduct. Anti-corruption training as part of the onboarding process is provided to new joiners of the Company. The policy relating to anti-corruption is provided to the directors. Please also refer to AIA's Code of Conduct
	KPI B7.2 Disclosure 102-17 Disclosure 103-2 Disclosure 103-3 (a-i)	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Ensuring Effective Risk Management and Responsible Business Practices
	GD B7 Disclosure 419-1	Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI & HKSE Commentary Table
<b>Energy</b>			
GRI 103-1, 103-2, 103-3 UNGC 7 UNGC 8 UNGC 9	GD A2 GD A3 Disclosure 103-2 (c-i)	Discussion of management approach and related policies (environmental policies)  Policies on minimising the issuer's significant impact on the environment and natural resources	Sustainable Operations – Improving Our Environmental Performance Our TCFD Report
GRI 302-1	KPI A2.1 KPI A2.3 Disclosure 302-1 Disclosure 302-3 Disclosure 302-4	Energy consumption within the organisation Energy intensity per full-time employee Reduction of energy consumption	Sustainable Operations – Improving Our Environmental Performance Our TCFD Report – Metrics and Targets GRI and HKSE Commentary Table
GRI 302-3	KPI A2.1 Disclosure 302-3	Energy intensity	Our TCFD Report – Metrics and Targets GRI and HKSE Commentary Table Sustainable Operations – Improving Our Environmental Performance
GRI 302-4	KPI A2.3 Disclosure 302-4	Reduction of energy consumption	Our TCFD Report – Metrics and Targets Sustainable Operations – Green Buildings

## REGULATORY AND MANDATORY DISCLOSURES

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Material Topic Disclosure Including UNGC Principles	HKSE 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 A2 GD A3 GD A4 Disclosure 103-2 (c-i)	Discussion of management approach and related policies (Environmental policies)	Our TCFD Report – Metrics and Targets GRI and HKSE Commentary Table Sustainable Operations – Approach In Action
GRI 305-1, 305-2, 305-3, 305-4, 305-5	GD A1 KPI A1.1 KPI A1.2 KPI A1.5 Disclosure 305-1 Disclosure 305-2 Disclosure 305-3 Disclosure 305-4 Disclosure 305-5	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	Our TCFD Report – Metrics and Targets GRI and HKSE Commentary Table Sustainable Operations – Improving Our Environmental Performance
<b>Environmental Management Initiatives</b>			
GRI 306-3 (a)	KPI A1.3 Disclosure 306-3 (a)	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI and HKSE Commentary Table
GRI 306-3 (a)	KPI A1.4 Disclosure 306-3 (a)	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI and HKSE Commentary Table
GRI 103-1, 103-2, 103-3 GRI 306-4 GRI 306-5	KPI A1.6 Disclosure 103-2 Disclosure 306-4 Disclosure 306-5	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	GRI and HKSE Commentary Table
GRI 301-1	KPI A2.5 Disclosure 301-1	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	GRI and HKSE Commentary Table

# 122 REGULATORY AND MANDATORY DISCLOSURES

Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Environmental Compliance</b>			
GRI 103-1, 103-2, 103-3 UNGC 7 UNGC 8	GD A1 Disclosure 103-2 (c-i)	Discussion of management approach and related policies (Environmental policies)	Sustainable Operations – Improving Our Environmental Performance Our TCFD Report – Metrics and Targets
307-1 UNGC 7	GD A1 Disclosure 307-1	Non-compliance with environmental laws and regulations	GRI & HKSE Commentary Table
<b>Water Consumption</b>			
GRI 303-5	KPI A2.2 Disclosure 303-5	Water consumption in total and intensity	GRI & HKSE Commentary Table
GRI 103-1, 103-2, 103-3 GRI 303-1	KPI A2.4 Disclosure 103-2 Disclosure 303-1	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	GRI & HKSE Commentary Table
<b>Employment</b>			
GRI 103-1, 103-2, 103-3	GD B1 Disclosure 103-2 (c-i)	Employment related policies and approaches  Compliance with relevant human resources related laws and regulations that have a significant impact on the issuer	People and Culture – Supporting Development and Career Progression, Accelerating Progress in Diversity and Inclusion, Enriching and Rewarding Opportunities for All  GRI & HKSE Commentary Table
UNGC 6 GRI 401-1	GD B1 KPI B1.2 Disclosure 401-1(b)	New employee hires and employee turnover	People and Culture – Strengthening Risk Awareness People and Culture
<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	People and Culture – Enriching and Rewarding Opportunities for All GRI & HKSE Commentary Table
GRI 401-9 GRI 401-10	KPI B2.1 Disclosure 403-9 Disclosure 403-10	Number and rate of work-related fatalities	GRI & HKSE Commentary Table
–	KPI B2.2	Lost days due to work injury	GRI & HKSE Commentary Table
GRI 103-2, 103-3 (a-i)	KPI B2.3 Disclosure 103-3 (a-i)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People and Culture – Enriching and Rewarding Opportunities for All

