

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STOCK CODE : 1299
ESG REPORT 2016



THE REAL LIFE
COMPANY

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2016 SUSTAINABILITY AT-A-GLANCE



Corporate Governance

100% of employees received training on AIA's anti-corruption policies and procedures



Community Care

Over HK\$30 million contributed to community programmes



Community Care

More than 135,000 beneficiaries of our community programmes



Human Capital

Over 20,000 employees



Human Capital

59% of employees are female



Emissions Performance

Total GHG Emissions Intensity
3.4 tonnes of CO₂e per full-time employee



Emissions Performance

Total GHG Emissions
56,551 tonnes of CO₂e



Energy Performance

Total Accumulated Energy Savings
2,977,000 KWh since 2014



Energy Performance

3.3% drop in total energy consumption since 2014

STATEMENT FROM GROUP CHIEF EXECUTIVE AND PRESIDENT

It gives me great pleasure to present the Group's first Environmental, Social and Governance ("ESG") Report (the "Report"). This is a milestone in our journey to further improve our environmental, social, and corporate governance performance. It demonstrates our ongoing commitment to accountability and transparency with our stakeholders.

The Report reaffirms our fundamental belief that for a company to be commercially successful over the long term, it must create value for both its stakeholders and for society as a whole.

The strongest possible business ethics and sound environmental decisions underpin our daily activities and behaviours. The Group carefully manages our environmental footprint and use sustainability criteria in investment choices in order to help support the global transition to a sustainable economy. We are aware that investors attach a growing importance and have increasing expectations with regard to how companies integrate commercial sustainability into their business strategy. The Report has been prepared in accordance with the Global Reporting Initiative ("GRI") G4 Guidelines and the ESG Reporting Guide of the Hong Kong Stock Exchange.

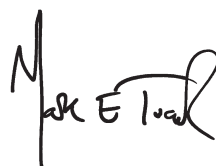
AIA has been in Asia for close to a century and plays a leadership role in supporting economic and social development across the region. We serve our customers by meeting their ever-changing needs for financial security with our products and services and by focusing on helping people live longer, healthier, better lives. This commitment is expressed in our Operating Philosophy of doing the Right thing in the Right way with the Right people ... confident that the Right results will come.

As a responsible business, we are mindful of the importance to actively support the communities in which we operate. Our community investment activities strive to inspire and encourage positive change. In 2016, we continued to take action through volunteer service, as well as numerous corporate donations and sponsorships.

The Report would not be complete without highlighting our commitment to the development and well-being of our employees and agents. Employee wellness is fundamentally important to us and guides all of our actions in connection to our people. Attracting and retaining talent in an increasingly competitive marketplace remains both a challenge and an opportunity for AIA to distinguish itself as the employer of choice. In addition to continuous investment in our staff, we celebrate diversity and provide equal opportunities to all. We are dedicated to creating a constructive and healthy workplace environment and providing avenues for our employees to shine and develop flourishing careers.

On behalf of the Board, I would like to convey my deepest thanks to everyone involved in the positive progress that we have made to-date on our environmental, social and corporate governance impact. I am very proud of the work that AIA is doing together with our customers, our staff, our agents and our partners.

Looking ahead, we believe that sustainability will continue to play a prominent role in our business. Increasing disclosure and communicating our progress will be key. We will continue to document our progress through regular disclosures of our sustainability strategy and performance. I look forward to sharing these with you as our track record of sustainable growth continues.



Mark Edward Tucker
Group Chief Executive and President

23 March 2017

ABOUT THIS REPORT

AIA Group Limited (“**AIA**” or the “**Group**”) is pleased to present our first ESG Report. The Report summarises our ESG performance, accomplishments and challenges as we progress on our sustainability journey.

WHO WE ARE

AIA and its subsidiaries comprise the largest independent publicly listed pan-Asian life insurance group. We have a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar.

OUR APPROACH

As a life insurer, our business is fundamentally about people. We have a keen interest in the health and well-being of our communities and we are committed to taking a leadership role in driving economic and social development across the region.

Our ESG efforts are reflected in our Operating Philosophy of “Doing the Right thing, in the Right way, with the Right people...confident the Right results will come”. Across the Group, we undertake initiatives to reduce our environmental footprint, to invest sustainably and to stimulate economic growth.

In 2016, we became a signatory of the United Nations Global Compact (“**UNGC**”). We are committed to reporting on our progress on the UNGC’s 10 principles, including human rights, labour issues, environment and anti-corruption.

Having been in the life insurance business for almost a century we have served many generations of customers across the region, and are subject to a wide variety of ESG risks from global and multi-jurisdictional perspectives. To enable us to protect generations of people for decades to come, we are committed to understanding and addressing these ESG risks and their impact on our customers, our communities, and our ongoing business. Our approach to managing these risks is set out in various sections of the Report.

We believe that effectively managing our ESG performance will deliver real corporate value by, among other things:

- Managing risks and future proofing our business
- Saving operating costs
- Maximising value for shareholders and society
- Positioning our business as an employer of choice
- Enhancing our reputation

OUR COMMITMENT

AIA is committed to growing our business responsibly and profitably in the markets we serve and to optimise returns for our shareholders over time. We firmly believe that this success must create value for society and consider the broader impact on the environment.

ABOUT THIS REPORT

REPORT SCOPE AND BOUNDARIES

The Report covers the period from 1 December 2015 to 30 November 2016¹ and has been prepared in accordance with the “Core” option of the GRI G4 Guidelines and Financial Services Sector Supplement, with reference to the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”).

Unless otherwise indicated, the information contained in the Report, combining environmental and workplace data, covers our operations in Australia, Brunei, China, Hong Kong, Indonesia, Korea, Macau, Malaysia, New Zealand, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

A comprehensive GRI G4 Guidelines and HKEx content index is provided at the end of the Report. Additional details regarding our ESG performance, including financial data and corporate governance information, can be found in our Annual Report 2016.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The GRI G4 Guidelines articulate a range of material aspects for a reporting organisation to disclose its impact on the environment, economy and society. Material aspects that are relevant to an organisation are dependent on the nature of its operations and stakeholder interests. To determine these material aspects as well as the scope and boundaries of the Report, we commissioned an external consultant

to carry out a stakeholder engagement and materiality assessment. As part of this exercise, internal stakeholders, including the Group’s functional heads and non-executive Chairman, contributed their perspectives on ESG risks and opportunities affecting our business.

