HEALTHIER, LONGER, BETTER LIVES

SUSTAINABLE INVESTMENT

AIA ESG REPORT 2024
SUBSECTION REPORT

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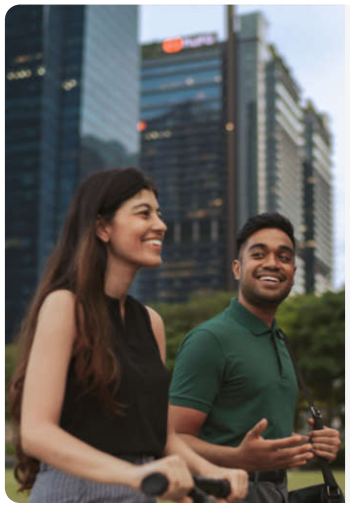
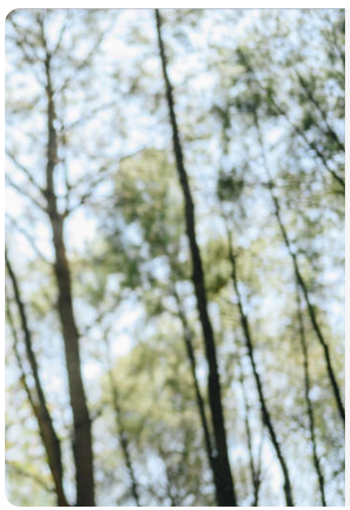




SUSTAINABLE INVESTMENT

Sustainable Investment is one of AIA's five ESG strategic pillars. This pillar delivers long-term value by seeking sustainable investment outcomes, investing for the future and engaging with our investee companies to achieve our near-term investment targets and long-term net zero commitment.

Sustainable Investment Priorities

"ESG forms an integral part of our investment processes, practices and decision making because we believe that sustainable investment is crucial for our current and future success."

DR MARK KONYN
GROUP CHIEF INVESTMENT OFFICER

In 2024, we made progress towards our validated near-term Science Based Targets initiative (SBTi) targets established in 2023. We deepened our engagement with investee companies, focusing on energy transition and power generation, to encourage decarbonization efforts aligned with our SBTi targets.

To strengthen our ESG integration, we enhanced our ESG Rating Scorecard framework to better consider climate-related risks, while maintaining 100% coverage across in-scope directly managed general account investment portfolio assets. We also implemented a new platform to improve tracking of investee engagement and alignment with our net-zero objectives and SBTi targets across in-scope asset classes. Separately, enhanced internal reporting dashboards provide management with improved oversight of ESG metrics.

We continued to mandate the CFA Institute's Certificate in ESG Investing for in-scope research analysts and portfolio managers, and fostered continuous learning and knowledge sharing on evolving ESG standards and regulatory developments. We also enhanced our collaborative engagements with and through organisations such as Climate Action 100+ (CA100+) and the Asia Investor Group on Climate Change (AIGCC).

At COP29, we signed a Statement of Intent with Blackrock, the Monetary Authority of Singapore (MAS), and other partners to explore blended finance opportunities for large-scale decarbonization projects in Asia. We are exploring approaches to transition finance to support companies in their decarbonization journeys.

Finally, we upheld our portfolio exclusions on tobacco, cluster munitions, coal mining, and coal-fired power generation. Continuing our commitment to transparency, we continue to disclose our total financed emissions and weighted average carbon intensity to track our climate impact.

DEEPENING ESG ENGAGEMENT

This priority focuses on deepening ESG engagement with investee companies.

As a notable investor in the Asia-Pacific region, AIA aims to improve awareness of ESG best practice and influence positive behaviours through active engagement with our investee companies. We believe that active engagement with investee companies is one of the most effective ways for AIA to achieve our own climate goals while also influencing ESG progress across Asia.

In 2024, we made improvements to our internal ESG scoring, under our ESG Rating Scorecard, to quantify ESG risks and opportunities for our investee companies and potential investments. We also introduced internal reporting for ESG metrics to measure and track our progress towards our climate goals.

Each year, we focus on specific themes and sectors for our investee company engagement. This allows us to assess maturity quantitatively and derive geographical and sectoral insights. Our thematic engagement activities include preparing investment materials, assessment and/or scoring methodology and briefing research analysts. In 2024, our thematic engagement focus was energy transition and power generation.

