



HEALTHIER, LONGER,
BETTER LIVES

AIA ESG REPORT 2023 SUBSECTION REPORT

Effective Governance





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Our Effective Governance Pillar

Effective Governance underpins our business and provides the foundation for AIA's responsible business conduct. We have been recognised for the strength and quality of our corporate governance and we continue to enhance our oversight and decision-making processes as our business evolves.

Robust oversight by the Board and management supports the responsible operations integral to our organisational culture. AIA has a clear and comprehensive framework of industry-leading practices, policies and requirements to hold ourselves to the highest standards of business conduct. Our governance framework adapts as we grow our business and further integrate ESG into our operations.

By providing clarity, transparency and accountability for the decisions made throughout our business, we create sustainable stakeholder value and ensure we deliver on our commitments to our customers and communities.



Mitch New
Group General Counsel
and Chairman of the
ESG Committee

“ Transparency and high standards of integrity are hallmarks of AIA's governance approach. We take pride in our reputation as a responsible business and our commitment to best practice governance. ”



Jayne Plunkett
Group Chief Risk Officer

“ Our risk management, strategy and sustainability efforts work in harmony to deliver sustainable growth while adjusting to the changing operating environment. ”

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 high standards of governance are maintained in all aspects of the Company's business, sets the strategic direction for the Group and ensures accountability and sustainability through 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 sectors. This expertise is supported by a structure that enables appropriate oversight, including 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

Independent and objective judgement focused on the long-term interests of the Company and its stakeholders is central to the Board's oversight. Other than the Group Chief Executive and President, all Board members are INEDs, which underscores our strong commitment to operating according to international best practice.

Board Committee composition

Our corporate governance framework is implemented through a structured hierarchy, which includes the Board and its four committees: the Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee.

Each Board Committee is chaired by an INED. The Audit, Nomination and Remuneration Committees are composed entirely of INEDs. The Risk Committee includes the Group Chief Executive and President to ensure its members have access to the detailed financial and operational information they need to assess the risks and sustainability of the Group's operations. Board Committees report to the Board on a regular basis.

Board diversity

Board diversity is fundamental to robust corporate governance practices and high-quality decision-making. With a mix of nationalities, ethnicities, educational backgrounds, functional expertise, gender and age, the Board can draw on extensive business, financial, government, regulatory and policy experience which broadly reflects the Group's operations and priorities.

In 2023, we appointed three INEDs to the Board. These appointments added to the Board's diversity in areas including gender, ethnicity, knowledge and experience.

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 2023, to be published in April 2024.

Director training

Every new Director of the Company receives detailed induction training on the Group and its operations. The Board also receives regular updates on all key aspects of the Group's business, including financial performance, changes in material accounting and regulatory matters, ESG matters, compliance and conduct, best practice in relation to the handling of whistle-blowing complaints and anti-corruption programmes.

This supports the Group's approach to pursuing international best practice in governance, including a zero-tolerance approach to bribery and corruption. The Board and its committees are updated regularly on the Group's performance across a range of activities designed to ensure that its high standards are maintained throughout the Group. The AIA Group Compliance Policy is applied alongside the ***AIA Code of Conduct***, which provides guidance on giving and accepting gifts and entertainment.

Ensuring Effective Risk Management and Responsible Business Practices

Effectively manage risks and opportunities throughout our business

Effective risk management

AIA's comprehensive approach to identifying and addressing material risks and its well established frameworks provide the foundation for effective risk management, which is fundamental to delivering on the Group's strategy and honouring commitments to all stakeholders.

The Board is responsible for overseeing the Group's risk management practices and monitoring material risks and opportunities, including those related to ESG issues. The Board is supported by the Board Risk Committee and executive risk committees comprising senior executives – the Operational Risk Committee (ORC) and the Financial Risk Committee (FRC) – which report regularly and in detail to the Board Risk Committee.

AIA's Risk Management Framework (RMF) ensures that the necessary capabilities and processes are in place to identify, assess and monitor both existing and emerging risks across the Group. The Board of Directors of operating subsidiaries are also responsible for reviewing this framework regularly to ensure it is effective in the local business context.

ESG-related risks are addressed according to the process outlined in the RMF and categorised based on their potential impact on AIA's operations. Effective Governance, including proactive discussion with internal and external stakeholders, enables the Group to address and manage these risks over time and to capture emerging opportunities.