## REGULATORY AND MANDATORY DISCLOSURES

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Training and Education</b>			
GRI 103-1, 103-2, 103-3	GD B3 Disclosure 103-2 (c-i)	Employment related policies and approaches on training and development.	People and Culture – Supporting Development and Career Progression
UNGC 6 GRI 404-1	KPI B3.2 Disclosure 404-1	The average training hours completed per employee by gender and employee category.	GRI & HKSE Commentary Table
GRI 404-3	–	Percentage of employees receiving regular performance and career development reviews.	People and Culture – Enriching and Rewarding Opportunities for All
<b>Diversity and Equal Opportunity</b>			
GRI 103-1, 103-2, 103-3	GD B1 Disclosure 103-2 (c-i)	Employment related policies and approaches related to inclusion and anti-discrimination.	People and Culture – Accelerating Progress in Diversity and Inclusion
UNGC 6 GRI 102-8	KPI B1.1 Disclosure 102-8 (a, b and c)	Total workforce by gender, employment type, age group and geographical region.	People and Culture – Our Workforce at a Glance GRI & HKSE Commentary Table
–	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People and Culture – Accelerating Progress in Diversity and Inclusion
<b>Human Rights</b>			
GRI 103-2 (c-i) GRI 408-1 (c) UNGC 5	GD B4.1 KPI B4.1 Disclosure 408-1(c)	Businesses should uphold the effective abolition of child labour. Description of measures to review employment practices to avoid child and forced labour.	GRI & HKSE Commentary Table <i>Please refer to our Supplier Code of Conduct</i>
GRI 103-2 (c-i) GRI 409-1 (c) UNGC 4	GD B44.1 KPI B4.1 Disclosure 409-1(c)	Businesses should uphold the elimination of all forms of forced and compulsory labour. Description of measures to review employment practices to avoid child and forced labour.	<i>Please refer to our Supplier Code of Conduct where such issues may be material.</i>

# 124 REGULATORY AND MANDATORY DISCLOSURES

Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Local Communities</b>			
GRI 103-2 (c-i) GRI	GD B8 Disclosure 103-2 (c-i)	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Our Approach – Addressing Our Material Topics with Our ESG Strategy Health and Wellness – Engaging Communities Across Asia
GRI 203-1(a) UNGC 1	GD B8 KPI B8.1 Disclosures 203-1 (a)	Focus areas of community contribution	Our Approach – Addressing Our Material Topics with Our ESG Strategy, Materiality Health and Wellness – Engaging Communities Across Asia
GRI 201-1(a-ii)	KPI B8.2 Disclosure 201-1 (a-ii)	Resources contributed to the focus area	Our Approach GRI & HKSE Commentary Table
GRI FS14	–	Initiatives to improve access to financial services for disadvantaged people	Our Approach Health and Wellness – Engaging Communities Across Asia
<b>Socioeconomic Compliance</b>			
GRI 103-1, 103-2, 103-3	GD A1, A2, A3 GD B14, B2, B41 GD A1, A2, A3 Disclosure 419-1	Policies related to compliance within all social and environmental areas, including human resources.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices People and Culture – Strengthening Risk Awareness
GRI 419-1	GD B4, B2, B1 GD A1, A2, A3 Disclosure 419-1	Significant fines and non-monetary sanctions for non-compliance with laws and regulations in relation to social and economic areas	GRI & HKSE Commentary Table
–	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI & HKSE Commentary Table