The materiality assessment also took into account industry and location specific ESG issues as well as global trends. The methodology employed referenced the GRI G4 Guidelines and other international best practices.

We derived our material aspects and reporting content based on the following steps:

Step 1: Identification – Benchmarking ESG Reporting Practice

- Identifying industry standard aspects for ESG disclosure and analysing the ESG or sustainability reports of AIA’s local and international industry peers.
- Determining the materiality of an aspect based on the frequency of disclosure among the selected peer companies.

Step 2: Prioritisation – Stakeholder Engagement

- Asking AIA’s key internal stakeholders to rank each of the shortlisted issues according to their importance and relevance to the Group.
- Using “stakeholder preferences” as a critical factor to decide the aspects for inclusion in the Report.

¹ Throughout the Report, we refer to the reporting period of 1 December 2015 to 30 November 2016 as “2016”, the reporting period of 1 December 2014 to 30 November 2015 as “2015”, and the reporting period of 1 December 2013 to 30 November 2014 as “2014”.

Step 3: Validation – Determine Material Issues

- Identifying the most critical material aspects by compiling summary rankings from the stakeholder engagement and peer analysis.
- Asking AIA's senior executives to validate the final selection to ensure results of the materiality assessment were in line with the potential business impact.
- Considering our reporting commitments to the UNGC.

The following table outlines the 17 material aspects relevant to our business and operations, as well as their impact within and outside the Group. The Report sets forth our performance and approach to addressing each of these aspects and outlines our relevant policies, initiatives and performance.

List of Material Issues and Corresponding Aspect Boundary

High Priority Issues	Impact Location (Within or outside of the Group)	
	Within	Outside
Economic		
Economic Performance	✓	✓
Environment		
Energy	✓	
Emissions	✓	✓
Product and Services		✓
Compliance (Environment)	✓	✓
Social		
Employment	✓	
Training and Education	✓	
Diversity and Equal Opportunity	✓	
Investment		✓
Freedom of Association and Collective Bargaining		✓
Child Labour		✓
Forced or Compulsory Labour		✓
Supplier Human Rights Assessment		✓
Local Communities		✓
Anti-corruption	✓	✓
Compliance (Society)	✓	✓
Active Ownership	✓	✓

WORLD-CLASS GOVERNANCE – THE RIGHT WAY

RESPONSIBLE BUSINESS PRACTICES

Our governance practices embrace world-class business ethics and integrity. AIA believes in doing the Right Thing, in the Right Way, with the Right People, confident the Right results will come. This Operating Philosophy applies throughout to our corporate governance practices. We promote a strong, collaborative culture, where employees are encouraged to act responsibly and in compliance with our Group Code of Conduct (the “Code”). The Code provides clear guidelines for workplace professionalism in compliance with local and international criteria and can be found [here](#). AIA’s business partners including agents, contractors, subcontractors, suppliers, distribution partners and others who act on behalf of AIA are required to apply the same standards and to follow the same responsible practices as our employees.

Training on the Code is carried out via e-Learning and takes about 30 minutes to complete. Employees across the region² are requested to complete this within three months of joining the Group. Apart from initial training, they are also required to complete an annual re-certification.

For further details regarding the Code, please see the complete document available [here](#).

ANTI-CORRUPTION

All AIA employees and representatives of the Group are expected to carry out their work in an honest and ethical manner as outlined by the Code. We understand the potential risks to our business from unethical conduct, and adopt a zero-tolerance approach to all forms of corruption, including deception, bribery, forgery, extortion, conspiracy, embezzlement and collusion. As noted above, all employees undergo training and re-certification with regard to the Code which has been translated into seven languages.

Our anti-fraud policy and guidelines also define a wide range of terms related to anti-corruption and describe how the terms apply to various situations to ensure compliance.

Our fraud risk management framework monitors anti-corruption efforts with prevention, deterrence and detection measures to uphold ethical standards. This facilitates early detection of potential fraud that are against

the interests of the Group or our customers. We have also developed a Business Quality Framework to ensure compliance among AIA’s intermediaries. This framework addresses a comprehensive range of criteria, such as recruitment, training, monitoring and assessment, that our intermediaries are required to comply with in order to maintain our high standards.

WHISTLE-BLOWER POLICY

We provide channels for our employees to report instances they believe to be unethical or in breach of the Code. Suspected non-compliance may be reported to a manager, department head, compliance officer or internal auditor. When a complaint is filed, dedicated compliance officers will investigate the case using an internal or external party as required, while protecting the whistle-blower from reprisal. Employees, agents or intermediaries found to have breached our whistle-blower policy may be subject to termination of contract, dismissal, sanctions or criminal proceedings.

ENSURING ACCURATE PRODUCT DESCRIPTIONS

To assist our customers in making well-informed decisions, we offer clear product descriptions in all our sales illustrations in accordance with local regulations and our internal standards. To lower the risk of misrepresentation and mis-selling of products, we apply a standard set of minimum disclosure requirements across the Group. Additional checks and controls are in all branches and subsidiaries to ensure compliance.

CUSTOMER PRIVACY AND DATA SECURITY

Customer privacy is of crucial importance at AIA and all our operations have to take appropriate physical, administrative and technical measures to protect personal and business data. The Code outlines appropriate Customer Privacy and Data Security measures. All employees are required to respect confidentiality by observing information privacy and security laws.

Our local compliance teams also review the privacy and security policies on a regular basis, with the Group’s Internal Audit system monitoring the relevant controls independently.

² Excludes Tata AIA Life Insurance Company.