Incorporating ESG into investment decision making

Our Investment Governance Framework (IGF) governs all aspects of investment activity at AIA, establishes minimum Group-wide requirements and represents best practice. To ensure that ESG is an integral part of our investment processes and decision making, our IGF now mandates AIA's asset owner legal entities to consider either ESG factors or ESG commitments (dependent on the asset owner's materiality vis-à-vis AIA's ESG commitments) when setting their investment mandates. We have also embedded ESG commitment-linked engagement and thematic engagement into the IGF, along with the defined investment boundary in terms of AIA's asset owner and asset manager legal entities for SBTi and our near-term targets. The investment boundary is approved by the Group Investment Committee and is subject to an annual review.

In 2024, we implemented internal dashboard reporting on our ESG metrics for our investment governance structures at both the Group and local levels:

- Group Investment Committee
- AIA Business Unit Investment Committees
- AIA Asset Management Company Boards.

This reporting provides oversight of our progress towards our validated near-term targets and enables quarterly tracking so we can measure our progress and performance. We commenced reporting in Q3 2024.

In conjunction with their fundamental analysis of investee companies and potential investments, AIA's research analysts use our ESG Rating Scorecard to quantify ESG risks and opportunities. The scorecard was internally developed and has been externally validated. In 2024, AIA maintained 100% coverage of our internally developed ESG Rating Scorecard across our directly managed assets in the general account investment portfolio.

This involves our team assessing thousands of investee companies directly covered by AIA's research analysts in accordance with the ESG Rating Scorecard and assigning an ESG rating to each issuer. These ESG ratings are reviewed at least once every 12 months. The ESG Rating Scorecard was enhanced in 2024, revalidated externally and approved by the Group Chief Investment Officer.

For new discretionary mandates, as well as new investment in third-party managed funds, we conduct a Third-Party Investment Manager ESG Assessment as part of the mandatory due diligence process. This internal scoring methodology involves:

- considering the prospective manager's ESG practices
- reviewing their approach to engagement with investee companies
- understanding how they integrate ESG factors into their investment decisions.

As with our ESG Rating Scorecard, our Third-Party Investment Manager ESG Assessment has been externally validated and implemented through the IGF. After awarding a mandate, we continue to monitor the ESG practices of these external parties throughout the relationship.

Using engagement to achieve our SBTi targets

Investee engagement is our key lever to achieve two of our three validated SBTi near-term targets for investment: our Portfolio Coverage Approach (PCA) target and power generation Sectoral Decarbonization Approach (SDA) target. We aim to increase the percentage of inscope investee companies with validated SBTi targets for all sectors except power generation based on the PCA methodology, and to reduce power generation investees' emissions intensity based on SDA. This proactive engagement involves supporting and encouraging investee companies to set and validate their SBTi targets.

To track their progress, we have devised an internal categorisation scale across five categories that allows us to monitor their stage of decarbonization.

We implemented a new platform in 2024 to track progress of investee engagement and alignment with our net-zero objectives, SBTi targets and other ESG metrics across in-scope asset classes. The team track progress against near-term PCA and SDA targets.

THEMATIC ENGAGEMENT: ENERGY TRANSITION AND POWER GENERATION

Objective

In 2023, AIA committed to reducing the greenhouse gas (GHG) emissions intensity of its power generation portfolio within its in-scope general account investments to 240kgCO_2e/MWh by 2030, which represents a 49.3% reduction from its 2019 baseline of 474kgCO_2e/MWh.

To support this commitment, AIA conducted a thematic engagement in 2024 with 53 power generation (PowerGen) investee companies globally. These companies are currently held in AIA's internally and externally managed corporate bond and listed equity portfolios or have been identified as potential investment candidates by AIA's research and stewardship analysts.

This engagement aimed to enhance our understanding of PowerGen companies':

- energy transition plans and GHG emissions reduction strategies
- capital expenditures (CapEx) allocated toward decarbonization
- vulnerability to physical and transition risks and corresponding risk mitigation efforts
- green revenue streams and future energy mix projections
- ESG governance practices, including executive incentives linked to sustainability goals.

Methodology

The thematic engagement questionnaire was designed by AIA Group's Stewardship team, with inputs from the Group Investment ESG Centre of Excellence and Group Sustainability teams. The questionnaire was structured into four sections, comprising questions in relation to (i) Environmental, (ii) Social, (iii) Governance and (iv) key challenges in energy transition. Throughout this engagement exercise, AIA Group implemented a consistent, internally-designed scoring methodology mapped to grades (from A to E), which is applied to all of AIA Group's thematic engagements.