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Section Cross Reference
<b>Product Responsibility</b>			
GRI 103-1, 103-2, 103-3	–	Initiatives to enhance financial literacy by type of beneficiary	Health and Wellness – Engaging Communities Across Asia
GRI 103-1, 103-2, 103-3 GRI 103-2 (c-i) GRI 416-2 GRI 417-2 GRI 416-3 GRI 418-1 GRI 419-1	GD B6 Disclosure 103-2 (c-i)	Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices  People and Culture – Strengthening Risk Awareness <i>Please also refer to AIA's Code of Conduct</i> GRI & HKSE Commentary Table
	KPI B6.2 Disclosure 102-43 Disclosure 102-44	Number of products and service related complaints received and how they are dealt with.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices
GRI FS10, FS11		Percentage and number of companies held in AIA's portfolio with which AIA has interacted on environmental or social issues.  Percentage of assets subject to positive and negative environmental or social screening	Sustainable Investment – Deepening ESG Engagement <i>Please also refer to AIA's Approach to Sustainable Investment</i>
GRI CRE 8		Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, and redevelopment.	Sustainable Operations – Ensuring Greener Buildings
<b>Data Protection and Privacy</b>			
GRI 103-2 GRI 103-3 (a-i)	KPI B6.5 Disclosure 103-2 Disclosure 103-3 (a-i)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices
GRI 418-1	KPI B6.5 Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Effective Governance – Ensuring Effective Risk Management and Responsible Business Practices

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## 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 12-month period ended 31 December 2021.

Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>GENERAL DISCLOSURES</b>			
<b>Energy</b>			
GRI 302-1 302-3 302-4	KPI A2.1 KPI A3.1	Energy consumption within the organisation  Energy intensity per full-time employees	<ul style="list-style-type: none"> <li>• Direct energy consumption at AIA: 5,467,590 kWh</li> <li>• Indirect energy consumption at AIA: 47,910,866 kWh</li> <li>• Total energy use at AIA: 53,378,456 kWh</li> <li>• Energy intensity per employee: 2,226 kWh</li> <li>• Direct energy consumption at Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 4,570,574 kWh ✓</li> <li>• Indirect energy consumption at Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 32,280,407 kWh ✓</li> <li>• Total energy use at Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 36,850,981 kWh ✓</li> </ul>



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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Emissions</b>			
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	<ul style="list-style-type: none"> <li>Air emissions such as NOx and SOx are immaterial/irrelevant to AIA as a financial institution.</li> <li>Total Scope 1 emissions for the Group: 1,322 tonnes of CO<sub>2</sub>e</li> <li>Total Scope 2 emissions for the Group: 27,968 tonnes of CO<sub>2</sub>e</li> <li>Total Scope 3 emissions for the Group's business units: 1,336 tonnes of CO<sub>2</sub>e</li> </ul> <p>AIA will gradually expand the scope of the data.</p> <ul style="list-style-type: none"> <li>Total emissions for the Group: 30,626 tonnes of CO<sub>2</sub>e</li> <li>Total emissions per employee: 1.3 tonnes of CO<sub>2</sub>e</li> <li>Total Scope 1 emissions for Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 1,088 tonnes of CO<sub>2</sub>e ✓</li> <li>Total Scope 2 emissions for Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 17,556 tonnes of CO<sub>2</sub>e ✓</li> <li>Total Scope 3 emissions for Group Office, Hong Kong, Singapore, Thailand, and Malaysia: 215 tonnes of CO<sub>2</sub>e ✓</li> <li>Total assured emissions for Group Office, Hong Kong, Singapore, Mainland China, Thailand, Malaysia, New Zealand, Indonesia, and the Philippines: 18,859 tonnes of CO<sub>2</sub>e ✓</li> </ul>

