



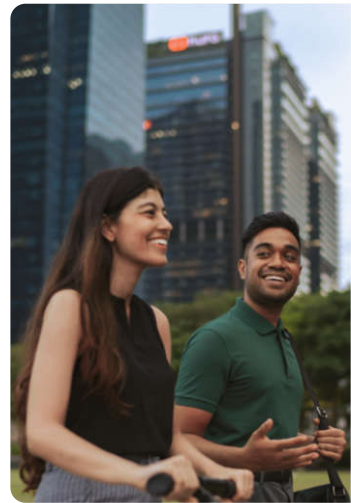
HEALTHIER, LONGER,
BETTER LIVES

SUSTAINABLE OPERATIONS

AIA ESG REPORT 2024
SUBSECTION REPORT

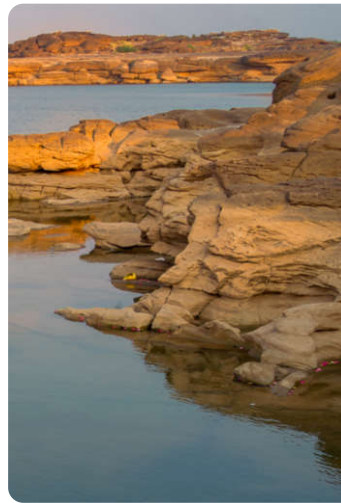


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SUSTAINABLE OPERATIONS

Sustainable Operations is one of AIA's five ESG strategic pillars. This pillar aims to improve the environmental performance of AIA's operations and incorporate ESG factors into sourcing considerations.

Sustainable Operations Priorities

- ⊕ Ensuring greener buildings
- ⊕ Improving our environmental performance
- ⊕ Advancing digital transformation
- ⊕ Encouraging good ESG practice

“AIA is dedicated to enhancing customer experience and operational efficiency through innovative technologies that build a healthier, sustainable future for Asia.”

BISWA MISRA
GROUP CHIEF
TECHNOLOGY AND LIFE
OPERATIONS OFFICER



With our ambition to achieve net-zero emissions by 2050, we continued advancing our sustainability agenda across our operations. In 2024, we explored opportunities to improve energy efficiencies for buildings via retrofits and energy-saving technologies that will help to reduce our operational carbon footprint. Our efforts were rewarded with a reduction in our energy consumption and in our Scope 1 and Scope 2 CO₂ emissions against our SBTi targets.

To further enhance our environmental performance, we strengthened the integrity of our data systems by launching a new data collection and analytics platform, improving our ability to track, measure and analyse key sustainability metrics in real time. This platform will allow us to make more informed decisions and drive continuous improvement to reduce our environmental impact.

In line with our commitment to digital transformation, we focused on enabling seamless digital journeys for our customers, significantly reducing paper consumption.

We introduced new digital insurance products and expanded paperless claims processing, making our services more efficient, accessible and environmentally friendly. We also invested in automation and AI-driven solutions to streamline our operations, minimising waste and enhancing customer experience.

Beyond our internal operations, we embedded strong ESG practices within our value chain, working closely with partners to drive sustainable outcomes. We actively advocated for climate action by organising capacity-building programmes for our suppliers on decarbonization and climate change, equipping them with the knowledge and tools to adopt sustainable practices. Additionally, we extended our 'Supplier Code of Conduct', making compliance mandatory for all new suppliers during the onboarding process, reinforcing our commitment to ethical, responsible and climate-conscious business practices.

ENSURING GREENER BUILDINGS

This priority ensures that all AIA newly constructed or acquired commercial properties (office, retail and hotel) adhere to industry-recognised green building standards.

In line with our commitment to achieving net-zero emissions by 2050, our Group-wide guidelines set out clear operational decarbonization targets and our real estate strategy is driven by sustainability of both financial returns and operations.

Our direct real estate investment strategy focuses on:

- design and construction of new properties
- efficient operation and upgrading of existing spaces
- carefully planned demolition at our locations.