Engagement performance

Based on the survey responses, PowerGen investee companies emphasised their energy transition plans, commitment to achieving net zero, current and future energy mix, and capital expenditure strategies. Key findings include the following:

- In terms of energy mix, fossil fuel dependency is expected to decline from 47% in 2023 to 16% by 2050, while renewables' share is expected to increase from 37% to 74% in the same period.
- Among respondents to our net-zero question, 88% stated they are committed to net zero, with 73% having a clear decarbonization strategy to achieve their targets. However, only 33% of respondents are open to SBTi validation, with Asia ex-HK/China companies being the most receptive, while US companies were the least receptive.
- In relation to our Green CapEx question, 53% of respondents reported allocating >80% of their reported capital expenditure to renewables and green technologies.
- Top transition risks include regulatory and technology risks, while shifts to low emissions sources and resource efficiency improvements are seen as key opportunities.
- Drought/heavy precipitation, floods and extreme temperatures are the most cited physical risks, with regional variations.
- 63% of respondents to our climate mitigation efforts question are considered proactive by AIA, having implemented significant initiatives to mitigate climate change. Among the companies that responded to our adaptation efforts question, 55% are proactive in adapting to climate change, having implemented significant initiatives to enhance resilience. Overall, companies that are more vulnerable to physical and transition risks tend to be more proactive in climate mitigation and adaptation.
- In relation to our question on board oversight, 80% of respondents stated they have ESG-related KPIs linked to compensation.
- 74% of respondents stated they have a just transition policy. Some investee companies without a firm-wide just transition policy have incorporated just transition principles when decommissioning fossil fuel fired plants.
- Overall, our research analysts rated 38% of the companies 'B' (above expectations) while 62% were rated 'C' (in line with expectations) based on their responses.

The engagement findings indicate incremental progress in energy transition planning, but companies highlighted key challenges such as grid decarbonization limitations, high capital investment requirements for scaling low-carbon solutions, and access to innovative technologies (e.g. carbon capture, green hydrogen).

AIA remains committed to integrating climate considerations into investment decision making and fostering long-term sustainable outcomes through responsible stewardship. AIA will continue to:

1. Track PowerGen investee companies' progress on energy transition plans.
2. Engage on material ESG issues, prioritising companies with significant transition risks.
3. Advocate for enhanced climate disclosures, particularly in markets where transparency remains limited.

After engaging with investee companies' sustainability, investor relations and other relevant teams, analysts input engagement outcomes directly into the centralised platform, facilitating consolidation of data and information for quarterly consistent reporting to the Group Investment Committee, AIA Business Unit Investment Committees and AIA Asset Management Company Boards.

Responsiveness to, and information gained from, engagement may be considered by the covering research analyst in the ESG Rating Scorecard and the analyst's research report for the given issuer.

Proxy voting

Proxy voting provides us with an opportunity to deepen our engagement with investee companies, ensure our strategies are aligned and influence sustainable outcomes. We are guided by our Proxy Voting Standard under the IGF, which sets out our approach to analysing voting decisions and includes mandatory issues we must consider based on principles of good corporate governance, which serve to protect the long-term interests of shareholders. In the review of proxy voting events, portfolio managers must also consider the relevant issuer's responsiveness to ESG commitment-linked engagement.

Collaborative engagement initiatives

In 2024, we sought opportunities to further collaborate with other organisations and increase our ESG influence within the industry. Two notable examples were Climate Action 100+ (CA100+) and the Asia Investor Group on Climate Change (AIGCC).

CA100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change to mitigate financial risk and maximise the long-term value of assets. After joining CA100+ in 2019, we enhanced our commitment in 2024 to take a more active role in collaborative investment engagements coordinated under CA100+. As at 31 December 2024, AIA is a member of eight company engagement groups, providing another mechanism to pursue our ESG commitment-linked engagement objectives.

AIGCC is Asia's leading network for institutional investors' response to climate risk. In 2024, AIA increased our representation in several AIGCC working groups, where members collaborate and share learnings on a specific theme. This includes:

- Paris Aligned Investment
- Engagement and Policy
- Energy Transition
- Physical Risk and Resilience
- Just Transition.

AIA is also a member of certain country-specific working groups.

AUGMENTING ESG TRAINING AND CAPACITY

This priority augments knowledge and capacity among our investment analysts through dedicated training initiatives.

We support a mix of structured and unstructured ESG learning opportunities to ensure AIA's highly skilled investment professionals are well equipped to integrate emerging guidance on climate, nature, health and social wellbeing into our investment processes.

AIA's investment analysts are provided with access to a wide range of ESG resources including webinars, industry discussion forums, external research reports, conferences and thought leadership articles. This enables them to keep abreast of sustainability developments and continue to build their capabilities.