WORLD-CLASS GOVERNANCE – THE RIGHT WAY

OUR INVESTMENTS

To maximise the long-term value of our assets and investments, we incorporate ESG factors into our investment decisions. We assess performance against criteria such as water shortage, energy supply, climate change, environmental regulations, labour supply and relations, resource scarcity, management capability, integrity and financial management for close to 100 per cent of our invested assets. Where possible, AIA employs a process of engagement to both improve and clarify details of ESG performance before making an investment decision.

Our experienced local fixed-income and equity analysts are responsible for ESG matters in each market by monitoring ESG criteria in the companies they cover and sharing timely updates with our portfolio managers. We also consider ESG factors when selecting external third-party managers.

For further details please see our Responsible Investment Policy available [here](#).

SUPPLY CHAIN MANAGEMENT

Across our business we work with an array of different product and service providers. We integrate sustainability into the supply chain with our Supplier Code of Conduct as a complement to our Code. By observing international conventions and addressing environmental, social, and governance risks, the Supplier Code of Conduct encourages sound ESG practices among our suppliers and requires integrity in all matters.

OUR SUPPLY CHAIN

Our Supplier Code of Conduct acts as a guideline to promote positive environmental, social and business practices while respecting local traditions, cultures and norms.

As a Group we will continue to work with those suppliers who demonstrate best practice and encourage them to improve their ESG standards and practices in accordance with our Supplier Code of Conduct.

For further details please see our Supplier Code of Conduct available [here](#).

OPERATING RESPONSIBLY – THE RIGHT THING

With the growing concern for waste management and climate change in many countries, addressing our environmental footprint is simply the right thing to do as a responsible business. As a financial services provider, this

means reducing and recycling the waste that we produce, conducting responsible investment management, and employing innovative technologies to reduce our resource consumption and emissions from business travel.

REDUCING WASTE

Contributing to our efforts to reduce paper usage, we have launched iPoS, an interactive point-of-sale technology. iPoS features a paperless sales process from the completion of customer's financial-needs analysis to proposal generation, across our markets. As a result, our agents in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, Indonesia, the Philippines, Taiwan, Sri Lanka and Vietnam are able to complete their end-to-end sales process using just their tablet devices. This process, involved in the issuance of thousands of policies, also saves additional paper by taking a simple picture of the necessary documents instead of having our customers submit photocopies.



We also continue to explore opportunities to adopt sustainable practices in our approach to underwriting and other insurance practices. This involves being mindful of how our operations, our people and the community affect the environment. We are also focused on understanding the impact of the environment on the well-being of our communities. This year we partnered with the University of Leeds, UK to conduct an air quality study in Hong Kong and the Pearl River Delta region. The study aims to identify

realistic and effective measures to mitigate the causes of poor air quality. The goal is also to turn new knowledge into policy and action.

To collect and coordinate the environmental initiatives across the Group, we developed a comprehensive Environmental Policy and will continue to disclose our performance on our corporate website and through annual ESG reporting.

For further details please see our Environmental Policy available [here](#).

OPERATING RESPONSIBLY – THE RIGHT THING

ENERGY CONSUMPTION

As is generally the case in the Asia-Pacific region, the majority of our operations are located in markets where electricity tends to be generated through the burning of fossil fuels such as coal. Therefore, the electricity that we use in our buildings is the single largest contributor to our greenhouse gas footprint, and we address this by regularly reporting and monitoring our carbon and energy footprints. We also aim to put in place energy conservation practices across our markets, and continue to upgrade our hardware

to more energy efficient options, such as LED lighting, where possible.

From 2014 to 2016, our consistent efforts have helped us reduce our electricity consumption by 2.9 per cent and our energy consumption from the use of fossil fuels and gas, for example from our corporate vehicle fleet, by 5.2 per cent. Overall energy use intensity has been reduced by 1.6 per cent for the same period. From 2014 to 2016, our total energy intensity declined from 5,354 kWh per full-time employee to 5,267 kWh per full-time employee.

kWh	2016	2015	2014	Cumulative Savings from 2014
Electricity usage (indirect energy use) ³	74,588,681	75,647,786	76,847,554	2.9%
Energy consumption from use of fossil fuels and gas (direct energy use) ³	13,127,190	13,431,084	13,845,317	5.2%
Total Energy Consumption	87,715,871	89,078,870	90,692,871	3.3%
Total Energy Intensity (per full-time employee) ³	5,267	5,275	5,354	1.6%

OUR GREEN BUILDING PORTFOLIO

Leadership in Energy and Design (“LEED”) is a world-renowned authority governing green building certification. It defines standards to minimise resource use during construction, safeguard the well-being of occupants, and promote energy efficiency.

At AIA we incorporate green standards as a part of the design concept for all our real estate development projects, ensuring environmental principles are “built in” and not included as an afterthought. As a mark of their sustainable

quality, a number of our buildings spanning across Hong Kong, Thailand, Singapore, China, Indonesia and the Philippines have been awarded various green building awards: Gold or Silver certification by LEED for Hong Kong, Thailand and China; LEED pre-certification for Philippines; The Building Construction Authority (“BCA”) Green Mark for Singapore and Green Building Council Indonesia certification for Indonesia. Through our buildings we also provide our tenants the option of renting low carbon and resource efficient spaces, thereby reducing their carbon footprints.

AIA SINGAPORE

The BCA Green Mark is Singapore’s green building standard, and we are proud to have achieved this certification for AIA Tower in Singapore in 2016 by implementing a number of energy saving measures such as replacing fluorescent tubes with LED lighting, installing sleep modes, variable frequency motor drives in our elevators, and reconfiguring our chillers to be more efficient. We will strive to achieve the same certification in 2017 for AIA Alexandra and AIA Tampines, our other properties in Singapore.



³ Includes all markets where AIA has operational control.

OPERATING RESPONSIBLY – THE RIGHT THING

EMISSIONS

In 2016, we produced 56,551 tonnes of carbon emissions across the Group, with a carbon intensity of 3.4 tonnes of CO₂e per full-time employee. Our efforts have led to an overall reduction in total Scope 1 and 2 greenhouse gas

emissions of 3.5 per cent. Collecting business travel data for operations across 18 markets is not a simple task. However our data collection expertise has continued to improve, with three new markets submitting their travel data in 2016. As a result, our Scope 3 emission footprint has risen.