# 128 REGULATORY AND MANDATORY DISCLOSURES

Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Environmental Management Initiatives</b>			
GRI 306-3 (a)	KPI A1.3	Total 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.
GRI 306-3 (a)	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	AIA's waste consists of food and office products such as paper, which does not have a material impact at this time. Going forward, AIA will consider the need to measure our waste footprint aims to measure our waste footprint.
GRI 103-1, 103-2, 103-3 GRI 306-4 GRI 306-5	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. See A1.3 and A1.4 as to why AIA does not measure hazardous and non-hazardous waste respectively at this time.
GRI 303-5	KPI A2.2	Water consumption in total and intensity	In 2021, AIA consumed 180,312 tonnes of water, amounting to 11.5 tonnes of water per employee, reported by 12 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.
GRI 302-1	KPI A2.3	Reduction of energy consumption	No specific targets were set for energy efficiency, as AIA's greenhouse gas emissions reduction targets inherently reflect an improvement in energy efficiency.
GRI 103-1, 103-2, 103-3 GRI 303-1	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Water consumption and efficiency are not material issues to AIA as a life insurer.
GRI 301-1	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.

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Compliance with ESG Regulation</b>			
GRI 307-1 UNGC 2 UNGC 7	GD A1 GD B1 GD B2 GD B4 GD B6 GD B7 KPI B7.1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to the HKSE ESG Subject Areas of Emissions, Employment, Health and Safety, Labour Standards, Product Responsibility and Anti-Corruption. Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	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. There are no concluded legal cases during the reporting period.
<b>Employment</b>			
GRI 103-1, 103-2, 103-3	GD B1	Employment related policies and approaches toward working hours and rest periods.	Working hours are determined by AIA's business units, taking into account any local legislation governing working hours and rest periods in the jurisdictions where we operate. As discussed in People and Culture section of the report, AIA also offers flexible working options at select business units.
<b>Human Rights</b>			
GRI 408 GRI 409 UNGC 5	B4 B4.1 B4.2	Policies in place to prevent child and forced labour. Description of steps taken to eliminate such practices when discovered.	Child and forced labour are not ESG issues that are material to day to day operations in the financial services industry, which typically require highly skilled and technical services. Within our investment portfolio, ESG considerations, including Human Rights, are embedded within our investment process via the IGF. AIA prohibits the use of child labour within our supply chain, as outlined by our Supplier Code of Conduct. <i>For further details please refer to our Supplier Code of Conduct.</i>

# 130 REGULATORY AND MANDATORY DISCLOSURES

Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>Occupational Health and Safety</b>			
GRI 403-9 GRI 403-10	KPI B2.1	Number and rate of work-related fatalities	This disclosure is immaterial to the nature of operations for life and health insurers. Our employees are not typically exposed to high risk activities that may cause any physical harm on a day to day basis. <i>Please refer to People and Culture section of this Report for details of our initiatives to foster a healthy and safe workplace.</i>
	KPI B2.2	Lost days due to work injury	Our employees are not typically exposed to high risk activities that may cause any physical harm and lost workdays. This is immaterial to the nature of operations at life and health insurers. <i>Please refer to People and Culture section of this Report for details of our initiatives to foster a healthy and safe workplace.</i>
<b>SUPPLY CHAIN MANAGEMENT</b>			
GRI 102-9	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	AIA monitors and engages with suppliers, conducting risk assessments, where applicable, such as on information security risk.
GRI 102-9	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	The supply chain management and monitoring system, and the Supplier Code of Conduct, which contains an overview of the monitoring and review process to identify environmental and social risks are described under Effective Governance – Responsible Business Practices.
GRI 103-2	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	The Group's internal Environmental Procedures provide guidance on sustainable sourcing.  Under the Supplier Code of Conduct, AIA may choose to enquire about any ESG related practices or policies during the supplier registration process, and or embed specific ESG related provisions within contract terms and conditions.  To monitor suppliers' performance, AIA may also conduct its own due diligence, including audits or investigations in relation to possible breaches of law, regulation or company policy as it deems appropriate.