The AIA Investment team also participate in industry events and initiatives that align with our sustainability goals, including global sustainability initiatives such as the Science Based Targets initiative (2021), the UN Principles for Responsible Investment (2019) and the Taskforce on Climate-related Financial Disclosures (2018).

Building our ESG investment capability

In 2023, AIA established a new Stewardship team headed by Corrine Png as Head of Stewardship, in addition to her role as Regional Head of Equities Research. Corrine manages a team of stewardship analysts who contribute to the development and implementation of the Group's stewardship objectives, working alongside AIA's credit and listed equities research analysts.

The Stewardship team gained momentum in 2024 by implementing an external platform to track investee engagement and alignment with our net-zero objectives, SBTi targets and other ESG metrics across asset classes, and then conducting internal training on the platform for all AIA investment professionals.

External advocacy activities

In 2024, we expanded on our external advocacy activities by collaborating, at the invitation of SBTi, with Japanese asset managers on achieving SBTi targets, conducting a roundtable for an international investment bank's corporate clients, speaking at industry events, and sharing our ESG approach with university students at:

- The University of Hong Kong
- City University of Hong Kong
- The Hong Kong University of Science and Technology
- The Chinese University of Hong Kong.

CASE STUDY

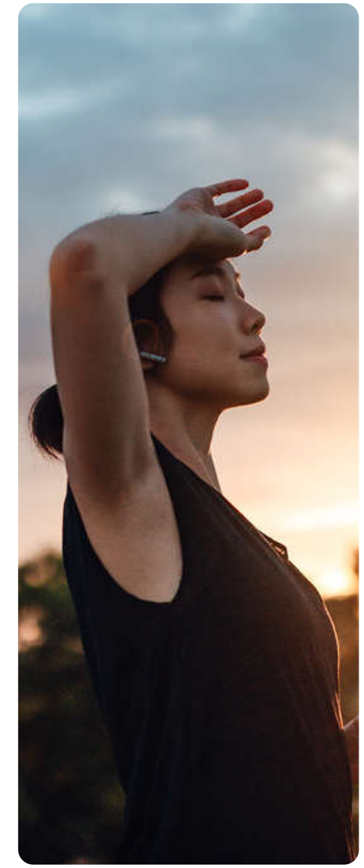
CFA CERTIFICATE IN ESG INVESTING

AIA has continued its mandate for in-scope research analysts and portfolio managers to complete the CFA Institute's Certificate in ESG Investing. This qualification was chosen because it is internationally recognised and promotes ethics, education and professional excellence. Topics include:

- ESG factors
- Engagement and stewardship
- ESG analysis valuation and integration
- ESG integrated portfolio construction and management
- investment mandates, analytics and reporting.

As well as upskilling AIA's in-scope investment professionals, the certificate provides an opportunity to share knowledge with other internal AIA students and work together to prioritise sustainability.

AIA was the first company in the world to mandate attaining the CFA Certificate in ESG Investing. We are encouraged to see increased global adoption for this certification as the industry grows a greater appreciation for the importance of ESG-specific qualifications.



BROADENING PORTFOLIO INCLUSIONS

This priority broadens portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy and infrastructure as part of the bottom-up investment process.

We embed ESG considerations into our bottom-up investment process for our general account investment portfolio so we can deliver investment outcomes that support the long-term needs of our policyholders, as well as the longevity of our business. This ambition is reflected in the ESG ratings given by our research analysts using our ESG Rating Scorecard.

Within the communities in which we operate, we support the development of regional capital markets by participating in sustainable financing. Our mobilisation, aggregation and productive deployment of long-term capital provides access to important investment to fund infrastructure and supports both economic prosperity and sustainable outcomes. Actively engaging with our investees, peers and the public sector gives us the opportunity to share our technical expertise and sustainability perspectives.

This sustainable financing support may result in the continued investment in instruments such as green bonds, sustainability bonds, renewable and alternative energy and infrastructure in AIA's investment portfolio. As at 31 December 2024, AIA general account investment portfolios held US$6.8 billion in ESG bonds (being the aggregate of green bonds, social bonds and sustainability bonds), US$5.9 billion in the healthcare sector and US$1.3 billion in renewable energy.

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

Exploring blended finance collaborative infrastructure debt investing

In November 2024 at COP29, AIA Group signed a Statement of Intent (SOI) with BlackRock, the Monetary Authority of Singapore (MAS) and other partners. The SOI signifies participants' intent to explore ways to work together on a blended finance debt initiative for global investors seeking opportunities to finance corporates' decarbonization projects at scale in Asia with a focus on Southeast Asia.