Our Investment Governance Framework mandates that newly constructed or acquired commercial properties (office, retail and hotel) must achieve green building certification. These certifications help us to benchmark and improve the environmental footprint of our operations in local markets.

Applying green building practices also ensures that our physical spaces actively contribute to a healthier planet while providing our employees and tenants with safe, productive workspaces. In our office spaces we maintain high levels of workplace safety, conduct regular fire drills and monitor air quality to ensure healthy work environments.

Read more in our [Environmental Policy and AIA's Approach to Sustainable Investment](#).





CASE STUDY

AIA MALAYSIA RETROFITS BUILDINGS WITH SUSTAINABLE FEATURES

Sustainable building operations contribute to the long-term resilience and preservation of real estate assets, ensuring that properties remain valuable, competitive, and aligned with future regulatory and environmental expectations.

The AIA Malaysia Real Estate Investment and Mortgage team integrates sustainability principles into every aspect of asset management for their buildings and demonstrates a strong commitment to maintaining high sustainability standards. The team's adherence to strong governance practices ensures transparency in reporting on sustainability metrics, compliance with regulatory frameworks, and high ethical standards in all aspects of property management and operations.

Menara AIA Sentral – Kuala Lumpur, Malaysia

Built in 1990 with major refurbishments in 2024, Menara AIA Sentral (aka 'AIA Sentral') is one of Malaysia's best examples of how existing office buildings can be retrofitted with passive design features to improve and champion sustainability.

The building was recognised with the NTL Excellent Achievement Award in 2024. For energy conservation, AIA Sentral is fitted with an energy-efficient LED lighting system in all common areas with motion sensors to ensure optimal light utilisation.

New tenants moving into the building are required to use LED light fittings instead of fluorescent in their premises. There are energy efficient air conditioning units to reduce the building's carbon footprint, air handling units (AHUs) with variable speed drive motors to maximise energy efficiency, a glass atrium to reduce artificial lighting, mature trees surrounding the building to reduce captured heat, and a heat exchanger (HEX) at the cooling tower to handle increased cooling capacity and ensure it runs efficiently at part load. The rooftop of AIA Sentral is also fitted with solar panels to reduce grid power dependency.

An additional 28 solar panels of 16.38 kWp will be installed in Q1 2025, adding up to a total of 76 panels with 44.46 kWp capacity.

For water conservation, AIA Sentral was fitted with a rainwater harvesting system in Q1 2025.

The aim of this system is to reduce potable water consumption for landscaping by 50%, conserving natural water resources and lowering the building's operational cost. AIA Sentral was also retrofitted with water efficient fittings for all common area toilets to ensure compliance with green building standards, reducing the total potable water consumption for the building by 40%; and a water filtration system was installed to improve the performance of the air conditioning system.

For waste conservation, AIA Sentral practices waste segregation. Recyclable waste is sorted to send to recycling centres, reducing landfill stress. Fertiliser used for the AIA Sentral landscaping was from the output of AIA's food decomposition machine at AIA Malaysia's head office. AIA Sentral also has a small-scale urban farm with hydroponic facilities to grow vegetables and herbs.

AIA Sentral also encourages the use of green vehicles. There are two dedicated charging ports for electric cars to encourage the public to transition to cleaner modes of transportation, and there are plans to add additional charging ports in future.

With the implementation of these sustainability features now complete, the AIA Malaysia team is aiming to receive Malaysia Green Building Index certification in 2025. The team also emphasises carbon reduction initiatives and has pledged to the SBTi target of carbon neutral by 2050.

Aligning not only to the SBTi target, AIA Sentral also adheres to UNSDG's goal which reflects on Energy Conservation, Water Conservation and Waste Reduction.