The Group's risk taxonomy classifies risks such as adverse extreme weather events from acute physical climate risks, data protection, cybersecurity, people management and responsible business practices as operational risks. Longer-term impacts of material shifts in climate and pollution to lifestyle risk factors and their impact on human health and well-being are viewed as insurance risks.

Regular tests of risk procedures and controls are done to ensure robustness and appropriateness against the current and future operating environments. AIA's Group Internal Audit function provides independent assurance of the effectiveness of key controls and recommends improvements as necessary. The effectiveness of the RMF is also independently assessed on a regular basis.

In addition, AIA conducts scenario testing and business continuity analysis to assess the resilience of the business under multiple stress conditions, and incorporates the learnings into risk frameworks and tolerances. This work also provides assurance of stable and continuous operations and the availability of adequate capital to provide protection to our policyholders under a wide range of circumstances.

For more information on AIA's approach to managing risk, please refer to the Risk Management section of the Annual Report 2023, to be published in April 2024.



Ensuring Effective Risk Management and Responsible Business Practices

Responding to Emerging Risks: Responsible Use of Artificial Intelligence



Context: Innovations in intelligent systems, including those deploying artificial intelligence (AI), have the potential for wide application in the insurance delivery chain, generating significant economic and societal benefits. These range from improving risk pooling and enhancing risk processes, to generating insights to better understand our customers, assisting in decision-making, and interacting with customers using conversational agents (chatbots).

Recent advancements in Generative AI have made these intelligent systems even more accessible and usable, which could significantly enhance our business operations and customer interactions.

Risks and Impact: The advent of Generative AI has seen new risks emerge and existing risks intensify. This includes copyright infringement risk, where AI systems might unintentionally use copyrighted content during the generative process, and hallucination risks, which occur when AI systems generate outputs that are factually incorrect leading to potentially misleading or harmful results. Generative AI also presents opportunities and potential benefits, such as increasing efficiency and reducing customer response times.

Trust is at the core of AIA's values. Improper use of AI may cause an insurer to lose credibility with customers and other stakeholders by enabling poor customer outcomes that result in consequences such as direct negative impact on sales, higher lapse rates, and negative reputational and operational impacts.

Mitigating Actions: Recognising these challenges, we proactively updated our Responsible Use of Artificial Intelligence Standard (the Standard) in August 2023, introducing additional controls and guidelines on the use of Generative AI. This update ensures our AI operations stay in line with AIA's Operating Philosophy of 'Doing the Right Thing, in the Right Way, with the Right People ... and the Right Results will come'. It focuses on fairness and preventing the creation or reinforcement of unintended bias in AI-driven analytics and decision-making.

To further enhance our risk management, we established a Group-wide AI Council to review sensitive AI activities. Together, the AI Council and the Standard provide a robust framework for AI use in both internally developed or externally sourced solutions. The Standard outlines four high-level principles:

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

Our commitment to responsible AI use reflects our dedication to maintaining trust and promoting innovation without compromising fairness or ethical standards.

Mandatory training module "Responsible Use of AI" is provided to teams or functions seeking to use AI to ensure team members understand how the use of Artificial Intelligence might affect customer outcomes and learn more about its responsible use.

Ensuring Effective Risk Management and Responsible Business Practices

Responding to Emerging Risks: Cyber Risk in Digital Supply Chains



Context: Through their use of technology platforms, corporations are part of interconnected ecosystems that present significant cyber risks that can extend to vulnerabilities originating in third- or fourth-party relationships. Identifying these weak points is no easy task, as attacks at any point along the technology value chain can result in significant disruptions, regardless of the volume or frequency of transactions with a specific party.

Risks and Impact: Vendors are increasingly relying on microservices, third-party application programming interfaces (APIs) and open source components embedded in their solutions, which requires an understanding of the full value chain. Concurrently, the “always connected” nature of modern technology services has reduced the effectiveness of traditional point-in-time service provider assessments and their ability to cover an increasing 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 the intended target directly, to gain access to their systems or data.

Even with mature processes to prevent, detect, and recover from cyber attacks, organisations are increasingly exposed to their data or services being compromised or disrupted through their network of third parties and their respective service providers. Such data breaches could involve the leakage of customer and sensitive information with a range of repercussions. Incidents are also increasingly impacting multiple companies in a sector, which may lead to incidents with a broader, more disruptive impact.