This initiative establishes a new industrial transformation infrastructure debt programme and is one of the programmes under MAS' Financing Asia's Transition Partnership (FAST-P). A blended finance initiative announced by the Singapore Government at COP28, it aims to mobilise up to US$5 billion from public, private and philanthropic partners to finance transition opportunities in Southeast Asia.

Dr Mark Konyn, Group Chief Investment Officer at AIA, said: "As a leading pan-Asian asset owner, AIA is pleased to collaborate with BlackRock, MAS and other partners on this decarbonization initiative and to explore the blended finance opportunities this collaboration is expected to create. Our commitment to decarbonization is reinforced through our near-term emissions reductions targets validated by the Science Based Targets initiative (SBTi) and this collaboration demonstrates our wider intent to fund appropriate transition opportunities in addition to achieving our SBTi targets."

SUPPORTING SUSTAINABLE INVESTMENT

Investments in Infrastructure

US $1.2 billion
in water utilities

US $2.6 billion
in road and rail infrastructure

US $5.1 billion
in transportation and telecommunications

US $1.3 billion
in renewable energy

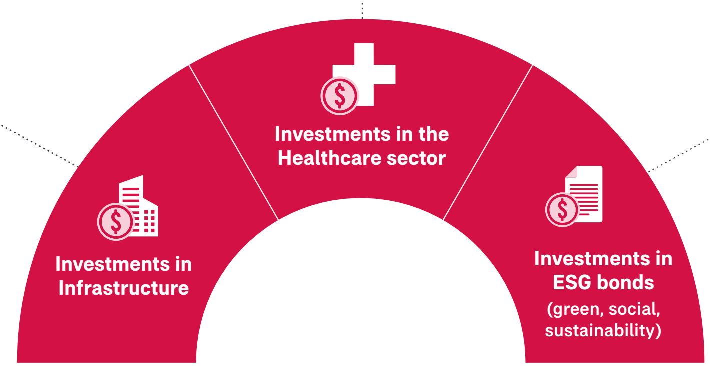
Investments in the Healthcare sector

US $5.9 billion
in the healthcare sector

Investments in ESG bonds (green, social, sustainability)

US $6.8 billion
in ESG bonds (green, social, sustainability)

US $4.7 billion
in green bonds



ENHANCING PORTFOLIO EXCLUSIONS

This priority enhances portfolio exclusions in consideration of our objective to secure long-term investment outcomes.

To further our net-zero and sustainability goals for our general account investment portfolio, we prioritise proactive investee company engagement ahead of outright exclusion or divestment. When done correctly, we believe that engagement provides investors with greater opportunities to leverage their influence to drive lasting ESG performance improvements across companies and sectors. Prioritising engagement also enables us to critically assess the transition plans and ESG ambitions of companies in harder-to-abate sectors to determine if supporting their efforts is appropriate.

If our attempts to engage with an investee company are unsuccessful, or do not result in progress that aligns with the climate ambitions set out in our Climate Transition Plan, we may consider divestment. We may further influence action by exploring opportunities to reallocate capital to investee companies with a lower emissions profile and/or existing or future plans to set SBTi targets.

Exclusions are not permanent. If an investee company can demonstrate progress, we will reconsider including them in our investment portfolio. For example, we had previously excluded several investee companies given their exposure to coal assets, and we are committed to making no new investments in businesses involved either directly in mining coal or generating electricity from coal. Notwithstanding this, we continued our regular engagements with these companies and tracking their transition progress. In 2024, we welcomed them back into the AIA investment universe, following the divestment of their coal assets, reflecting our support for investee companies that are accelerating efforts to decarbonize and drive change.

While we ensure that our investments meet our objective of delivering long-term sustainable financial outcomes, we also understand that stakeholder value, including investment returns, will eventually be impacted by the declining sustainability of certain sectors and companies.

To address this, we exclude specific sectors from our investment programme both internally and externally. Our current exclusion list is tobacco, cluster munitions, and coal mining and coal-fired power generation. This list is regularly reviewed and carefully maintained. It applies to AIA-managed general account assets and our general account assets managed by external investment managers.

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

Read more in the Climate-Related Disclosure Report.

Exclusion Snapshot

TOBACCO

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

CLUSTER MUNITIONS

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

COAL MINING AND COAL-FIRED POWER GENERATION

Following our complete divestment from coal in our general account investment portfolio, we remain committed to making no new investments in businesses involved directly in either mining coal or generating electricity from coal, although we retain the ability to invest in green or social bonds issued by such companies if they genuinely constitute green or social bonds and meet our requirements including the use of proceeds and objectives.