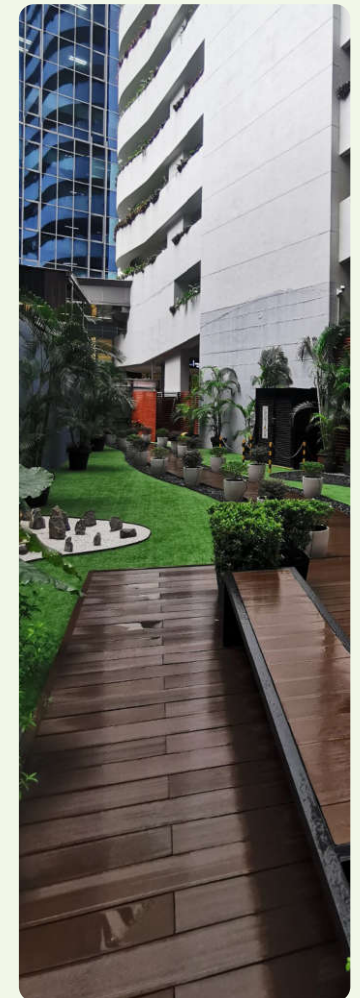
Additional energy reduction measures in 2024

In addition to extensive retrofitting for AIA Sentral in 2024, AIA Malaysia also installed solar panels for AIA Klang, and retrofitted LED lighting for AIA Malaysia's head office and other branches.

All suppliers and vendors must demonstrate their commitment to ESG and meet the requirements on the procurement department's ESG checklist. All new equipment must be energy efficient and sustainable.

There has also been a strong push across AIA Malaysia for employees to become more aware of their own carbon footprint. They are encouraged to take the stairs instead of elevators for short distances and to use public transport to commute to and from the office. The increase in exercise from these behaviours also promotes a healthier lifestyle.

In 2025, AIA Malaysia will continue to focus on generating renewable energy through rooftop solar panels to reduce dependence on grey energy sources, expand rainwater harvesting projects to save water, improve waste segregation and continue to upgrade air conditioning units to further improve energy efficiency.



IMPROVING OUR ENVIRONMENTAL PERFORMANCE

This priority focuses on reducing our carbon footprint, while also measuring and managing the amount of waste produced from our operations.

AIA is committed to minimising our environmental impact and ensuring sustainable business development. We disclose our environmental targets and metrics to allow stakeholders to better understand our efforts and progress in this area.

Energy and emissions

In 2024, we continued our efforts to reduce our CO₂ emissions and total energy consumption. The Group produced 63,927 tonnes of CO₂e, or 2.46 tonnes of CO₂e per employee. Our operational Scope 1 and Scope 2 carbon emissions compared with our 2019 Science Based Targets initiative (SBTi) baseline have declined by 25%, with reduction in grid emission factors and energy consumption being the major drivers.

[Read more on our energy and emissions in our AIA ESG Report 2024 – Climate Action.](#)

Electricity consumption is our largest source of Scope 2 emissions, accounting for 53,132 tonnes of CO₂e.¹

We continue to execute our Climate Transition Plan, which is a comprehensive roadmap towards decarbonization that includes strategies to minimise our environmental footprint. The validation of our near-term net-zero target by the SBTi in November 2023 confirmed that our goals align with the Paris Agreement.

Waste and water management

Our Environmental Policy and Internal Environmental Procedures outline our approach to waste and water management in our workplaces.

Waste generation volumes in 2024 amounted to 558 tonnes², derived from tracked data collected from 61% of the total owned buildings occupied by AIA full-time employees.

An extrapolation³ approach was used by utilising an external technical partner. In addition, we have begun tracking segregated waste data, for which we have segregated percentages from actual waste data is at 61% of our total waste data into different categories.

We have aligned our water consumption and waste generation methodologies. Our water consumption amounted to 276,906 m³ of water, or 10.68 m³ per employee.

We continually improve our waste and water data quality collection and management systems across the Group, with our Group Real Estate and ESG teams working together to implement positive changes as they emerge. These data systems ensure we can complete accurate and reliable reporting on our performance and identify further improvements.