Mitigating Actions: To address these challenges, we are continuing to innovate new ways to better serve our customers and more inclusively provide financial services across Asia. We seek to effectively manage this emerging risk with these goals in mind.

AIA deploys numerous controls which are embedded in business activities across all markets and functions, including a register of third-party providers permitted to interact with our data or systems. Providers are only included on the register after undergoing a comprehensive risk-based assessment of their cybersecurity processes and controls. AIA closely monitors and maintains this register and has recently reviewed the risk assessment criteria and processes for managing third parties to ensure they remain sufficient and effective.

In addition to reviewing supplier controls and processes on onboarding, third parties are independently monitored on technical indicators of service vulnerabilities on an ongoing basis. These reports provide AIA with a real-time view of our providers’ risk through a consolidation of indicators and externally available data points. For example, any vulnerabilities on the suppliers’ external facing systems and whether any supplier staff credentials have been discovered on the dark web. This enables us to respond, contain and remediate where needed in an appropriate and timely manner.

Ensuring Effective Risk Management and Responsible Business Practices

Responsible Business Practices

We believe that delivering on our Purpose of helping people live Healthier, Longer, Better Lives depends critically on the constant pursuit of integrity, accountability and transparency at all levels. Trust has been the foundation of our business for more than 100 years. Today AIA serves tens of millions of customers and their families, providing financial security and protection across multiple generations. Being there for our customers each day, through defining moments in life and when they need us most, is a source of great pride and responsibility. We are committed to maintaining the highest standards of responsible business practices across all our operations.

Code of Conduct

Our Code of Conduct provides clear guidance on how we conduct business and applies to everyone who works at AIA. It reflects our Operating Philosophy, "Doing the Right Thing, in the Right Way, with the Right People ... and the Right Results will come". It defines the high professional standards to which we hold ourselves and is key to maintaining trust and building sustainable relationships with all stakeholders – customers, agents, distribution partners, regulators and investors.

The Code of Conduct is available in multiple languages to ensure that all employees and agents can access and understand its standards and expectations. All employees are required to undertake training on the Code of Conduct when joining AIA and complete an annual certification attesting to their familiarity and compliance with the Code. Training on the Code is supplemented with programmes that 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 issues without fear of retaliation. Non-compliance with the Code is subject to disciplinary action, which can include dismissal where appropriate. AIA's business partners, including its agents, distribution partners and suppliers, are expected to 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 to monitor compliance with our 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's Anti-Fraud Policy sets out standards for managing the risk of fraud, including training as well as preventive and detective measures, and outlines our commitment to a zero-tolerance approach towards fraud.

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 and/or employment-related benefits, reporting incidents to law enforcement and seeking legal remedies through civil courts.

Whistle-blower Protection Programme

AIA stakeholders, including employees, distributors, customers and suppliers, could 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 64 per cent of the reports received during the year. All allegations are assessed using a consistent process and investigated when warranted.

The Whistle-blower Protection 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 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 2023, 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 2022-2023, 49 per cent covered allegations which were at least partly substantiated.

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

AIA has 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.

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. AIA's insurance agents are also required to complete appropriate AML/CFT training. Our Group Economic Sanctions Standard sets out standards to manage the risk of dealing with governments, individuals and entities subject to sanctions programmes.

Ensuring Effective Risk Management and Responsible Business Practices

Our commitments to our customers

Our customer commitments reflect our customer-centric approach and strong belief in responsible business conduct. We aim for high standards of service throughout the customer journey in order to meet or exceed expectations and earn trust. As part of our product approval process, business units are required to confirm that each product complies with applicable laws, regulations and internal policies, and review product and marketing materials to ensure the information provided is adequate and clear.

The conduct and professionalism of AIA's intermediaries is vital in building customer trust. Our business quality framework supports our intermediaries and manages the associated sales conduct risk. Key elements of the framework include:

- Screening and selection of prospective intermediaries to ensure they are fit and proper
- Market conduct guidelines that define proper behaviour for intermediaries
- Training programmes on AIA products and sales processes that cover Know-Your-Customer due diligence
- Sales processes including financial needs analysis for product suitability and affordability assessments, and
- Interactive Point of Sale (iPoS) technology that guides our agents through the sales process and embeds controls to ensure a consistent, high-quality customer experience.

