



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

REPORT 2018

STOCK CODE : 1299

aia.com



HEALTHIER, LONGER,
BETTER LIVES

> NEXT



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2018

SUSTAINABILITY AT A GLANCE



PROTECTION

Serve the holders of more than

33 MILLION individual policies and over
16 MILLION participating members of group insurance schemes



INVESTMENTS IN INFRASTRUCTURE

As at 31 December 2018,

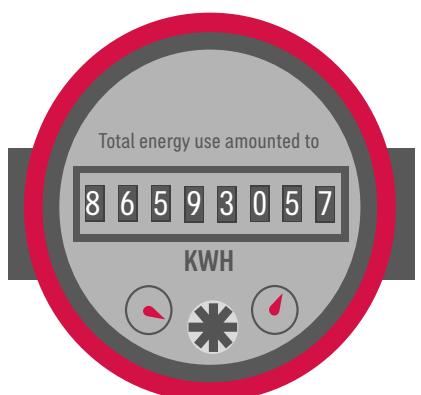
US\$ 24 BILLION

invested in infrastructure-related sectors such as electricity, transportation and telecommunications



ENERGY PERFORMANCE

4,117 KWH per employee



GREEN BUILDINGS

Two AIA Financial Centre in Nanhui, Foshan, China achieves the highest rating of LEED Platinum certification



KEY ESG RATINGS

Awarded an ISS-oekom Prime Rating
Corporate Responsibility Prime
 rated by **ISS-oekom** ▶

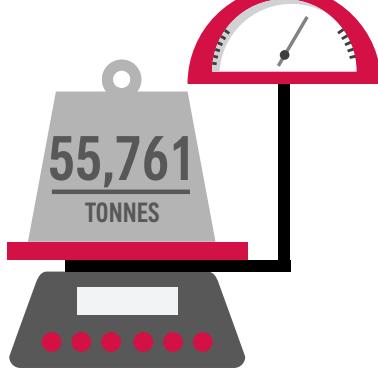


KEY ESG INDEX INCLUSIONS



ENVIRONMENTAL PERFORMANCE

Total carbon emissions of



CORPORATE GOVERNANCE

AIA Group Ltd Board and Committees composed almost entirely of independent non-executive directors



COMMUNITY CARE

Over

US\$ 5 MILLION

contributed to our communities



INVESTMENTS IN HEALTHCARE

US\$ 2.4 BILLION

invested in the healthcare sector



ESG SIGNATORIES

AIA is the first Hong Kong headquartered Asset Owner to join the Principles for Responsible Investment

Signatory of:



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STATEMENT FROM GROUP CHIEF EXECUTIVE AND PRESIDENT

I am delighted to present the Company's Environmental, Social and Governance ("ESG") Report 2018. At AIA we believe that insurance is intrinsically linked with the economic and social well-being of our communities and it is imperative that we continue to act with integrity while innovating solutions that help address challenges across the region. Our sustainable future is based both on our ability to deliver real value to our customers and shareholders while also making a meaningful contribution to the communities that we serve.

Rapid economic development has brought tremendous improvements in standards of living in Asia. Nevertheless, the significant progress made has not been without its challenges. Growing affluence in the region has been accompanied by an increasing prevalence of lifestyle-related diseases. Industrial growth has resulted in higher levels of pollution. Advances in healthcare also mean that people are living longer, but ageing populations require levels of social welfare

programmes and financial support that are often not available at the required scale. All of these factors mean that our communities are faced with a growing "protection gap" – the shortfall in insurance and savings required to protect against health and mortality risk.

This year we launched our new purpose-led brand promise – "Healthier, Longer, Better Lives" – which reflects what we stand for as a company. As the largest independent publicly listed pan-Asian life insurance group, we see it as our mission to help address the health and wellness challenges faced by our communities. Our products provide a safety net to millions and we continue to raise awareness about the importance of making healthy choices to manage risks associated with disease, particularly through our flagship AIA Vitality wellness programme.

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This ESG Report has been structured to demonstrate how we manage our impact and address priority sustainability issues. We have mapped our disclosure against the United Nation's 17 Sustainable Development Goals, aligning our strategic commitments with these global objectives and the Principles of the UN Global Compact.

ESG issues are rightly top of mind for our stakeholders. As one of Asia's leading companies, AIA has an important role to play in driving positive change. This year AIA supported the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), a global initiative that seeks to generate greater awareness and consideration

of climate change impacts. AIA also became the first Hong Kong-headquartered asset owner to join the Principles for Responsible Investment (PRI), a testament to our commitment to sustainable investment across our markets.

I am proud of the significant progress we have made in our journey toward building a sustainable future. Our efforts in addressing material ESG issues and enhancing our disclosures have earned commendations from international research and rating agencies. In 2018 we received a "Prime" rating from ISS – oekom, and have been included in the FTSE4Good Index Series for a second consecutive year. We were also pleased to be acknowledged

once again as a gender-inclusive company through our inclusion in the Bloomberg Gender Equality Index.