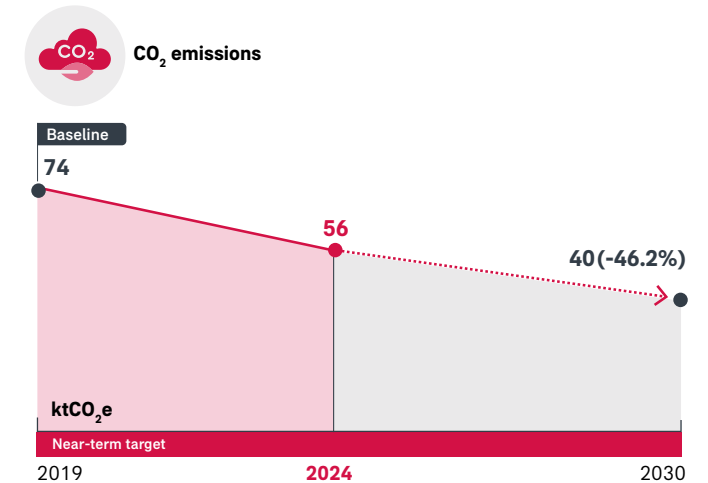
Nature, biodiversity and environmental data insights

Capturing comprehensive and reliable data is critical for tracking our progress towards meeting our environmental commitments. In 2024, we launched a Group-wide digital environment data collection and analytics platform named 'ESGOne'.

The platform captures energy and emissions data to streamline the tracking and reporting progress towards our Science Based Targets. We are committed to continuously enhancing our environmental data collection processes in future years.

AIA instigated a landscape review of nature-related disclosure standards and frameworks, with reference to the policies and practices relevant to the Asia-Pacific financial sector. This will guide our approach to assessing materiality, refining our position and developing actions on nature and biodiversity.

ENVIRONMENTAL METRICS



¹ Note: the figure excludes emission from towngas.

² The boundary of reporting extends to waste that is generated by the organisation only, as defined by GRI, which translates to waste by full-time employees in premises that are owned by AIA and were actively tracking waste generation volumes in 2024 and able to provide tracked data for at least one full month, which covers premises which represent a majority of our business operations.

³ Waste generation volumes were extrapolated for premises that were unable to provide tracked data. Average waste intensity (waste volume over floor area occupied by FTEs) was applied to the FTE occupied floor areas of buildings with an incomplete dataset. For avoidance of doubt, this excludes buildings without at least one full month of data.

ADVANCING DIGITAL TRANSFORMATION

This priority focuses on increasing digitalisation and automation to reduce the usage of paper.

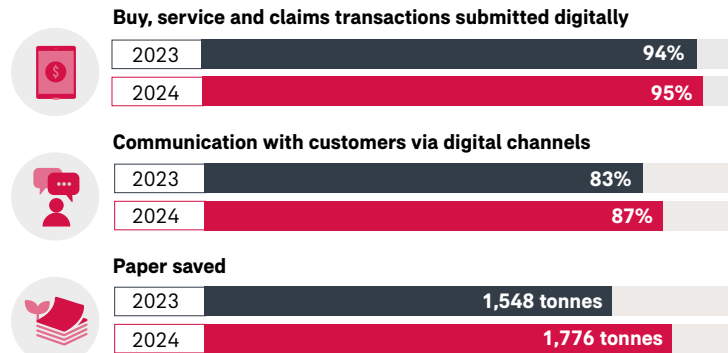
Investing in our technology capabilities enables us to increase the availability and accessibility of our products through digital channels, provide support for online customer interactions, and reduce our operating costs. In 2024, we saw an increase in customers purchasing products through digital channels, including our portals and apps, and submitting claims digitally.

Reducing paper usage and improving the customer experience

Straight-Through Processing (STP) and AI-enabled automated approvals are providing smoother and faster customer experiences while removing unnecessary paperwork. Our digital transformations saved more than 1,776 tonnes of paper in 2024.

While business volumes and digital adoption have increased, we have reduced the average number of pages across our buy, service and claims forms and outputs. In 2024, 99% of buy submissions and 95% of buy, service and claims transactions were submitted digitally and 87% of our output was digital.¹

DIGITAL INTERACTIONS



¹ This measurement now shows the adoption of digital communications by customers (previously AIA capabilities).