We use strategies such as direct verification calls and mystery shopping to monitor adherence to our customer service standards. Anyone who attempts to deceive customers by providing unsupported or fictitious claims about our products or those of our competitors, for example, will face disciplinary action up to and including termination.

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

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

Responsible selling practices

We offer a wide range of products and services tailored to meet the diverse needs of customers. Transparency and clarity in communication play a pivotal role, ensuring that our policies, products and services, including product suitability, policy coverage, cost structures exclusions are clearly explained, fostering a genuine understanding for clients. Additionally, we safeguard vulnerable customers by conducting a comprehensive training for our agents and staff involved in the sales process. By intertwining these principles, we not only provide essential coverage but also establish a foundation of trust and protection for all customers.

Engaging with our customers

Our customers have different needs and goals throughout their lives. We aim to provide relevant, timely and personalised products and services that provide peace of mind as they face life's challenges.

In 2023 AIA conducted Consumer Sentiment Research by speaking to more than 7,000 consumers in Mainland China, Hong Kong, India, Singapore, Malaysia, Thailand, Indonesia and Vietnam to understand their priorities and needs following the COVID 19 pandemic. These insights help us to better understand the diversified lifepaths and lifestyles of our customers, their aspirations to live healthier lives, as well as their retirement and financial needs in the current macro-economic landscape - which in turn helps shape how AIA may better support our customers to live Healthier, Longer, Better Lives.

Listening to our customers

Interactions with millions of policyholders across Asia provide opportunities to build deeper relationships, improve understanding and gain richer insights into their needs and preferences. This helps us identify ways to make lasting improvements to our customers' physical, mental, financial and environmental health and wellness. Regular customer feedback enables us to meet the evolving needs of policyholders with high-quality offerings and distinctive, personalised and meaningful experiences. This feedback also helps us to maintain responsible business practices by identifying areas of strength and further development.

We conduct an Annual Customer Relation Survey (CRS) to track our CX performance from end-to-end customer journey from representative customer feedback and measure our competitiveness against key competitors. AIA leads major competitors in several key markets on Net Promoter Score (NPS) and Customer Effort Score (CES) across our learn, buy, service and claims journeys. This is a source of pride across

the business, with five LBUs ranked first on NPS (Mainland China, Hong Kong, Malaysia, Taiwan and Vietnam).

We also conduct a Real-time Customer Survey (RCS) to collect feedback immediately after service interactions. This closed loop mechanism informs service recovery, continuous improvement and performance management. Eleven Local Business Units (LBUs) completed the RCS in 2023. Our RCS systems provide alerts to our customer service team for satisfaction rates below three stars to initiate service recovery. If customers have given consent to be contacted, our staff follow up and offer recovery actions, with resolutions recorded and leveraged to drive continuous improvement.

Handling of customer complaints

The AIA Servicing Operations Standard outlines complaints handling principles for the Group and business units. This ensures that complaints are handled fairly, consistently and promptly as defined by this Standard, Business Unit Standard Operating Procedures and local regulations. We also have an established process for disclosure to local regulators. AIA aims to handle all complaints and investigations in a prompt, efficient, fair and transparent manner. Across 2023, we received 0.0015 complaints per customer, with an average resolution time of 12 days.

Ensuring Effective Risk Management and Responsible Business Practices

Ensuring data privacy and security

Customers, employees and business partners trust AIA with sensitive information in the course of providing solutions, and protecting that information is of paramount importance to the Group.

Data privacy

AIA's Data Privacy Policy outlines the Group's statement of values and how personal data is collected, used, stored, transferred and disposed of by the Group and its affiliates.

Operational controls reinforce the Policy's implementation across the Group. Controls include the use of Privacy Impact Assessments (PIAs). This risk assessment process evaluates the impact of certain business activities on data privacy in order to avoid or minimise adverse impacts and ensure adequate safeguards are in place.

The Data Privacy Policy requires our businesses to conduct a PIA before certain business decisions are finalised. These include the launch of any new business initiative or project that may have an impact on personal data, conducting certain automated decision-making or processing of any sensitive personal data and major changes in organisational practices involving personal data.