In 2019, our Centennial year, AIA looks forward to continuing to play a vital role in creating a more sustainable tomorrow as we help the people we serve live Healthier, Longer, Better Lives.



Ng Keng Hooi
Group Chief Executive and President
15 March 2019

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OUR VISION IS TO BE THE WORLD'S PRE-EMINENT LIFE INSURANCE PROVIDER.

OUR PURPOSE IS TO PLAY A LEADERSHIP ROLE IN DRIVING ECONOMIC AND SOCIAL DEVELOPMENT ACROSS THE REGION.

Total sum assured of over

US\$1.58 TRILLION

Serve the holders of more than

33 MILLION INDIVIDUAL POLICIES

And over

16 MILLION PARTICIPATING MEMBERS OF GROUP INSURANCE SCHEMES

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WHO WE ARE

The Company and its subsidiaries (collectively "AIA" or the "Group") comprise the largest independent publicly listed pan-Asian life insurance group. AIA has 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.

With a total sum assured of US\$1.58 trillion as of 31 December 2018, AIA serves the holders of more than 33 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited (the "Company") is pleased to present its ESG Report 2018 (the "Report"), which sets out in detail our ESG priorities and the commitments we are making toward our promise of enabling Healthier, Longer, Better Lives across the Asia Pacific region.

This Report describes how we address material sustainability issues and contains cross references to information in AIA's Annual Report 2018.



WHERE WE MAKE A DIFFERENCE

Deteriorating health associated with lifestyle factors has resulted in an increase of non-communicable diseases ("NCDs"), which account for

71%

of all deaths globally¹.

Air pollution contributes to the premature deaths of about

7 MILLION

people globally each year³.

The shortfall in resources to ensure protection against mortality in the region is estimated to reach

US\$ 73 TRILLION

by 2020⁵.

It is projected that more than

25%

of the population in Asia Pacific will be over the age of 60 by 2050², straining economic growth and increasing demand for public services.

By 2050, urbanisation coupled with the overall growth of the world's population could add

2.5 BILLION

more people to urban areas⁴.

ACROSS ASIA PACIFIC, RAPID ECONOMIC GROWTH HAS SEEN REDUCTIONS IN POVERTY AND IMPROVEMENTS IN STANDARDS OF LIVING, YET THIS HAS NOT BEEN WITHOUT ITS SHARE OF CHALLENGES.

These issues present our markets with significant social and economic risks.

¹ WHO 2018

² UN 2016

³ WHO 2018

⁴ UN 2014

⁵ Our forecast is based on the 2014 mortality protection gap data of Swiss Re's 2015 Mortality Protection Gap Report.

FOR 100 YEARS, AIA HAS PROVIDED PROTECTION TO INDIVIDUALS AND FAMILIES WHEN THEY HAVE NEEDED IT MOST. AS A MARKET LEADER, AIA FOCUSES ON THE SUSTAINABILITY OF OUR FINANCIAL RESULTS, BUT WE ALSO FOCUS ON HELPING TO ADDRESS THE CHALLENGES FACED BY OUR MARKETS. WE BELIEVE THAT THIS FOCUS ON SUSTAINABILITY IS INTEGRAL TO OUR LONG-TERM GROWTH AND THE SUSTAINABLE AND INCLUSIVE DEVELOPMENT OF OUR COMMUNITIES.



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Given the array of ESG challenges across Asia, we have chosen to focus on those that allow us to have the greatest impact and drive meaningful change.

AIA's Environmental, Social and Governance Committee ("ESG Committee") oversees the development of ESG strategies and initiatives at the Company. The role of the ESG Committee is discussed in detail in the ESG Governance section of this Report.

After consultation with various stakeholders, the ESG Committee identified the following five issues that will be central to our efforts to operate in a sustainable way while supporting our communities:

- **THE GROWING PROTECTION GAP**
- **LIFESTYLE RELATED DISEASE**
- **AGEING POPULATIONS**
- **URBANISATION**
- **POLLUTION**

As the largest pan-Asian life insurer, we are well positioned to meet these challenges.

OTHER MATERIAL TOPICS

AIA maintains a continuous dialogue with our stakeholder groups and considers industry and ESG specific research. These perspectives are incorporated within our materiality assessment process and are subject to further feedback from our ESG Committee. Other material ESG issues that impact our operations more broadly are outlined in the table below and discussed in this Report.

WORKFORCE WELLNESS	RECRUITMENT & RETENTION	DIGITALISATION	CLIMATE CHANGE
CYBERSECURITY	FINANCIAL PERFORMANCE	EFFECTIVE GOVERNANCE	DIVERSITY & INCLUSION
DATA PROTECTION	STAFF DEVELOPMENT AND TRAINING	RESPONSIBLE BUSINESS PRACTICES	



OUR APPROACH TO ESG

In 2018, we launched our new purpose-led brand promise to help our customers lead **Healthier, Longer, Better Lives**. With this promise at our core, and our commitment to our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come”, we devised the following ESG Approach.