CASE STUDY

PIONEERING DIGITAL INSURANCE IN MALAYSIA

Over the past few years, AIA Malaysia has been working towards providing customers with a complete end-to-end digital experience. This involves everything from learning about insurance products online to completing transactions and engaging with customer service representatives. Providing customers with a digital option to buy, claim and renew their health insurance policies promotes financial inclusion and a seamless customer experience, while also reducing the need for paper forms.

To facilitate this initiative, AIA Malaysia has a strategic partnership with TNG Digital Sdn. Bhd., Malaysia's largest eWallet company. Through the Touch 'n Go eWallet, customers can choose from a select range of AIA insurance products, purchase the product online, and then instantly receive a digital copy of their policy documents.

For claims, a customer's personal and policy details are auto populated so all the customer needs to do is input the claim details. If they would like to speak to the customer service team at any point during the process, customers can contact AIA by email or a dedicated WhatsApp account.

Over the past few years, other Malaysian health insurers have followed AIA Malaysia's lead and started offering their own insurance products on digital platforms. As a result, customers in Malaysia now have more choice about how to buy, claim and renew their health insurance in a way that is easy and convenient for them.



ENCOURAGING GOOD ESG PRACTICE

This priority encourages improvements in ESG performance with vendors.

Integrating sustainable procurement into our ESG strategy ensures we are mindful of the impact our product and service buying decisions have on the environment and society. We pursue sustainable procurement, identify and mitigate procurement risks, and leverage the scale of our operations across Asia to support sustainable development. This includes actively promoting sound ESG practices among our partners and suppliers.

Supplier Code of Conduct

Our Supplier Code of Conduct reflects international charters and conventions that support social wellbeing and ethical operations, including the *United Nations Declaration on Human Rights* and the *International Labour Organisation Core Conventions*. We expect our suppliers and vendors to comply with our Supplier Code and encourage them to make reasonable efforts to ensure the businesses within their own supply chains are aware of the Supplier Code.

The current iteration of the Supplier Code has been in place since 2018 and serves as a guide for discussions with our partners about ESG performance and improvements.

At the end of 2024 most suppliers are part of our Master Professional Services Agreement, which sets out their obligations.

Improving ESG standards

We encourage our partners and suppliers to continually improve their ESG standards, practices and principles and to think holistically about their impact on our communities. This translates into action plans to minimise their carbon footprint, waste generation and resource consumption. It also promotes ethical conduct and the wellbeing of employees throughout their operations.

Collaboration with our supply chain will play a major role in realising our ambition to be net zero by 2050. Building a shared understanding through training helps to guide our efforts.

Assessing suppliers' ESG performance

We use market-leading supplier ratings providers to independently assess our suppliers' sustainability performance. As at 31 December 2024, 11 out of 12 Group Tier 1 suppliers had provided their ESG ratings and 63% of these suppliers were rated in the top 15% of all companies assessed by a globally recognised ESG supplier ratings provider.

For any Tier 1 suppliers that are not covered by the supplier ratings provider, we assess their performance using public sustainability disclosures.

We will continue to extend the scope of these assessments to inform supplier selection and due diligence processes in 2025.



CASE STUDY

ESG CAPACITY BUILDING FOR SUPPLIERS

We leverage our ESG experience and influence to support other organisations on their sustainability journeys. By taking a collaborative approach, we contribute to advancing ESG progress across Asia while ensuring that we partner with organisations that align with our values and Purpose.

One of the key ways we do this is by providing ESG training to our suppliers. We invite all Tier 1 suppliers from our Group and local business units, along with the Sourcing team, to participate in an ESG webinar designed to enhance their understanding and implementation of sustainable practices.

In 2024, we organised a capacity building session and it covered:

- AIA's Climate Transition Plan and net-zero strategy
- business case for sustainability
- climate reporting trends
- overview of global regulations
- how to measure and report carbon emissions (including baselining, target setting and emissions reduction levers)
- best practices for ESG
- ESG guidance and additional resources.

During 2024, 100% of eligible Group-level Tier 1 suppliers attended AIA's ESG webinar.

The feedback from this webinar has been overwhelmingly positive. Our suppliers appreciate the opportunity to gain a clearer understanding of our ESG strategy and are eager to collaborate with us to address global issues. Many have expressed a desire for more frequent webinars to enhance their knowledge of ESG market trends and best practices. This is something we are keen to deliver in 2025.