CO ₂ e (Tonnes)	2016	2015	2014
Scope 1 ⁴	3,265	3,371	3,447
Scope 2 ⁵	48,009	48,196	49,686
Scope 3 ⁶	5,277	4,853	3,475
Total GHG Emissions (Scope 1, 2, 3)	56,551	56,420	56,609
Total GHG Emissions (Scope 1, 2, 3) Intensity (per full-time employee) ⁷	3.4	3.3	3.3

ENABLING EFFICIENT COMMUNICATION

As the quality of video conferencing technology improves, a number of our markets are able to communicate with one another promptly and the need for travel is reduced while also increasing our efficiency. For example, our colleagues in Bangkok frequently video conference with their counterparts in Chiang Mai, while at our Group Office in Hong Kong, functional team video-conferencing sessions have been held with other team members across the region, including Taiwan, Indonesia and Vietnam.

⁴ Emissions from the fuel burnt by our corporate vehicle fleet, generators and corporate kitchens. Scope 1 emissions include all AIA markets where AIA has operational control.

⁵ Emissions produced as a result of the electricity that we use. Scope 2 emissions include all AIA markets where AIA has operational control.

⁶ Emissions produced indirectly from commercial business travel by airplane. This increase is primarily due to AIA developing its reporting capacity on Scope 3 emissions by including data from more markets – 11 markets in 2016 compared to 8 in 2015.

⁷ We calculate emissions according to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government. We identify emission factors on electricity consumption for each operating region via the Green House Gas Protocol database, and calculate relevant resource consumption data based on standards outlined by the Carbon Disclosure Project. As for air business travel, we calculate relevant data using the Carbon Neutral Calculator for Short – Medium haul flights (DEFRA emission factors).

SUPPORTING PEOPLE – THE RIGHT PEOPLE

OUR PEOPLE ACHIEVING SUCCESS

We owe much of our success to a dedicated, talented workforce of over 20,000 employees. Our people form the foundation on which we meet our customers' needs, drive innovation, fulfil targets and take our business to new levels of success.

With a collective belief in our Operating Philosophy, we care about how work is conducted as much as what work is being conducted. We believe in leading by example, inspiring employees to strive for excellence while creating an open and accessible workplace that is responsive to the career needs of our employees.

We nurture a distinct and diverse culture built around trust, empowerment and transparency, which also encourages local expertise and motivates teams to implement our core strategy. Incorporating local norms into our human resources policies is fundamental to all our operations. This "empowerment model" enables all our operations to enact human resources policies that would meet the training and development needs of their employees.

Our transparent promotion practices take into account various factors such as business needs, increased job scope and responsibility, capability and contributions to the company, as well as endorsements by senior management. We also provide mentoring and career mobility to all eligible employees to further develop their capabilities over time.

Employees are compensated fairly according to their contributions and market standards. Supporting our goal of nurturing a performance culture, AIA's Total Rewards Framework outlines compensation criteria based on the performance of the Group, the individual business unit and the employee. The framework also includes criteria for determining incentives and benefits such as bonuses and other allowances.

EQUALITY AND DIVERSITY

Our recruitment policies encompass guidelines for selecting a candidate based on experience and expertise. We attract and retain exceptional talent by maintaining a dynamic, diverse and inspiring work environment. Our Operating Philosophy and the actions we take to create an engaging culture work to foster empowerment, collaboration and innovation, which in turn strengthens our leadership position.

We are committed to providing a harmonious and inclusive workspace, free from harassment and discrimination. The Code outlines our policies and stance against various types of discrimination. Employment, remuneration, promotion and termination are based on performance and conducted through fair, transparent and accountable processes.

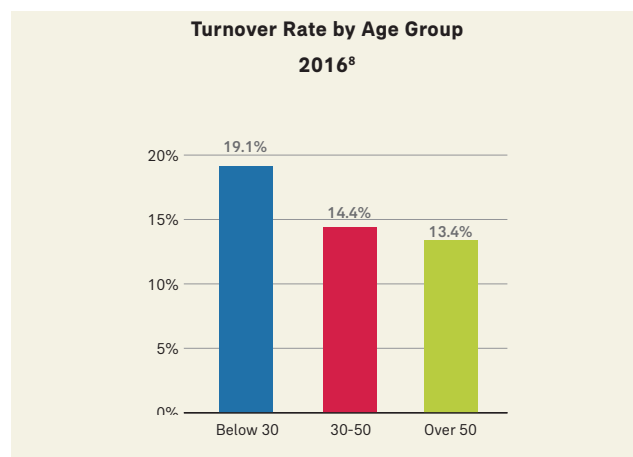
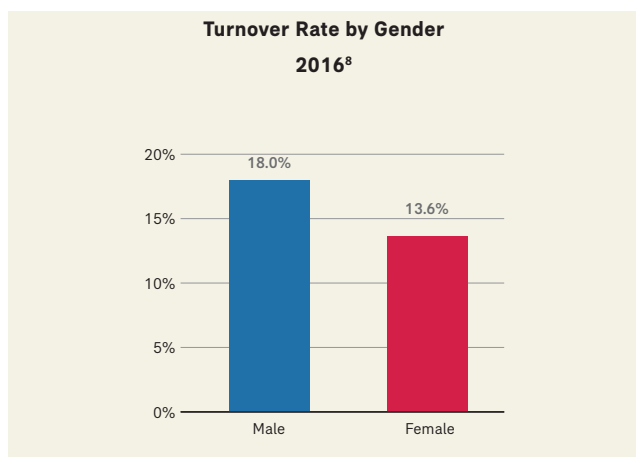
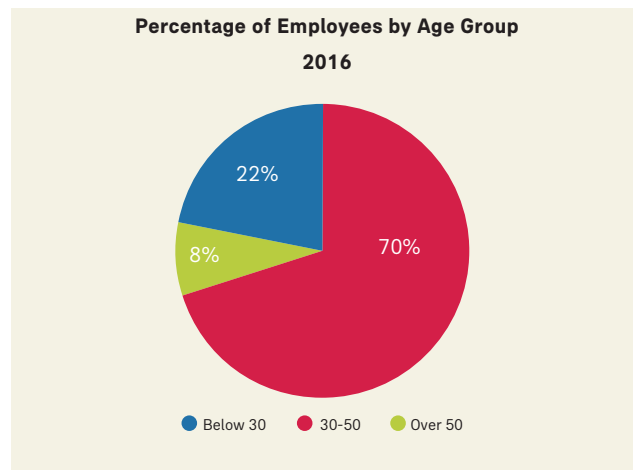
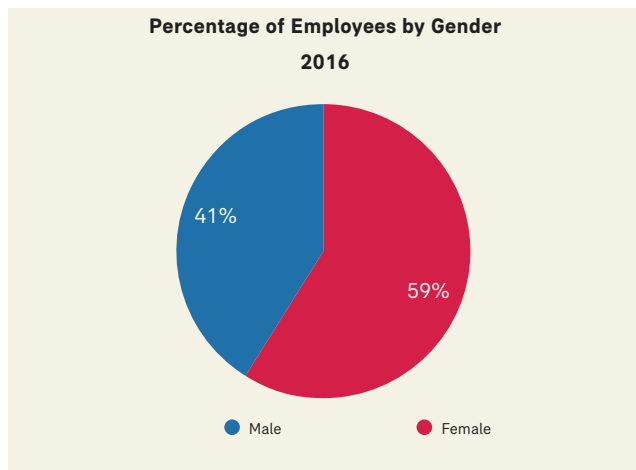
A diverse workforce enables us to better engage with our customers and address their unique needs. In 2016 we hired a number of hearing impaired employees to assist customers with similar disabilities access our Mandatory Provident Fund ("MPF") products. We also participate in the Hong Kong government's "Talent-Wise Employment Charter", where we provide job opportunities and summer internships for students with disabilities.