ENVIRONMENT	SOCIAL	GOVERNANCE
SUSTAINABLE INFRASTRUCTURE	OUR PRODUCTS	THE RIGHT PEOPLE
RESOURCE USAGE	SUSTAINABLE INVESTMENT	RESPONSIBLE BUSINESS PRACTICES
ENERGY & EMISSIONS	CSR & COMMUNITY WELLNESS	EFFECTIVE RISK MANAGEMENT
OPERATING RESPONSIBLY	CONTRIBUTING TO OUR COMMUNITIES	DOING BUSINESS THE RIGHT WAY
	HEALTHIER, LONGER, BETTER LIVES	

AIA's brand promise speaks to why we do what we do as a company and is central to all our ESG initiatives. We aim to address the sustainability challenges faced across our markets, to operate responsibly by mitigating our environmental impact, and to ensure that we always do business in the right way by adhering to the highest ethical standards.



We have structured this Report to communicate the policies, initiatives and practices relevant to addressing material ESG issues. Our Approach provides a framework for the continued communication of our ESG progress and the delivery of our brand promise. Please click on a topic to be redirected to the relevant section.

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THE ROLE OF HEALTH AND LIFE INSURANCE

THE INSURANCE INDUSTRY PLAYS A BROAD ROLE IN CONTRIBUTING TO THE SOCIAL AND ECONOMIC FABRIC OF THE COMMUNITIES WHERE WE OPERATE. THIS IS NOT ALWAYS EVIDENT GIVEN THE INTANGIBLE NATURE OF OUR PRODUCTS AND SERVICES.

The concept of pooling and sharing risk to provide businesses and people with security has been around for centuries. Life and health insurance products provide individuals with peace of mind knowing that they, their employees, and their loved ones are protected against life's uncertainties.

The industry is also a valuable enabler of Asia's growth. Rapid urbanisation and economic development in the region have brought affluence, but disrupted the traditional family networks people have historically relied upon for security and support. This societal shift has exacerbated shortfalls in protection cover. Health insurance and savings options help to address these protection gaps and reduce the burden on families and on national healthcare systems, while providing people with a wider range of options in accessing medical treatment.

Insurance also helps to mobilise investment, with the premiums paid from policies reinvested across productive sectors and businesses in Asia. This supports the growth and development of capital markets and provides valuable capital for infrastructure, economic growth and thereby the development of our region.

OUR PROMISE

At AIA we're making this commitment to people all across Asia Pacific, and in every community where we live and work. We're not going to focus on sickness; we're going to focus on health. We're not going to focus just on life; we're going to focus on living. We believe the best way to live well is to be healthier.

Because when you're healthier you get more out of life. You can do more. Experience more. Live life to its fullest. Why longer? Because when you're healthy, you can enjoy an active and meaningful life, for longer. And better. Because it's not just about staying alive, it's about living well. And that's where we can really make a difference; with products and policies that don't just protect lives but help make lives healthier, longer and better. Every single day.

"AT AIA WE'RE MAKING A PURPOSE-LED PROMISE. IT'S A PROMISE THAT IS AT THE HEART OF EVERYTHING WE DO AND EVERYTHING THAT DRIVES THE DECISIONS WE MAKE: IT'S A PROMISE TO HELP PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES."



#HealthierLongerBetterLives

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OUR APPROACH TO ESG REPORTING

AIA has a responsibility to be transparent and accountable to all of our stakeholders. This includes reporting on how we make a difference in our communities, addressing sustainability challenges and making a lasting and meaningful impact within our markets. Our key stakeholders include our investors, customers, regulators, business partners and our employees and agents.

This Report is produced in accordance with the “Core” option of the Global Reporting Initiative (“GRI”) Standards and Financial Services Sector Supplement, with reference to the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEx). As a signatory to the United Nations Global Compact (the “UN Global Compact”), AIA also reports on our progress toward the UN Global Compact Ten Principles.

This year we have also added a personal element to our Report by including stories from our customers, agents, and employees – the people who bring our story to life.

To provide a comprehensive review of our impact and performance, this Report includes, unless otherwise indicated, ESG data from our operations in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand⁶, Macau, Brunei, Cambodia and Sri Lanka (collectively, the “business units”)⁷.

For easy reference to our reporting disclosures, the GRI Index, the UN Global Compact, and the HKEx ESG content index are provided at the end of this Report. Additional information relevant to our ESG performance, including financial data and corporate governance matters, can be found in our Annual Report 2018. AIA makes every effort to ensure consistency between the Chinese and English versions of this Report. However, in the event of any inconsistency, the English version shall prevail.

This Report was reviewed and approved by the Company’s Board of directors (the “Board”) on 14 March 2019.