PORTFOLIO AND CLIMATE DISCLOSURES

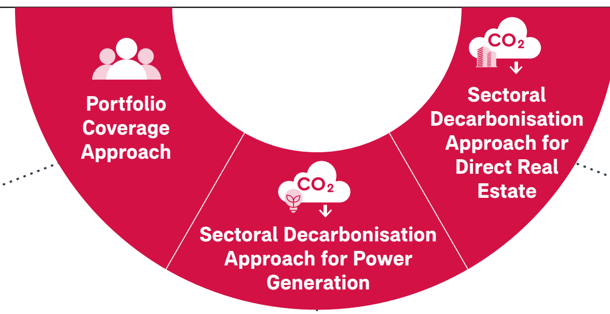
This priority focuses on continuing to report annual climate disclosures and develop emission reduction targets for our portfolio aligned to our net-zero commitment.

After setting our validated near-term investment SBTi targets in 2023, we have been making progress towards these targets in 2024. To support our progress, we use a range of levers such as investee engagement. Our use of levers is influenced by the market and industry context.

In 2024, our Group Investment Committee and Business Unit Investment Committees integrated SBTi-related internal reporting metrics into their investment portfolio oversight. The metrics include financed emissions, emissions intensity and engagement efforts. Incorporating the achievement of our SBTi targets into investment portfolios supports strategic, evidence-based investment decisions that align with our sustainability commitments. We also continue to support and encourage our investee companies to set and validate their own SBTi targets.

Read more in our Climate-Related Disclosure Report and the Climate Action section.

QUANTITATIVE PROGRESS TOWARDS OUR SBTI TARGETS

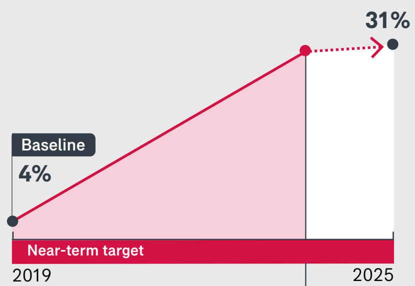


ASSET CLASS

Listed equities and corporate bonds within in-scope general account portfolio.

METRIC

Share of in-scope portfolio with validated SBTi targets (% of AuM)



2024 PROGRESS

2024
30%

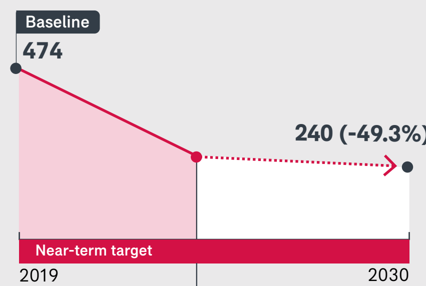
On track for our near-term target. We are ahead of this target for companies in our portfolio that have committed but not yet validated their targets.

ASSET CLASS

Listed equities, corporate bond and project finance within in-scope general account portfolio.

METRIC

Power generation portfolio GHG emissions intensity (kgCO_2e/MWh)



2024 PROGRESS

2024
258 kgCO_2e/MWh

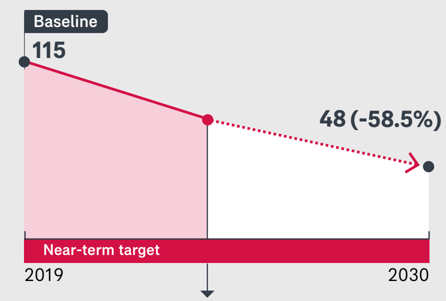
Tracking slightly behind for our near-term target. This is due to data collation challenges and the lack of an industry-standard preferential emissions accounting treatment for green bonds.

ASSET CLASS

Direct real estate within in-scope general account portfolio.

METRIC

Real estate portfolio GHG emissions intensity (kgCO_2e/m^2)



2024 PROGRESS

2024
78 kgCO_2e/m^2

On track for our near-term target. However, emissions may increase as the occupancies of newer acquisitions/developments mature.

Power Generation SDA SBTi target

In line with SBTi guidelines, AIA has set an emissions intensity target for its power generation general account portfolio, which includes Listed Equities, Corporate Bonds, and project finance investments in the power generation sector. The GHG emissions intensity of this portfolio has decreased from 474 $kgCO_2e/MWh$ in 2019 to 258 $kgCO_2e/MWh$ as of 31 December 2024, a 46% reduction since our base year.

While this progress was partly driven by our actions — such as our coal exclusion policy, investee engagement, and continued investments into clean energy generation companies — external exogenous factors have also contributed. These include improvements in our investees' GHG accounting practices, as well as increased availability of third-party financial, operational and emissions data for our issuers (particularly those part of larger corporate groups where the parent's historical emissions have been attributed to the issuing entities), enabling more accurate attribution of financed emissions and financed generation within our portfolio.