We support local affinity networks such as the 30% Club which helps to promote the inclusion of women in the workplace. We are proud to note that we have a total female executive workforce of 32 per cent, compared to the 2016 industry average of 21 per cent for the financial services sector as indicated in a recent report on women in financial services.

To provide an inclusive space for our working mothers, we offer a nursing room at our Group Office in Hong Kong and our offices in Australia, China, Sri Lanka and the Philippines. Through these measures we support our female staff and help address the needs of their personal and professional lives.

SUPPORTING PEOPLE – THE RIGHT PEOPLE

OUR WORKFORCE



- We hired 3,346 employees across our Group in 2016.
- Female employees across the Group increased to 59 per cent in 2016, compared with 56 per cent for the prior year.
- Our employee turnover for 2016 was 19.1 per cent for those under the age of 30, 14.4 per cent for those aged between 30 and 50, and 13.4 per cent for those aged over 50.
- The turnover rate for female employees across the Group decreased from 14.7 per cent in 2015 to 13.6 per cent in 2016.

AIA'S AFFINITY NETWORKS

To foster a supportive work environment, we created The NetWork. This umbrella organisation enables employee affinity groups to get together, facilitating the professional and personal development of our people through networking and leadership programmes.

The first affinity group we formed at the Group Office focuses on creating targeted networking opportunities for our female executives. Initiatives centre on developing professional skills, building relationships and enhancing engagement. Going forward we plan to expand this idea to our other operations as well as our business partners.

⁸ We obtain turnover rates in each of the markets covered by the Report and use this data to calculate our average overall turnover rate.

SUPPORTING PEOPLE – THE RIGHT PEOPLE

OUR PROFESSIONAL DEVELOPMENT EMPLOYEE TRAINING

We tailor our training efforts to provide our staff with the skill sets that they need, specific to the nature of each market and job requirements. For example, training at AIA Korea covers government mandated courses and enables employees to achieve local or international certification.

We also promote on-the-job learning and favour the internationally recognised 70/20/10 approach to learning and development. This framework suggests that 70 per cent of training should be accumulated from first hand on-the-job experience, 20 per cent through activities that include mentoring and coaching, and 10 per cent from classroom based training.

Across the Group we achieve a 100 per cent completion rate in all of our compliance-related training programmes.

AIA LEADERSHIP CENTRE IN BANGKOK

The AIA Leadership Centre (“ALC”) opened in Bangkok in 2016, and offers a state-of-the-art learning facility to strengthen and expand our senior talent pool. With an area of more than 3,100 square metres, the ALC is one of the largest leadership training and meeting facilities in Asia.

The ALC partners with acclaimed institutions to co-develop customised programmes that enhance the quality, the effectiveness and the professionalism of our senior executives, our distribution, and our technical leaders. The goal of the ALC programmes is to inspire learning, invention and the creation of ideas to ensure our sustained growth. The strengthening of these skills enables us to capture the vast growth opportunities in the region by ensuring our customers have sufficient protection while also helping them lead longer, healthier, better lives.



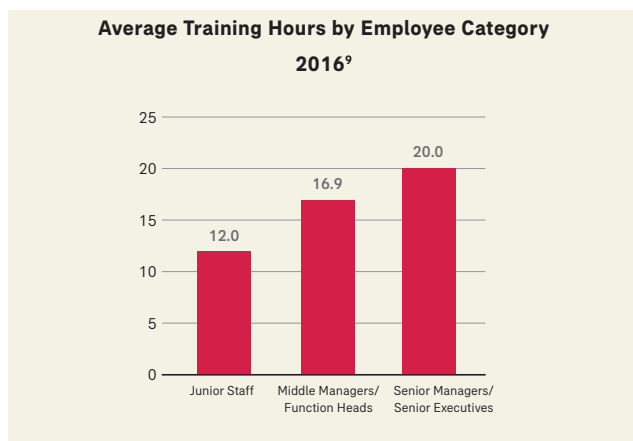
SUPPORTING PEOPLE – THE RIGHT PEOPLE

ACHIEVEMENTS

In 2016, we held a number of customised leadership programmes that helped optimise the learning and development process for our employees while also improving communications across the Group.