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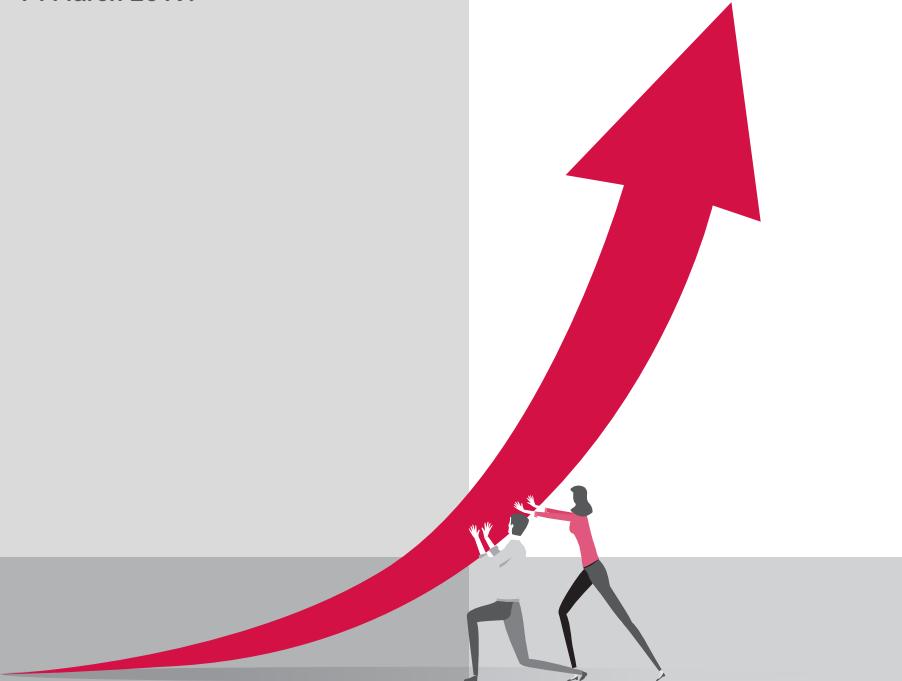
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⁶ In July 2018 AIA completed the acquisition of ASB Group (Life) Limited (renamed as AIA Sovereign Limited) and its subsidiaries, including Sovereign Assurance Company Limited, a licensed insurer in New Zealand (together, “Sovereign”). Unless otherwise noted, we have included ESG data from Sovereign in this Report for the first time.

⁷ Refers to all business units where AIA maintains majority operational control.



THE SUSTAINABLE DEVELOPMENT GOALS

Developed by the United Nations (“UN”), the Sustainable Development Goals (“SDGs”) are 17 overarching goals that provide a global framework for peace and prosperity in consideration of the environment. Adopted in 2015 by all member states of the UN, they are strategically important to governments across Asia Pacific.

As a life and health insurer, our business naturally aligns with several SDGs. In AIA’s ESG Report 2017, we mapped our progress toward the goals using the SDG Compass, a tool designed for businesses to outline their contributions to the SDGs. In response to the positive feedback we received, this Report continues to outline our support for related SDGs and, for the first time, includes SDG targets that align with our disclosure.

Please click on the SDG icons above to be redirected to discussions on each goal.



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ESG GOVERNANCE



ESG issues have potential to impact business performance, whether through regulation, stakeholder perception, or by directly affecting the health and well-being of our customers.

AIA seeks to understand these ESG issues, mitigate our impact on the environment, and address the key health challenges facing our markets. This is core to who we are and how we operate.

All employees at AIA are responsible for contributing to the realisation of our ESG priorities, whether through upholding our principles for good governance or through an ESG focused role.

In 2018, to provide effective governance for integrating and addressing ESG issues within our business, we formed an ESG Committee, comprised of members of the Group Executive Committee.

The Committee meets on at least a quarterly basis and plays an integral role in overseeing the Company's ESG strategy, policies and disclosure, including reporting to the Board on a biannual basis. The Committee also considers ESG research, feedback raised by key stakeholders and reports by rating agencies, and provides input on material ESG issues relevant to the Group.

In 2018, the Committee approved AIA's membership in the PRI and TCFD.

DOING BUSINESS IN THE RIGHT WAY

STRONG CORPORATE GOVERNANCE SETS THE FOUNDATION FROM WHICH WE ARE ABLE TO GROW OUR BUSINESS, REALISE OUR PURPOSE, AND MAKE A POSITIVE DIFFERENCE IN PEOPLE'S LIVES.

Our approach is based on the Group's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come." This approach applies across all our operations and is embedded within our governance practices and culture programmes.

"DOING THE RIGHT THING, IN THE RIGHT WAY, WITH THE RIGHT PEOPLE... THE RIGHT RESULTS WILL COME"

For further details on our leadership team, please click [here](#).

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EFFECTIVE RISK MANAGEMENT

Investors increasingly consider ESG risks in making their investment decisions, with research showing that companies with better capacity to manage ESG-related risks produce higher returns over the long term⁸. At AIA, a comprehensive approach to risk management ensures that we have the frameworks in place across our business to address relevant risks.

The Board retains ultimate responsibility for the oversight of the Group's risk management activities and monitors material Group-wide risks, whether they are relevant to the industry or unique to the Group and its businesses. The Board is supported by the Board Risk Committee ("BRC") and executive risk committees ("eRC"), such as the Operational Risk Committee and Financial Risk Committee, which are comprised of our senior executives.