For more information on data privacy at AIA, please see our [Privacy Policy Statement](#)

The Group only uses AI which is under our control to safeguard the data we hold. Only AI models and data held directly by AIA or by partners in managed secure environments are used; we do not use public AI models and data. Our Group-wide AI Council reviews sensitive AI activities as part of a robust framework for AI use in both internally developed and externally sourced solutions.

For more information about responsible use of AI at AIA, please see the [Effective risk management section](#).

Data protection and cybersecurity

AIA is committed to high standards of information security to protect the interests of our stakeholders. Our information security policies and standards are consistent with leading companies globally to ensure that our systems, processes and information are secure. Key cybersecurity updates are regularly provided to the Board Risk Committee and at least annually to the full Board.

Our Group Chief Technology and Life Operations Officer and information security team oversee cybersecurity controls across the Group. They protect AIA from cyber threats by detecting any anomalies, effectively responding to cybersecurity issues, enhancing defensive controls and investing in security analytics. This includes key systems that process our customer data and support business processes.

The Director of Information Security handles all cybersecurity issues, reporting directly to the Head of Group IT Operations. We partner with leading information security service providers to further secure our operational environment.

We safeguard our critical assets from cyber threats using classification and threat modelling techniques and strengthen cybersecurity controls through continuous assessment and testing.

AIA strongly believes that every employee plays an essential role in helping the Group meet cybersecurity and data protection responsibilities. We educate our employees and external contractors about how to protect themselves and AIA from cyber threats through online awareness and readiness training. We also conduct regular cyber-defence assessments including ethical hacking and incident management drills.

In 2023, AIA obtained the Service Organisation Control (SOC) Type 2 certification for our Group Information Security function which provides control assurance on cybersecurity protection. We also maintained the International Organization for Standardization (ISO) 27001 certification covering identity access management, cybersecurity and cloud security operations. We will continue to invest in information technology safeguards, including the areas of cloud security, cyber defence automation and zero trust security to ensure our controls meet our objective of avoiding cyber breaches.

Assessing third-party security

We engage service providers to carry out a range of business functions. We have a robust framework and processes in place to assess and monitor the information security controls implemented by third parties and continuing compliance with AIA's information security requirements. We have also established the necessary levels of insurance coverage to protect against cybersecurity-related events and incidents. In 2023, there were no material third-party information security breaches.

Protecting intellectual property rights

We work hard to protect AIA's brand from misrepresentation and misuse. All of our intellectual property is protected by registering trademarks or patents ('Marks') either locally for use by specific business units or across all jurisdictions for use across the Group. We seek to register all our Marks under one entity, AIA Company Limited, for effective control and oversight.

Our Group Legal function centrally manages our extensive trademark portfolio to ensure use guidelines are consistently applied and avoid the dilution that results from inconsistent usage. 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 those agreements are in effect.

Promoting Best ESG Practices

Promote ESG best practices across the region

AIA contributes to discussions and activities on the critical ESG themes that are shaping Asia's future. This includes:

- Supporting the development of relevant regulations and frameworks
- Collaborating with peer companies and regulators on industry best practices
- Promoting research that advances the region's sustainability agenda
- Sponsoring local educational initiatives as part of our commitment to developing financial markets and financial literacy, and
- Engaging with our investors to gain feedback, share insights and knowledge, and identify industry developments that matter most to our shareholders.

Proactive engagement ensures we stay up to date with emerging trends, risks and knowledge. Ongoing dialogue with the public and private sectors increases our potential to make a positive difference.

Supporting research, initiatives and thought leadership

We support a range of ESG research, initiatives and thought leadership to advance sustainable development across Asia. In 2023 this included:

- At Temasek's Ecosperity Week this year, Ms Liu Chunyen (AIA Singapore), Mr Lawrence Low (AIA Investment Management) and Ms Amita Chaudhury (AIA Group) participated in various roundtables on sustainable finance.
- AIA sponsored the Financial Times Moral Money Summit Asia, where Ms Chaudhury participated in a panel discussion of how ESG integration can help unlock value. Our Regional Head of Equities Research and Stewardship, Ms Corrine Png (AIA Group), spoke on global and regional sustainability strategies and ESG investment opportunities in Mainland China.
- Ms Chaudhury was a panellist at the Bloomberg Sustainability Summit exploring 'What to Watch in ESG Reporting', highlighting the importance of corporate disclosure on double materiality – how a business is affected by sustainability issues and how its activities impact society and the environment.
- AIA sponsored and participated in the Laureus Sport for Good Global Summit in London tackling violence, discrimination and inequality faced by young people through sport¹.
- AIA Cambodia's Sports for Youth programme has become Cambodia's largest grassroots football league, providing a safe environment for underprivileged young people to play sports.
- AIA sponsored the Singapore-India Hackathon 2023 encouraging innovative solutions to enhance financial literacy for women and girls in India and Asia. Tata AIA Life mentored and guided teams, with the winning start-ups and teams awarded cash prizes. The start-up category winner, Haqdarshak, developed a mobile and web platform that provides a one-stop shop for welfare services in 11 Indian languages, making it easier for citizens to apply to State and central welfare schemes.
- Ms Chaudhury and Mr Venkatachalam Iyer, Tata AIA Life's President and Chief Distribution Officer, published an article in The Economic Times' BFSI, 'Don't Leave Women Behind: Accelerating Progress in Financial Literacy' to emphasise the critical role financial literacy and inclusion plays in advancing sustainable and inclusive prosperity².

- Ms Chaudhury published an article in Elevation, 'How can the insurance industry help address the S in ESG'; which examined the central role the insurance sector can play in addressing social issues and deliver positive social outcomes for a wide group of stakeholders³.
- We are a launch partner of Cathay Pacific's Sustainable Aviation Fuel programme (SAF) to reduce carbon emissions generated by business travel in the coming decades.
- At COP28, AIA hosted a fireside chat between Mr Mitch New and Mr Luiz Amara, SBTi Chief Executive Officer at the Singapore Pavilion, on accelerating decarbonisation and the importance of setting ambitious yet credible science-based targets. Titled, "From Ambition to Action: Fast-Tracking Decarbonisation Through Setting Credible Science-Based Targets", the session opened with keynote address by Ms Chaudhury who shared some reflections on AIA's climate journey. As part of COP28, AIA and Bloomberg also convened a dinner with 20 esteemed leaders in climate finance on 3 December where attendees were able to have inspiring conversations and candidly shared about their struggles and successes in driving the climate agenda.

1 Internal AIA News Article on Laureus Sport for Good Global Summit sponsored by AIA.

2 Amita Chaudhury and Venky Iyer (20 August 2023), *Don't Leave Women Behind: Accelerating Progress in Financial Literacy*, BFSI. <https://bfsi.economicstimes.indiatimes.com/blog/dont-leave-women-behind-accelerating-progress-in-financial-literacy/102838632>

3 Amita Chaudhury, *How can the insurance industry help address the S in ESG*, Elevation. <https://www.elevation.io/insights/how-can-the-insurance-industry-help-address-the-s-in-esg>

Promoting Best ESG Practices

Demonstrating best practice

External recognition of AIA's sustainability performance underscores the strength of our ESG Strategy and our positive impact on our industry and the wider community.











We were again recognised in the Institutional Investor Research's Asia (ex-Japan) 2023 Executive Team Ranking. AIA was one of the top-ranked insurers across five categories including Best CEO, Best CFO, Best IR Programme, Best Company Board and Best ESG.

AIA was included in the 2023 S&P Sustainability Yearbook (China edition) and positioned in the top 5% in the China industry based on our 2022 Corporate Sustainability Assessment (CSA) result.

For the second year in a row, AIA was among six Asia-based companies out of 57 globally to receive the Gallup Exceptional Workplace Award in 2023.

Collaboration through ESG-related organisations

We are committed to transparent collaboration in matters of ESG and are committed to achieving international best practice. As an active member of a growing list of global and regional ESG-related organisations we will continue to participate in building a more sustainable financial services industry.



ESG-RELATED ORGANISATION	LEVEL OF MEMBERSHIP	JOINED
 UN Global Compact	Signatory	2016
 Women in Finance Asia (WiFA)	Member	2018
 Task Force on Climate-related Financial Disclosures (TCFD)	Supporter	2018
 Hong Kong Green Finance Association (HKGFA)	Member	2018
 30% Club (Hong Kong Chapter)	Member	2018
 Climate Action 100+	Member	2019
 Principles for Responsible Investment (PRI)	Signatory	2019
 Principles for Sustainable Insurance (PSI)	Signatory	2021
 Science Based Targets initiative (SBTi)	Signatory	2021
 Asia Investor Group on Climate Change (AIGCC)	Member	2022

ESG Ratings and Index Inclusions

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

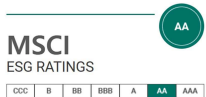



In 2023, AIA maintained its strong performance across a range of ESG ratings and its inclusion in internationally recognised sustainability indices.