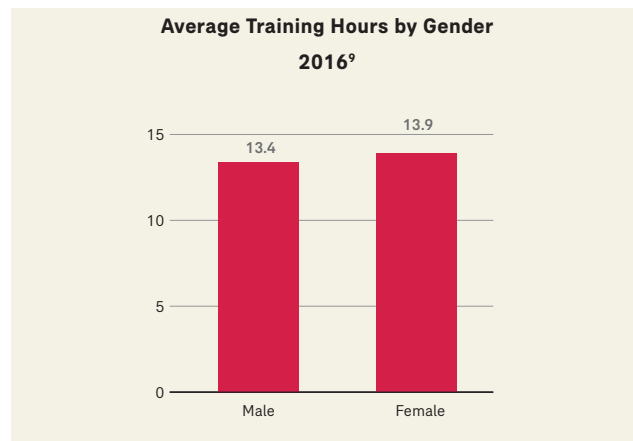
Key Highlights:

- Rolled out career roadmaps for several key functions to include a development guide and the success profiles of roles.
- Arranged peer networking sessions for managers from different departments to share best practice and to promote cross-departmental communication.
- Launched the People Manager Accelerator Programme for middle managers as well as the AIA Manager Series and Best of Me programmes.
- Revamped our Performance Development Dialogue to educate employees on “what” to deliver and “how” to execute key deliverables.



- The average training hours for junior employees, middle managers and senior managers were 12.0, 16.9 and 20.0 respectively.

⁹ We obtain training hours in each of the markets covered by the Report and use this data to calculate our average training hours.



- For 2016, the average training hours for male and female employees were nearly equal at 13.4 and 13.9 hours respectively, reflecting our commitment to provide equitable training opportunities.

MOBILE TRAINING

Innovative approaches to training can increase learning interests and encourage creative thinking. Since 2014 AIA Korea has offered online training programmes for full-time staff on iOS and Android mobile platforms. The programmes not only cover mandatory training on company-specific topics and professional skills, but also offer access to recreational and hobby classes and best-selling books. This gives staff the opportunity to further their professional and personal development at their leisure.

OUR HEALTH AND SAFETY

At AIA we are committed to offering a safe and secure environment for our employees, agents and customers across all our operations. Given the relatively large number of white-collar jobs in the insurance sector, creating a comfortable and safe work space involves paying attention to ergonomic furniture and design, while also encouraging our employees to eat healthier foods and to exercise regularly. Encouraging healthy living is a key commitment from AIA, and this extends to our staff and their families. We encourage our employees to eat healthier foods and to exercise regularly; our employees also receive comprehensive insurance coverage which they may choose to extend to their family members.

Our operations in Sri Lanka, Taiwan and Thailand encourage their employees to exercise by offering discounted gym memberships. In Taiwan, we also offer counselling facilities to address the stress relief and mental health needs of our employees.

CONTRIBUTING TO OUR COMMUNITIES

AIA is committed to serving our communities and playing a leadership role in driving economic and social development across the region. We encourage our employees to contribute their skills and time to the community by volunteering in our community development and outreach programmes.

PROMOTING HEALTHY LIVING

As a life insurance company we focus on safeguarding the health and long-term financial well-being of our customers and their families.

THROUGH OUR FOCUS ON HEALTHY LIVING WE SEEK TO:

- Encourage, enable and empower people within our markets to lead longer, healthier, better lives.
- Raise awareness about healthy living across Asia Pacific and to induce positive health-related behavioural changes.
- Enable our customers, employees, agents and people in the communities where we operate to benefit from a wide variety of health-oriented activities and caring initiatives.

During 2016, we committed to more than 60 community programmes and contributed over HK\$30 million to our communities through these programmes, benefitting more than 135,000 people and over 60 schools or universities.

OUR PRODUCTS

AIA VITALITY

We are committed to identifying opportunities to maximise the financial and social value that we bring to our stakeholders and the local community through the products and services that we offer. AIA Vitality is a science-backed wellness programme that showcases a game-changing approach to life insurance.

AIA Vitality works by rewarding members with savings and discounts for taking sustainable steps, however small, to improve their health and well-being. Beginning with an initial health review, we give members a set of personal health goals which are designed to be met by exercising, engaging in healthy activities, buying healthy food, or having medical check-ups. Members earn AIA

Vitality Points for completing each activity, and the more points they accumulate, the greater their rewards. We also leverage the use of wearable technology, making it easier for participants to track goals and log their activities.

We leverage technology to link dynamic underwriting, pricing, premium reductions and incentivised performance, to create a new compelling way for us to engage customers with healthy living. This win-win approach brings greater value to our customers, the local community and our business.

Through AIA Vitality we are striving to embed healthy living practices and create sustained changes in the lives of our members to enable them to live longer, healthier, better lives.



CONTRIBUTING TO OUR COMMUNITIES

SUPPORTING COMMUNITIES SAFEGUARDING LIVES

The health and safety of our local communities is of utmost importance to us, and we continue to support initiatives that safeguard lives through innovative and collaborative approaches. The AIA Poson Safety Project in Sri Lanka aims to address this need at a national level.

Each year in Sri Lanka, over a million pilgrims visit the sacred city of Anuradhapura to commemorate the introduction of Buddhism to the country. The pilgrims bathe in the many bodies of water around that area, which has led to many fatalities in the past. We join hands with local police and the Life Saving Association of Sri Lanka to sponsor and assist lifersavers to help ensure the safety of all participants. We educate bathers about the hazards of swimming in large reservoirs through social media, public address systems, and with the support of our employee volunteers. Since the programme began 23 years ago, there have been no deaths reported for most years.