AIA's Risk Management Framework ("RMF") ensures that across our Group, we have the capabilities and processes in place to identify, quantify, monitor and report risk. The Board and business unit boards of directors are responsible for reviewing this framework to ensure that it is sufficiently effective given local business environments and context.

We address ESG related risks according to the process outlined in the RMF and categorise them based on the nature of the risk to our operations. Data protection, cybersecurity, people management and responsible business practices

may have immediate operational impacts and are therefore treated as operational risks. Long-term challenges such as pollution and lifestyle risk factors impact the health and well-being of people across our markets, and are viewed as insurance risks given the impact they may pose. Such emerging ESG issues may be discussed by the BRC, eRC or the ESG Committee.

AIA conducts scenario testing and business continuity analysis to ensure sufficient capital is earmarked to provide protection to our policyholders and to ensure business continuity under stressed conditions. For further details, please refer to page 155 of the Annual Report 2018.

Our internal audit team provides independent assurance on the effectiveness of our key controls and recommends control improvements as necessary. The team's efforts cover a number of current and emerging ESG risk areas, such as people management, technology and data privacy, to provide assurance that the appropriate controls are in place to address these risks.

AIA recognises that long-term ESG risks, such as climate change, pollution and life-style related disease, have far reaching impacts on our markets and require concerted contributions from business, government and the general public alike. AIA aims to address these issues through discussion within our ESG member

RISK CULTURE

A key element in the effective management of risk, including ESG risk, is a strong risk culture.

Risk culture refers to how an organisation behaves as it encounters opportunity and manages risk. Strong risk awareness, as a part of AIA's desired broader culture, is integral to our RMF. Our Vision and Purpose are aligned with a strong and sustainable risk culture.

AIA's Operating Philosophy, Code of Conduct (the "Code") and brand promise further outline expectations on professional conduct, risk behaviours, and channels of recourse and reporting on potential risks. Frequent training and internal communications ensure that all employees and agents are familiar with reporting relevant risk issues.

organisations, and by playing a proactive role through our business where we remain committed to enabling Healthier, Longer, Better Lives across the region.

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⁸ MSCI 2015

RESPONSIBLE BUSINESS PRACTICES

OUR CUSTOMERS PLACE A HIGH DEGREE OF TRUST IN OUR BUSINESS, AND IN OUR ABILITY TO PROVIDE PROTECTION AND FINANCIAL SECURITY TO MILLIONS ACROSS THE REGION. WE TAKE PRIDE IN OUR REPUTATION OF BEING A RELIABLE AND TRUSTWORTHY BRAND, AND CONTINUE TO ACT WITH INTEGRITY THROUGHOUT OUR OPERATIONS.

CODE OF CONDUCT

At the heart of our approach to good governance is the AIA Code. The Code provides clear guidance on how we conduct business at all times and applies to everyone who works at AIA. It reflects our Operating Philosophy of “Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come.” It also defines how we hold ourselves to the highest standards of professionalism, which is key to maintaining trust and building sustainable relationships with our stakeholders – customers, agents, distribution partners and shareholders.

The Code has been translated into six languages across the Group’s markets and employees are required to undertake training to familiarise themselves with the Code on joining AIA. All employees are required to complete an annual certification of understanding and compliance. Training on the Code is

supplemented with an ethical leadership programme in business, which equips AIA’s leaders with practical tools in managing situations involving ethical dilemmas.

Each employee is expected to take personal responsibility for observing the highest standards of integrity and conduct, and to report any violations without fear or hesitation. Non-compliance with the Code is subject to disciplinary action, which may include dismissal. AIA’s business partners, including its agents, suppliers, distribution partners and others who act on behalf of AIA, are expected to apply the same standards and to follow the same responsible practices as our employees.

 For further details, we invite you to read our Code linked here.

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PREVENTING BRIBERY AND CORRUPTION

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

Our Group-wide Anti-Corruption Policy (the "Policy") sets a high standard that is observed across our operations. Anti-corruption training is compulsory for all employees. Reviews and assessments are conducted from time to time to monitor compliance with the Policy. The Policy also outlines the roles and responsibilities of employees to ensure compliance. Our business units are responsible for implementing processes and controls to reduce the risk of corruption and ensure compliance with Group standards, as well as all relevant local laws and regulations.

PREVENTING FRAUD

AIA is committed to the high ethical standards outlined in the Code and espouses a zero-tolerance approach towards fraud. AIA's Anti-Fraud Policy sets out standards for managing the risk of fraud, including training as well as preventive and detective measures. Our operating entities implement procedures to prevent and facilitate early detection of fraudulent practices to protect customer interests and those of AIA, in line with this policy.

Incidents and allegations or suspicions of fraud are assessed and investigated. If allegations or suspicions are substantiated, AIA is committed to taking a fair and proportionate approach in administering disciplinary actions. Other actions may include the loss of employment-related benefits, reporting the fraud to law enforcement authorities for prosecution or seeking a legal remedy against the employee for the fraud that has been committed.