We are one of the largest Hong Kong-headquartered constituents of the Hang Seng Corporate Sustainability Index¹, and maintained the MSCI ESG Rating of 'AA'.




ORGANISATION	DESCRIPTION	2023	2022	2021	2020
	<p>Morningstar Sustainalytics provides high-quality analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies.</p> <p>AIA has consistently been placed in the top 10th percentile of the insurance industry in Sustainalytics' ESG Risk Rating assessment. We have also been 'ESG Industry Top Rated' and 'ESG Regional Top Rated' for three consecutive years.</p>				
					
	Percentile (Insurance)	Top 10th percentile	Top 10th percentile	Top 10th percentile	Top 10th percentile
	Percentile (Global Universe)	Top 10th percentile	Top 10th percentile	Top 10th percentile	Top 10th percentile

¹ As at 31 December 2023.

ESG Ratings and Index Inclusions

ORGANISATION	DESCRIPTION	2023	2022	2021	2020
 <p>MSCI ESG RATINGS</p>	<p>Formerly known as Morgan Stanley Capital International, the MSCI ESG ratings measure a company's resilience to long-term industry-material ESG risks.</p> <p>The AA rating identifies AIA as an industry leader in managing its most significant ESG risks and opportunities.</p>	AA	AA	AA	A
 <p>Hang Seng Corporate Sustainability Index Series</p>	<p>The Hang Seng Corporate Sustainability Index Series provides a benchmark for sustainability investments. Constituent selection is based on a robust process that includes consideration of the results from a sustainability assessment undertaken by Hong Kong Quality Assurance Agency (HKQAA), an independent and professional assessment body, using its proprietary sustainability assessment and rating framework.</p>	A+	A+	A+	A+
 <p>Corporate ESG Performance</p> <p>RATED BY ISS ESG</p>	<p>The ISS ESG Corporate ESG Performance Status takes into account ESG challenges that are specific to individual sectors as well as companies and states by assigning different 'ISS ESG Prime' absolute performance thresholds.</p>	Prime	Prime	Prime	Prime
 <p>CDP DISCLOSURE INSIGHT ACTION</p>	<p>CDP is a not-for-profit organisation which helps investors, companies, cities, States and regions to manage their environmental impacts by assessing climate risks and low-carbon opportunities.</p>				
	Climate Change Score	B	C	B	A-

ESG Ratings and Index Inclusions

ORGANISATION	DESCRIPTION	2023	2022	2021	2020
 FTSE4Good	<p>Administered by the Financial Times Stock Exchange-Russell Group (FTSE Russell), the FTSE4Good Index Series is designed to measure the performance of companies with strong ESG practices.</p> <p>AIA has been a FTSE4Good member since 2017.</p>	Member	Member	Member	Member
 Indices by Qontigo	<p>STOXX Limited is a Swiss globally integrated index provider.</p> <p>AIA has been included in its Asia/Pacific ESG Leaders 50 Index and Global ESG Leaders Index since 2020.</p>				
	STOXX Limited Asia/Pacific ESG Leaders 50 Index	Included	Included	Included	Included
 恒生指數 HANG SENG INDEXES	<p>The HSI ESG Enhanced Index and HSI Low Carbon Index were launched by Hang Sang Indexes Company in 2021.</p> <p>AIA has been included as a constituent to both indices since inception.</p>				
	Hang Seng Index (HSI) ESG Enhanced Index	Included	Included	Included	N/A
	Hang Seng Index (HSI) Low Carbon Index	Included	Included	Included	N/A

Bringing Effective Governance to Life

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Michael Fiechtner
Head of Group
Technology Risk,
AIA Group

Effective Governance is fundamental to enable innovation while managing the potential risks.”

Michael leads the development and execution of AIA's Technology Risk Management approach and practices across the Group. His growing team oversees AIA's emerging and current risks from a technology perspective.