HEALTHY KIDS CHALLENGE

With digital technology becoming ever more prevalent in the lives of children, we believe it is important to strike a balance between participating in a fun digital experience and providing a means for children to stay active. AIA New Zealand's Healthy Kids Challenge campaign set out to accomplish exactly this with primary school students in South Auckland. Students were encouraged to stay active and to measure their movements with pedometers,

then design an online avatar to represent their distance travelled. The more the students stayed active, the further their online avatars progressed on their journeys.

Through this successful programme, we exceeded our target of 15,000 registrations in the first week, ultimately reaching a total of 50,000 participants. The campaign reinforced our commitment to promote healthy living and to boost quality of life.

HEALTHCARE DAY

Healthy teeth are vital to a child's growth, so we organised the Healthcare Day at AIA Vietnam in 2016 to teach children about proper dental care. Collaborating with agencies, teachers and doctors we visited schools in Vietnam and offered dental check-ups and treatment to students.

Teachers used films and fun games to raise awareness about oral health and dental hygiene, while dentists and nurses provided medical care to those in need. Through this event we helped to build and develop an understanding of proper healthcare practices and hygiene locally.



ADDRESSING VARIOUS NEEDS

There are approximately 180,000 working-age people with disabilities in Hong Kong, and only about 65,000 of them are employed. By helping the differently abled gain access to employment opportunities, we hope to create a more inclusive society, one where the disabled are able to be more productive professionally and have a better financial future. Our CSR initiative in Hong Kong, “Let’s Work Together”, addresses this social need by focusing on barrier-free customer services, career placement support and employment incentives for the differently abled.

PROMOTING FINANCIAL ACCESS

As noted earlier, to facilitate access to our MPF services in Hong Kong, we have in place a dedicated team to serve customers with special needs. We also offer online sign language services and answer queries from the hearing impaired via video conference. Our website also caters to visually impaired users, by making available at our MPF service centre text-to-speech screen readers, speakers and magnifying glasses.

MPF DISCOUNTS FOR THOSE WITH DISABILITIES

AIA Pension and Trustee Co. Ltd (“**AIA MPF**”) offers product discounts to encourage a more inclusive Hong Kong. Our MPF corporate clients are provided with management fee rebates on certain funds for their differently abled employees, incentivising equal opportunity practices locally.

We also support CareER, a local non-profit-making organisation in Hong Kong that advocates the employment of the differently abled, by sponsorship contribution and by hosting workshops that focused on providing participants with the necessary skills to join the local workforce.

For further details regarding our many community contributions, please refer to our CSR Report available [here](#).

MEMBERSHIPS AND AWARDS

MEMBERSHIPS

At AIA, we play an active role in understanding the trends and best practices of various aspects of our industry through professional memberships. These memberships help us stay at the forefront of advancements within our industry.

Organisation	Level of Membership
United Nations Global Compact	Signatory
Business Environment Council	Corporate Member
The Chamber of Hong Kong Listed Companies	Corporate Member
The Business and Professionals Federation of Hong Kong (BPF)	Corporate Member
The World Association for Social, Opinion and Market Research (ESOMAR)	Corporate Member
30% Club	Member
Hong Kong Corporate Counsel Association	Member
The Law Society of Hong Kong	Member
The Hong Kong Institute of Chartered Secretaries	Member
American Institute of Certified Public Accountants (AICPA)	Member
Royal Institution of Chartered Surveyors	Member
The Hong Kong Institute of Architects	Full Member
Certified Public Accountants Australia (CPA Australia)	Fellowship

MEMBERSHIPS AND AWARDS

MAJOR AWARDS AND RECOGNITION

AIA is proud to have received recognition for our sustainability practices and performance in our green buildings.

Award Name	Building	Location	Year
Excellent Rating of the Hong Kong Building Environmental Assessment Method HK-BEAM for New Office Designs	AIA Central	Hong Kong, China	2005
Indoor Air Quality Certificate (Excellent Class)	AIA Central	Hong Kong, China	2008 to 2016
Silver Certification in the LEED Green Building Rating System for Existing Buildings: Operations and Maintenance	AIA Central	Hong Kong, China	2012
The LEED Gold Certification	One AIA Financial Center	Nanghai, China	2013
Precertification of LEED Gold	Two AIA Financial Center	Nanghai, China	2013
The LEED Gold Certification	AIA Capital Centre	Bangkok, Thailand	2014
Best Commercial Development in Thailand 2014 award	AIA Capital Centre	Bangkok, Thailand	2014
Best Commercial Development in South East Asia in 2014	AIA Capital Centre	Bangkok, Thailand	2014
Certificate of Green Building Design Label	Two AIA Financial Center	Nanghai, China	2015
The LEED Gold Certification	AIA Sathorn Tower	Bangkok, Thailand	2015
Best Commercial Development (Thailand), Best Green Development, Best Office Development and Highly Commended Architectural Awards in Thailand	AIA Sathorn Tower	Bangkok, Thailand	2015
Indoor Air Quality Certificate (Excellent Class)	AIA Building	Hong Kong, China	2016

KEY CONTACT

Thank you for your interest in the Report.

Your feedback is important to us to enable improvement in our overall sustainability performance and our future reporting. Please contact our ESG team with any comments or suggestion you may have related to the Report at esg@aia.com or at the address below:

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1 Connaught Road Central
Central
Hong Kong

GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

As set out in this content index, the Report complies with the “Core” standard of the GRI G4 Guidelines. It also serves as our 2016 communication regarding the progress of our implementation of the UNGC 10 principles.