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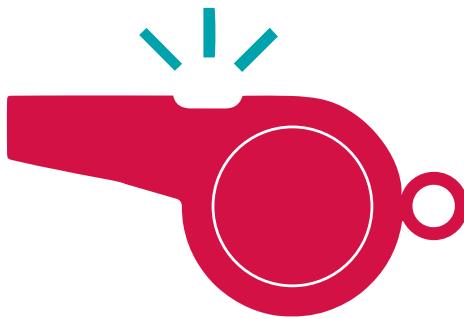
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WHISTLE-BLOWER POLICY

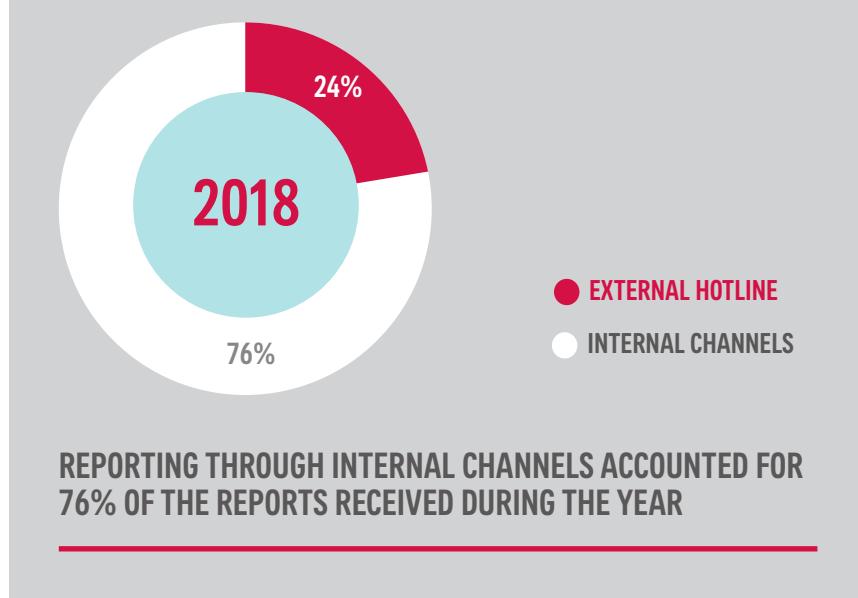
AIA provides channels for all of our stakeholders, including employees, customers, and suppliers, to raise concerns about any violation of the Code or other behaviour that falls short of the high standards demanded by the Group.

To that end AIA maintains a comprehensive Whistle-blower Programme designed to handle reports of misconduct and inappropriate behaviour with multiple reporting channels, including a 24-hour, multi-lingual third-party administered compliance hotline which permits complete anonymity.

 Further details on our ethical compliance hotline can be found [here](#).

All allegations are assessed and investigated. Reporting through internal channels (such as Human Resources, Audit and Compliance) accounted for 76 per cent of the reports received during the year. Issues raised via the ethics hotline are handled by AIA's Group Compliance team. The Whistle-blower programme is overseen by the Board Audit Committee, who receive regular reports from Group Internal Audit and Group Compliance on the number and nature of issues raised and the progress of all material investigations. AIA's Whistle-blower Protection Policy prohibits any form of retaliation against any employee providing a good faith report of an actual or suspected violation of the Code.

PROPORTION OF REPORTS RECEIVED IN 2018 BY REPORTING CHANNEL⁹



⁹ Proportion of reports received by reporting channel remains the same for both the twelve-month and thirteen-month periods ended 31 December 2018.

OUR APPROACH TO ANTI-MONEY LAUNDERING ("AML") AND COUNTER TERRORIST FINANCING ("CTF") AND SANCTIONS

AIA is committed to a strict programme of compliance with all applicable AML/CTF laws and regulations to prevent the use of its products and services for money laundering and terrorist financing purposes.

The AIA Group AML/CTF Policy and Guidelines set out the detailed requirements of the Group AML/CTF Programme. This programme includes a risk based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA uses a comprehensive AML/CTF monitoring software or online tool to screen, risk profile and monitor customer activity.

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

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DATA PROTECTION

Among our most important assets is the trust placed in AIA to handle the personal information of our customers, employees and business partners. AIA has in place Group-wide Data Privacy Compliance Policy and Guidelines to ensure adequate safeguards for our customer and business data as well as compliance with data protection legislation. These policies and guidelines are communicated to all employees and our insurance agents when they join AIA and are regularly reinforced through refresher training. All employees and agents are required to safeguard customers' personal information and are prohibited from disclosing customer information to unauthorised parties.

AIA also has in place a number of Information Technology standards, such as a Cloud Security Standard, a Data Protection Standard and a Mobile Application Security Standard, to ensure sufficient operational controls which meet our information security objectives. Any cloud services providers we engage must also adhere to our Cryptography Standard.