The webinar has proven to be an excellent platform for AIA to align with various strategic suppliers, irrespective of their industry or country of origin. By discussing common topics through the lens of ESG, we can communicate in a shared language, which enhances our relationships beyond the usual business interactions.

AIA MALAYSIA: DIGITALISATION INITIATIVES AND HUMAN-CENTRED DESIGN



CASE STUDY

During the nine years that Zippo Tan has worked at AIA Malaysia, he has been instrumental in pioneering digitalisation initiatives that perfect the balance between technology and the human touch.

Zippo develops and deploys innovations that increase operational efficiency while improving the customer experience. This includes digitalising the service request form to enable straight-through processing and ensure customers receive an immediate response, and introducing digital communications such as SMS, email and push notifications from the AIA+ customer app as an alternative to paper letters.

In October 2024, Zippo and his team implemented a change to make e-policies the default option for new business. Immediately after completing the purchase, customers are emailed a link to retrieve their digital policy from the customer portal. While customers can request a printed copy of their policy, Zippo explains that not many people select this option.

“Before we embarked on the e-policy, we printed about 50% of our policies for new business,” Zippo said. “Since making e-policies the preferred choice, that number has reduced to about 3%. It has made a huge reduction to the amount of paper we print because each of the policies are around 50 pages on average.”

In addition to printing less paper, innovations such as digital forms and signatures help to reduce carbon emissions by eliminating the need for people to drive to physical branches. Zippo provides an example of AIA Malaysia’s Life Planners, who used to spend a lot of time driving to various branches to submit customers’ service requests and other transactions. Now that the process is completely digitalised, with 3.5 million digital service requests submitted in 2024, they can perform their jobs from one location without needing to use a car at all.

As product owners, Zippo and his team act as the voice of the customer. They conduct research to understand the pain points of the customers and the challenges they are facing with AIA Malaysia’s current processes. This allows them to write accurate user stories that are then used as a starting point to prioritise innovations that will have a positive impact on the customer experience.

One of these innovations is the Life+ Rewards programme, which was launched in 2024. The Life+ Rewards programme is a customer reward mechanism on the AIA+ app. Whenever a customer performs a positive action, such as downloading their e-policy or undertaking a health check, they earn a cash reward. The actions improve customer engagement and encourage people to look after their health and wellbeing. They also promote the use of digital communications, with customers rewarded for

sustainability actions such as choosing online communications and cashless payments.

Another aspect of Zippo’s role is making sure that AIA Malaysia employees understand the need for automation and helping them view digital transformation as an opportunity rather than an obstacle.

“We encourage people to reskill themselves in other areas that create more value, rather than remaining in operations processing where they are completing the same steps day-to-day,” he said. “As well as working with people to improve their processes, we also help them focus on sustainability and opportunities to reduce waste.”

AIA Malaysia is setting a strong benchmark for digital innovation in the insurance industry. In August 2024, the company received the ‘Digital Transformation of the Year’ award at the 9th Asia Trusted Life Agents & Advisers Awards.

AIA Malaysia was also recognised with an ‘AI Initiative of the Year – Malaysia’ award at the Insurance Asia Awards 2024.

Zippo is committed to making even more digital progress in 2025. His team will continue their paperless initiative, aiming to reduce the amount of paper that AIA Malaysia sends out in 2025 to 650,000 sheets. This is around 5% of the amount that AIA used to send out each year before the initiative began. They are also focusing on increasing digital adoption by encouraging more customers to use the self-serve portal and identifying further opportunities to increase back-end efficiency.

Zippo said, “Our goal is to find ways to make AIA Malaysia even more efficient so we can continue to shorten our processing times and delight our customers with timely and transparent communications.”



“In insurance, there are a lot of legacy processes. We challenge these processes to make insurance more convenient for our customers.”

ZIPPO TAN
DIRECTOR, OPERATIONS
TRANSFORMATION AND
TECHNOLOGY, AIA MALAYSIA



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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