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Material Topic Disclosure Including UNGC Principles	HKSE ESG Reporting Guide Reference	Disclosure	Supplementary Information
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
GRI 102 GRI 405	KPI B1.1	Total workforce employment type.	<i>Please see the breakdown by employee type below:</i> Full time: 98.9%; Part time: 1.1%
GRI 401	KPI B1.2	Employee turnover by geographical region	The employee turnover by local markets is not disclosed due to sensitivity.
UNGC 6 GRI 404-1	KPI B3.2	The average training hours completed per employee by gender and employee category.	Average Training Hours: 17.1 hrs <b>By Gender</b> Female: 16.8 hrs Male: 17.4 hrs <b>By Employee Level</b> Staff: 15.1 hrs Middle management: 20.1 hrs Senior leader: 33.5 hrs
<b>PRODUCT RESPONSIBILITY</b>			
–	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This is not applicable as our products are intangible and not subject to any recall procedures.
–	KPI B6.4	Description of quality assurance process and recall procedures.	Recall procedures and quality assurance are not applicable to the nature of our operations.
<b>LOCAL COMMUNITIES</b>			
GRI 201-1 (a-ii)	KPI B8.2 Disclosure 201-1 (a-ii)	Resources contributed to the focus area	In 2021, our charitable donations amounted to over US\$9 million. In addition, our employees volunteered more than 6,500 hours.

# 132 ABOUT THIS REPORT

This Report provides a summary of the Group's ESG performance and key sustainability milestones in 2021. In addition, we also share details on our Purpose-driven five pillar ESG Strategy, which outlines our approach to material ESG issues and performance improvement across our operations.

We are committed to maintaining transparent disclosure of our ESG progress and performance, as well as keeping open dialogue with all our key stakeholders.

## Our Approach to ESG Reporting

AIA has a responsibility to be transparent and accountable to all our stakeholders, which includes reporting on how we make a difference in our communities, address sustainability challenges and make a lasting and meaningful impact within our markets. As noted previously on page 12, our key stakeholders include our customers, employees and agents, governments and regulators, investors and communities.

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 (ESG Guide) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKSE). The contents of this report meet the ESG 'comply or explain' requirements under the Rules Governing Listing of Securities on HKSE.

As a signatory to the United Nations Global Compact (the UN Global Compact), AIA also reports on our progress toward the UN Global Compact Ten Principles. We also include our Report against the Task Force

on Climate Related Financial Disclosures (TCFD). In addition, this Report addresses stakeholder feedback, including the disclosure requirements of key ESG rating agencies and indices.

Moreover, our ESG Strategy also supports a number of the United Nations Sustainable Development Goals (UN SDGs) established in 2015 as a "blueprint for peace and prosperity for people and the planet."<sup>1</sup> This alignment has been summarised in the table on pages 16 and 17. AIA has a vested interest in achieving these environmental, social and governance goals, as doing so benefits our clients, employees, shareholders and the communities we serve.

## Report Content Scope

The information provided in this Report covers our activities in 2021, both at the Group level and across our diverse operations around the region. Where possible we have also included historical data to help illustrate our performance over time.

To provide a comprehensive review of our impact and performance, this Report includes data from all business units where we maintain majority operational control and excludes data from Tata AIA Life where we own a 49 per cent interest in a joint venture and our investment in China Post Life, where we own a 24.99 per cent equity stake.

For easy reference to our reporting disclosures, the GRI Index, the UN Global Compact and the HKSE ESG content index are provided at the end of this Report. 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 on 10 March 2022.

Additional information relevant to our ESG performance, including financial data and corporate governance matters, can be found in our Annual Report 2021.

## Measuring Our Progress

We have set goals in the key areas under our five pillar ESG Strategy in 2021 to help guide our actions and measure progress going forward. We have undertaken extensive trend and peer benchmarking to identify remaining gaps and to inform decisions related to where to scale up action and focus. This has helped us identify the pillars and E, S and G areas where we can do more.

If we make progress in these areas, we will reinforce our efforts to maintain high scores on ESG ratings and indices and improve disclosure and performance. On pages 16 and 17 we have summarised relevant targets and progress made in 2021. In addition to this, we have also expanded on this aspect in depth within each of the strategic pillar chapters throughout this Report to give a holistic view of our progress in 2021.

Reporting in this way enables us to keep in step with regulatory developments, ensuring compliance in line with our robust effective governance framework. Taking a proactive approach to reporting also provides opportunities to play a role in informing and shaping standards, best practices and contributing to knowledge sharing to accelerate positive change across the industry and the communities we operate in.

<sup>1</sup> United Nations (2015)

# FEEDBACK

Thank you for your interest in our ESG Report.

Feedback from our diverse set of stakeholders is crucial for us to continue improving on our ESG performance and disclosure practices.

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

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