Appropriate data protection controls are also integrated into relevant operational processes and are regularly tested by our internal audit team. For example, procedural controls are built into our interactive Point of Sale "iPoS" and interactive Mobile Office (iMO) systems that have been adopted by our insurance agents in their sales processes and broader day-to-day operations. These controls include user authentication, secure storage of customers' data on servers controlled by AIA and transaction audit trails.

AIA also reviews the data security standards of our third-party vendors through our Third Party Security Assessment process. This process regularly assesses a broad range of security controls of our vendors, including data security and encryption, against industry standards such as ISO27001 and those by the National Institute of Standards and Technology of the United States (NIST).



AIA's Privacy Policy Statement
is publicly available and can be viewed [here](#).

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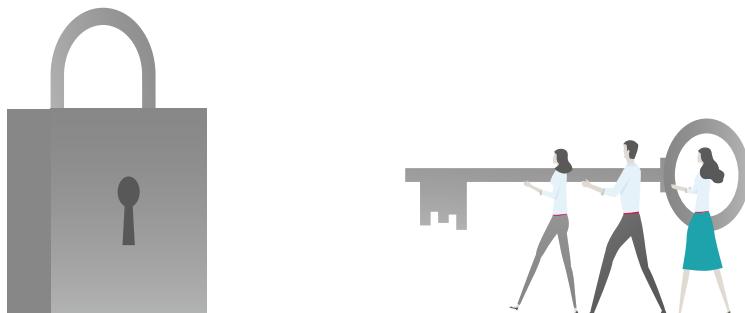
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CYBERSECURITY PREPAREDNESS

AIA is committed to protecting the interests of our customers, partners, employees and stakeholders by providing a world-class information and security environment. AIA's Group Information Security Policy is aligned to industry leading standards to ensure that our systems, processes and information are secured.

Our Group Chief Technology and Operations Officer and a dedicated information security team oversee the quality and consistency of technology risk management and cybersecurity across the Group. The team maintains a focus on protecting AIA from the latest cyber threats by detecting any anomalies, effectively responding to cybersecurity issues, enhancing defensive controls and investing in security analytics. We also partner with leading information security services providers to provide further capability on ensuring a secure operational environment.

AIA focuses on protecting our critical assets from cyber threats using classification and threat modelling techniques. This includes focusing on our key systems that process our customer data as well as key supporting business processes, and software specifically designed to address cyber risk in this area. All cybersecurity issues are handled by the Director of Information Security who reports directly to the Head of Group Technology Governance.

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



SUPPLY CHAIN MANAGEMENT

We work with many different product and service providers across our business. Sustainability is a key element of our supply chain as summarised in our Supplier Code of Conduct ("Supplier Code"). The Supplier Code was developed to complement the Code, which is also applicable to our suppliers, and references international conventions such as the UN Declaration on Human Rights and AIA's ESG memberships. The Supplier Code encourages sound ESG practices among our suppliers and a general culture of integrity in all matters.

As a Group, we work with suppliers that demonstrate best practice. Dedicated due diligence processes form a part of our existing supply chain management and monitoring system. This includes conducting supplier and third-party assessments where necessary, as well as requesting information on employment and environmental practices from selected material suppliers through our supplier registration process.

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CUSTOMER SERVICE STANDARDS

People are at the heart of our business, and this means ensuring that we adhere to the high standards of quality and customer service expected by our customers.

AIA has in place a robust business quality framework which allows us to meet these expectations. The framework includes the following key elements:

- An agency Code of Conduct¹⁰ outlines our standards of integrity, behaviour and compliance obligations applicable to our tied agents.
- An agency training programme on sales conduct and a guideline on the agency sales process. AIA's agency sales process provides a framework for how agents should sell our products. This includes Know-Your-Customer diligence and need-based sales practices to establish clients' needs, priorities and circumstances, including the amount of existing life insurance coverage they already have. This allows agents to recommend suitable products with appropriate coverage.
- Our iPoS technology guides our agents through the sales process and helps ensure a consistent, high-quality customer experience.
- Monitoring of adherence to our standards, through various means, including direct verification calls with customers and a mystery shopping programme. Misrepresenting, or attempting to mislead or deceive customers by agents, for example through use of unsupported or fictitious claims about AIA products or those of our competitors, is not acceptable and may result in disciplinary action.

To assist our customers in making well-informed decisions, internal standards on sales illustrations also promote a consistent approach to fair disclosure in accordance with regulations.

All business units and subsidiaries have checks and controls in place to ensure compliance with our standards.

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¹⁰Applicable to AIA's tied agents, and intended to be referred to in conjunction with the Code.



CUSTOMER ENGAGEMENT

With more than 33 million individual policies and over 16 million participating members of group insurance schemes, the scale and footprint of our customer base presents a huge growth opportunity as we actively engage and nurture long-term relationships with our customers.

Achieving our promise of enabling Healthier, Longer, Better Lives requires that we engage in a meaningful way with our customers at each touchpoint in their journey, allowing us to develop a deep understanding of their unique needs and wants, and meet their requirements.