General Standard Disclosure	HKEx ESG Reporting Guide Reference	Detail	Page
G4-1	–	Chairman's Statement	3
G4-3	–	Name of organisation	4
G4-4	–	Primary brands, products, and services	4
G4-5	–	Location of headquarters	21
G4-6	–	Countries of operation	5
G4-7	–	Nature of ownership and legal form	4
G4-8	–	Markets served	5
G4-9	–	Scale of the organisation	5
G4-10 UNGC 6	KPI B1.1	Employee statistics	12
G4-11 UNGC 3	–	Percentage of employees covered by collective bargaining agreements	25
G4-12	KPI B5.1	Supply chain description	8
G4-13	–	Significant changes during the reporting period	25
G4-14	–	Report how the precautionary approach is addressed	7
G4-15	–	Charters	20
G4-16	–	Memberships	19
G4-17	–	List entities included in financial statements; mention those not covered by the Report	5
G4-18	–	Process for defining report content and aspect boundaries	5
G4-19	–	List material aspects	5
G4-20	–	Aspect boundaries within the organisation	5
G4-21	–	Aspect boundaries outside the organisation	5
G4-22	–	Effect of any restatements in previous reports	25
G4-23	–	Significant changes in scope and aspect boundaries from previous reporting period	4
G4-24	–	List of stakeholders engaged by the organisation	5
G4-25	–	Report basis for identification and selection of stakeholders	5
G4-26	–	Stakeholder engagement approach and frequency	5
G4-27	–	Report any key topics and concerns raised by stakeholders	5

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General Standard Disclosure	HKEx ESG Reporting Guide Reference	Detail	Page
G4-28	–	Reporting period	5
G4-29	–	Date of most recent Report	4
G4-30	–	Reporting cycle	4
G4-31	–	Contact point for questions regarding the Report and its contents	21
G4-32	–	GRI “in accordance” option chosen; GRI Content Index	5
G4-33	–	External assurance	25
G4-34	–	Governance structure of the organisation	5
G4-56 UNGC 10	–	Describe the organisation’s values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	7

Material Issues	GRI G4 Indicator	HKEx ESG Reporting Guide Reference	Detail	Page
Economic				
Economic Performance	DMA G4-EC1	KPI B8.2	Direct economic value generated and distributed	16, 115 of Annual Report 2016
Environment				
Energy UNGC 7 UNGC 8 UNGC 9	DMA G4-EN3 G4-EN4 G4-EN5 G4-EN6	GD A2 KPI A2.1 KPI A2.3	Energy consumption within the organisation Energy intensity per full-time employees Reduction of energy consumption	10
Emissions UNGC 7 UNGC 8 UNGC 9	DMA G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19	GD A1 KPI A1.1 KPI A1.2 KPI A1.5	Direct greenhouse gas (GHG) emissions (scope 1) Direct greenhouse gas (GHG) emissions (scope 2) Other indirect greenhouse gas (GHG) emissions (scope 3) Greenhouse gas (GHG) emissions intensity Reduction of greenhouse gas (GHG) emissions	11
Products & Services UNGC 7 UNGC 8 UNGC 9	DMA G4-EN27	GD A3 KPI A3.1	Extent of impact mitigation of environmental impacts of products and services	8, 9-11
Compliance UNGC 8	DMA G4-EN29	GD A1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with	25

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Material Issues	GRI G4 Indicator	HKEx ESG Reporting Guide Reference	Detail	Page
Labour Practices and Decent Work				
Employment UNGC 6	DMA G4-LA1 G4-LA2	GD B1 KPI B1.1 KPI B1.2	Total number and rates of new employee hires and employee turnover by age group, gender, and region Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	12, 25
Training and Education UNGC 6	DMA G4-LA9 G4-LA10 G4-LA11	GD A3 KPI A3.2	Average hours of training per year per employees, by gender, and by employee category Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings Programmes for skills management and lifelong learning	14
Diversity and Equal Opportunity UNGC 6	DMA G4-LA12	GD B1 KPI B1.1	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership and other indicators of diversity	12,13
Human Rights				
Investment UNGC 1	DMA G4-HR2	–	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	7
Freedom of Association and Collective Bargaining UNGC 3	HR4	–	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	8
Child Labour UNGC 5	HR5	–	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	8
Forced or Compulsory Labour UNGC 4	HR6	–	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	8
Supplier Human Rights Assessment UNGC 2	HR10	–	Percentage of new suppliers that were screened using Human Rights criteria	8
Society				
Local Communities UNGC 1*	DMA G4-S01	GD B8 KPI B8.1 KPI B8.2	Percentage of operations with implemented local community engagement, impact assessments, and development programme	16
Anti-corruption UNGC 10	DMA G4-S04	–	Communication and training on anti-corruption policies and procedures	25
Compliance	DMA G4-S08	–	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	25

* Total resources contributed in community programmes disclosed in lieu of the percentage of operations with implemented local community engagement to align with the HKEx requirement.

GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

Material Issues	GRI G4 Indicator	HKEx ESG Reporting Guide		Page
		Reference	Detail	
Product Responsibility				
Active Ownership	FS10 FS11	–	Percentage and number of companies held in AIA's portfolio with which AIA has interacted on environmental or social issues Percentage of assets subject to positive and negative environmental or social screening	7

GRI G4 & HKEx COMMENTARY TABLE

Any GRI disclosure that is not covered in the Report is explained in the following commentary table.

GRI G4 Indicator	ESG Reporting Guide Reference	GRI Content to Cover	Comments
G4-11	–	Percentage of employees covered by collective bargaining agreements	No formal collective bargaining agreement is in place, however, channels for communicating grievances are in place
G4-13	–	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	There were no significant changes during the reporting period
G4-22	–	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements	There were no restatements of content or data for the reporting period
G4-33	–	Policy and current practice with regard to seeking external assurance	Report was subject to an internal assurance process. No external assurance was conducted this year
G4-LA1	–	New Employees Hires by Gender and by Age Group	By Age Group: <ul style="list-style-type: none"> Below 30: 1,677 30-50: 1,601 Over 50: 68 By Gender: <ul style="list-style-type: none"> Male: 1,500 Female: 1,846
G4-S04	–	Communication and training on anti-corruption policies and procedures	<ul style="list-style-type: none"> Total number of governance body members that AIA's anti-corruption policies and procedures were communicated and explained to (training): 11 Total number of employees that AIA's anti-corruption policies and procedures were communicated and explained to (training): 19,285
G4-S08	–	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.
G4-EN29	GD A1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period.



**THE REAL LIFE
COMPANY**

AIA Group Limited
友邦保險控股有限公司

AIA.COM