A mindset of constant curiosity drives Michael to work collaboratively across all three lines of defence and all business units to ensure that technology risks are understood and managed, so that opportunities for innovation can be explored. Michael assures that everyone at AIA has the same objective; to keep everyone's data and systems safe, and make sure AIA can deliver on the promises made to customers.

In 2023, technology risk management teams from Group and BU level along with AIA Digital+ came together to share ideas, expertise and best practices, and set priorities. These discussions strengthened the bond between the teams and laid the foundation for a future of resilience and success to confront the ever-evolving challenges in technology risk management.

Addressing the rapid evolution of Generative Artificial Intelligence (Gen AI), AIA revised the AIA Responsible Use of Artificial Intelligence Standard during 2023 to ensure it remains fit-for-purpose in the age of mass adoption of Generative AI tools, with input from Michael and his team. The introduction of Responsible Use of AI training ensures colleagues developing proofs of concept for future uses of AI are aware of the associated risks.

Michael is a founding member of our new Group-wide AI Council, a multi-disciplinary team from across functions who meet monthly to discuss potential future uses of AI, the associated risks and opportunities, and lessons and insights from active and planned initiatives.

AIA's digital journey and cloud-native mindset were central to Michael's decision to join AIA in 2021, and its continued digital-led approach attracts the attention of industry peers who look to AIA for guidance and thought leadership. Michael recently shared AIA's approach to AI Governance with several industry forums and peers, including at the Market Intelligence Group's InfoSecurity Summit. More recently, in December 2023, AIA was invited to be a founding member of a Microsoft's awareness group on governance and the ethical use of AI.

Bringing Effective Governance to Life

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Shami Shearer
Head of Sustainability,
AIA New Zealand

We're fortunate to be able to leverage the power of AIA Group with initiatives such as AIA Vitality and the Climate Transition Plan, which help us to make a difference on a large scale, but to also tailor these for our market to make a difference in local communities.”

A passion for sustainability led Shami to join AIA New Zealand in early 2022. Her role as Senior Project Actuary included an opportunity to contribute to the development of AIA New Zealand's Climate Statements under the Aotearoa New Zealand Climate Standards, which require climate-related disclosure by large publicly listed companies, insurers, banks, non-bank deposit takers and investment managers.

With this experience further igniting her interest in ESG, Shami took a secondment as the Head of Sustainability to cover a period of parental leave. She is enjoying the secondment's challenges and opportunities, including the chance to develop and showcase her communication and coordination skills. The secondment is providing broader opportunities to collaborate and engage with colleagues, as well as a different perspective on ESG to her substantive role's focus on climate risks and initiatives.

As Head of Sustainability, Shami is responsible for coordinating AIA New Zealand's sustainability initiatives and climate-related disclosures and ensuring they support the Group's ESG Strategy and Climate Transition Plan. Her role combines leveraging Group-wide commitments and initiatives with the autonomy to develop local initiatives that resonate with colleagues and customers. For instance, exploring the Climate Transition Plan's commitment to electric vehicles (EVs) in the New Zealand context, where charging infrastructure is still developing, led AIA New Zealand to transition to a hybrid fleet for the short to medium term.

Shami appreciates how sustainability is deeply entrenched across AIA. She enjoys being able to make a difference both as an individual passionate about sustainability, and through the power of the whole AIA Group. She particularly enjoys leading AIA New Zealand's active employee group, the Sustainability Champs, who help drive three key sustainability initiatives within the business: sharing information to help employees understand ESG, establishing ways to reduce waste, and engaging employees and external partners to make sustainable commuting choices.

Shami was proud to see AIA New Zealand recognised at the 2023 Financial Services Council Awards for Excellence in Sustainability Practices and Excellence in Wellbeing and Inclusion. This was followed by wins at the New Zealand Insurance Industry Awards for Excellence in ESG Change and Excellence in Workplace Diversity and Inclusion. This success is largely owed to the strong sustainability strategy and mentality that is cascaded down from Group leadership to all BUs. This 'think globally, act locally' mindset has enabled Shami and her team to leverage resources and the power of the Group to make a difference in New Zealand.

The secondment has been a valuable learning experience and Shami will be taking a lot of knowledge back to her substantive role. Shami is grateful that AIA not only embraces opportunities to grow and improve as an organisation, but also fosters an environment where people can build their careers that support their passions.



HEALTHIER, LONGER,
BETTER LIVES

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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