Multiple factors could continue to impact our progress moving forward – including discretionary actions such as transition investments that help accelerate decarbonization of companies, or exogenous factors such as continued improvements in data quality and new methodologies (such as carbon accounting) to measure and attribute emissions related to our green bond holdings. Therefore, although our Power Generation portfolio has demonstrated significant reduction in emissions intensity since 2019, we anticipate a non-linear trajectory in future progress.

Direct Real Estate SDA SBTi target

In line with SBTi guidelines, AIA has set an emissions intensity target for its Scope 3 Category 15 real estate portfolio (Direct Real Estate), which includes emissions from fuel and electricity consumption in properties owned but not occupied by AIA, including vacant areas. GHG emissions intensity of this portfolio has decreased from 115 $kgCO_2e/m^2$ in 2019 to 78 $kgCO_2e/m^2$ as of 31 December 2024, a 32% reduction since our base year.

Several factors have enabled AIA to achieve these improvements thus far – including the addition of new energy-efficient buildings to our portfolio such as AIA East Gateway in Thailand and AIA Financial Center Shanghai, and continued efforts to improve operational efficiency and harness energy savings within existing properties. External factors such as improvements in grid emission factors in certain countries where our properties are located have also contributed to our progress.

Moving forward, we expect slight year-on-year fluctuations as our Direct Real Estate portfolio and occupancy across properties continue to evolve. AIA also continues to explore options for sourcing more renewable energy across countries where our properties are located (subject to market conditions such as availability and price), to drive continued improvements in emissions intensity.

PCA SBTi target

All other sectors within our Listed Equities and Corporate Bonds general account portfolio are covered by our portfolio coverage target. As of 31 December 2024, 30% of our portfolio has successfully set and validated SBTi targets, versus our target of 31% by the end of 2025. This 26-percentage-point increase from our 2019 base year was driven by our engagement with investees and integration of issuers' SBTi alignment status within our investment evaluation process. We will continue to maintain this momentum towards our target by the end of 2025, including tracking those issuers who have committed to SBTi but have not yet validated targets.

Measuring our total financed emissions

Based on the Partnership for Carbon Accounting Financials (PCAF)[1] methodology, we measure and disclose the carbon footprint of our Listed Equity and Corporate Bonds, Direct Real Estate and power generation project finance investments. 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. This approach aligns to our investment boundary in relation to our general account investment portfolio for our net-zero commitment and our SBTi targets.

Our total financed emissions as at 31 December 2024 were 7.4 million tCO_2e, decreasing by 11% compared with 31 December 2023 due to asset allocation shifts towards asset classes outside our measurement perimeter, for reasons unrelated to portfolio emissions. While AIA measures and discloses total financed emissions as part of our climate disclosures in line with the HKEX ESG Code and ISSB recommendations, we do not manage our in-scope general investment portfolio towards any stated target with respect to total financed emissions. Such metrics does not relate to our approach towards achieving our net-zero targets.

Our net-zero commitment is reflected in our validated near-term Investment SBTi targets. For example, the percentage of our in-scope general account investment portfolio in companies that have set or validated their own SBTi-validated targets.

AIA continues to refine our approach towards financing the transition journey of companies with credible transition plans, as well as sectors where transition technologies such as natural gas play a crucial role. However, continued growth in total investment assets and such transition investments may lead to short-term increases in our total financed emissions despite being congruent with our strategies to meet our SBTi validated near-term targets, which are the targets we shall actively manage towards.

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

Measuring our Weighted Averaged Carbon Intensity

Weighted Averaged Carbon Intensity (WACI) is a key metric of carbon intensity by revenue that has been endorsed by the Taskforce on Climate-related Financial Disclosures (TCFD).

It is calculated based on the investee companies' emissions (or estimates of these emissions if 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 investee company's market capitalisation represents in the market capitalisation of the whole portfolio.

The WACI of our Listed Equity portfolio within our in-scope general account investment portfolio was 228 tonnes of CO_2e per US$1 million revenue as of 31 December 2024. This represents an increase of 11% compared to the WACI as at 31 December 2023, due to sector rotation within our Listed Equity portfolio driven by our capital markets outlook, similarly for reasons unrelated to portfolio emissions.

Similar to total financed emissions, AIA does not have a target for WACI, nor do we manage our in-scope general account investment portfolio against WACI. Our net-zero commitment is reflected in our validated near-term Investment SBTi targets.

Our external advisor

Boston Consulting Group acted as subject matter experts and provided methodological advisory services to AIA for the calculations of total financed emissions and WACI in this report. The evaluations and/or calculations as set out in this report are dependent on the integrity of the data provided.

Readers are responsible for assessing the relevance and accuracy of the content of this report as well as to seek independent advice on such matters.

Read more in our Climate Action section.

TOTAL FINANCED EMISSIONS AS AT 31 DECEMBER 2024

LISTED EQUITY
0.87m tCO_2e

DIRECT REAL ESTATE
0.06m tCO_2e

CORPORATE BONDS
6.44m tCO_2e

POWER GENERATION PROJECT FINANCE
<0.01m tCO_2e

1 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

AIA SINGAPORE: INSPIRING POSITIVE CHANGE AND LEADING BY EXAMPLE

CASE STUDY

Chun-Yen Liu became the Chief Investment Officer for AIA Singapore in 2017. In this role, she is responsible for spearheading the success of the Company's investment strategies.

Chun-Yen is also AIA Singapore's Head of Sustainability and inspires positive change in the region through her participation in several ESG-related organisations and Boards.

2024 was a pivotal year for AIA Singapore in terms of implementing the Monetary Authority of Singapore's (MAS) Guidelines for Environmental Risk Management for Insurers. Introduced in December 2020, these guidelines aim to enhance the insurance sector's resilience to and management of environmental risk through setting out sound risk management practices.

During 2024, Chun-Yen led her team to make decisions about the best way to decarbonize AIA Singapore's investment portfolio and put together action plans covering policies and procedures, risk management, monitoring and reporting, and capacity building.

"It is no longer about whether we should do it or what is our direction," said Chun-Yen. "2024 has been about implementation, action plans, capital deployment and transition plans."

As a Board Committee member for the Asia Investor Group on Climate Change (AIGCC),[1] Chun-Yen engages with other member companies in Asia to set sustainability priorities, synchronise regulatory changes and provide guidance for companies that are starting out on their sustainability journeys.

Chun-Yen is also a member of the Sustainability Management Sub-Committee for the Life Insurance Association, as well as being a member and former Chair of the Investment Sub-Committee. As part of the Sustainability Management Sub-Committee, Chun-Yen works with other life insurance companies in Singapore to provide consolidated consultation feedback for MAS guidelines and regulations. While AIA Singapore also provides feedback independently, Chun-Yen believes that working together amplifies the impact.

"Together, our voice is louder," said Chun-Yen. "That's how we hope to influence the regulation to shape it to be more applicable and more relevant to our business here in Singapore. We decide what is best for us as an industry and look to other regions so we can learn from their experience and understand how to hold ourselves to a high standard."

From 2021 to 2023, Chun-Yen played a critical role in representing Life Insurance Association (LIA) in the Green Finance Industry Taskforce (GFIT). Convened by MAS, the GFIT comprised representatives from financial institutions, corporates, non-governmental organisations and financial industry associations. Its objectives were to establish Singapore as the premier financial hub for green and sustainable finance in Asia, leverage green and sustainable finance, and identify best practices to develop the green and sustainable finance ecosystem in Singapore. At the end of the two-year programme, GFIT identified four key initiatives:

1. Develop a taxonomy
2. Improve disclosures
3. Foster green finance solutions
4. Enhance environmental risk management practices of financial institutions

With these initiatives defined, the focus has now moved on to implementation. In April 2024, Chun-Yen became a member of the Transition Finance workstream, which is led by the Singapore Sustainable Finance Association (SSFA). The objectives of this workstream are to develop a conducive ecosystem to mobilise and scale transition finance towards Asia's net-zero objective and position Singapore as the regional hub for transition finance. The workstream works across several sectors with a particular focus on finance, investment and real estate.

Chun-Yen feels that her role in these various ESG committees and workstreams is to share best practices, be open and helpful to her peers in Singapore, and encourage companies of all sizes to develop a detailed plan to work towards net zero.

Chun-Yen said, "I believe sharing and transparency are critical because AIA is a leader and by setting the example we make it easier for other companies to have sustainability conversations with their own stakeholders."

"Managing environmental risk is not just about punishment and penalties. If you manage it well, there are plenty of opportunities as well."

CHUN-YEN LIU
CHIEF INVESTMENT OFFICER AND HEAD OF SUSTAINABILITY, AIA SINGAPORE

1 AIGCC's Board Committee: **https://aigcc.net/about/our-board/**

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AIA ESG REPORT 2024

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 or write us at the address below:

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