In 2018, we continued to improve the customer data we capture and used propensity models and advanced machine learning methodologies to address customer protection and savings gaps and develop the right propositions, delivered at the right time and in the right way.

To understand how we can continue to enhance the customer experience at all stages of the journey, one of our initiatives is running an annual customer relationship survey. Insights provided by our customers' feedback from the survey have helped us enhance our customer engagement and experience, and ultimately drive retention, repurchase and recommendation level. We also conduct deep research to understand the needs of various customer segments in order to customise our propositions to them. In Hong Kong, this research has allowed us to develop digital sales tools such as segmentation toolkits, which support our team and our agents in engaging our customers.

LISTENING TO CUSTOMER FEEDBACK

Staying at the forefront of our industry relies on us being able to place our customers at the heart of our business. This involves collecting and responding to customer feedback, while delivering a holistic support experience through each and every interaction with AIA.

Closed loop feedback management systems provide companies with the tools they need to identify key touchpoints throughout the customer lifecycle, and seek feedback at these stages. This enables companies to continue a dialogue with customers regarding their feedback.

These systems are in place at AIA China, allowing it to understand what matters to its customers on an ongoing basis, as it collects customer feedback at every touch point with its business. This has enabled AIA China to take prompt action to address

customer needs where required. The system also helps to drive structural improvements, enabling us to identify key issues in our processes if and when they arise.

The system is an integral part of AIA China's customer communication strategy. AIA China takes pride in reviewing and analysing each comment, so that it is able to continue to improve on its service and provide an unparalleled customer experience.

Feedback from the system revealed an overall customer satisfaction rate for AIA China of 99 per cent, with 96 per cent of customers being satisfied with our customer service centres as at 31 December 2018.

Overall customer satisfaction rate of

99%

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WE ARE PROUD OF OUR PEOPLE AND THE CULTURE AT THE HEART OF OUR COMPANY.

At AIA, equipping our employees for success is vital to serving our customers and enabling our communities to live Healthier, Longer, Better Lives.

Our vision to be the world's pre-eminent life insurance provider is supported by our many employees and agents. Guided by our Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... the Right Results will come", we focus on recruiting, developing and retaining capable, engaged and high-performing employees who can continuously learn and grow while delivering their best work. These are people who thrive in our customer-centric culture, embrace AIA's brand promise and exhibit our leadership characteristics.

AIA's people strategy is designed to build capabilities for the future, transform the way we work and recognise sustained high performance.



OUR EMPLOYEE WORKFORCE

As at 31 December 2018, AIA had a total of

22,263 EMPLOYEES¹¹

which included full-time and part-time staff, as well as employees on fixed term contracts¹².

PERCENTAGE OF EMPLOYEES ACROSS MARKETS (AS A PERCENTAGE OF TOTAL EMPLOYEES)¹³

Hong Kong	11.5%	China	15.0%
Malaysia	17.6%	Singapore	6.4%
Thailand	11.3%	Other Markets	38.2%

PERMANENT EMPLOYEE TURNOVER¹⁴

Permanent employee turnover across the Group was 16.6% in 2018. The APAC region provides many career opportunities with increasing demand and competition for skilled talent. We actively monitor our employees' levels of engagement and the programmes we offer them to create an environment in which they can do their best and ensure we retain our talent.

¹¹ The increase compared to 30 November 2017 is primarily due to our acquisition of Sovereign.

¹² Excludes interns, agents and employees of Tata AIA.

¹³ Figures for Hong Kong include Group Office employees, figures for China and Malaysia include our employees in our shared services centres.

¹⁴ Permanent employees exclude employees on fixed term contracts. As part of an update to the methodologies we apply to certain data of the Group this year, permanent employee turnover excludes involuntary turnover. Turnover is calculated using monthly average headcount for the twelve months ended 31 December 2018.

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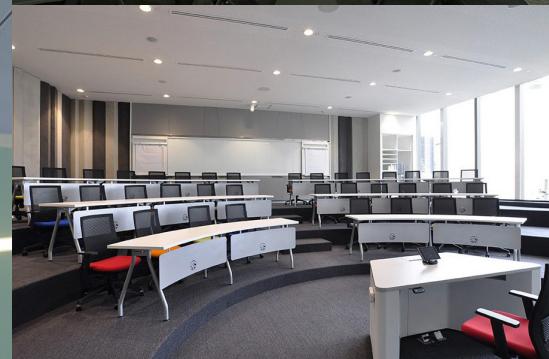
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DEVELOPING OUR LEADERS

OUR AIA LEADERSHIP CENTRE (“ALC”) BASED IN BANGKOK IS A WORLD-CLASS LEARNING FACILITY OFFERING VARIOUS PROGRAMMES TO OUR SENIOR EXECUTIVES, TOP AGENCY LEADERS AND KEY PARTNER EXECUTIVES. WITH A CLEAR FOCUS ON AIA’S STRATEGIC AND GOVERNANCE PRIORITIES, THE ALC CONTINUES TO DELIVER IMPACTFUL LEADERSHIP DEVELOPMENT PROGRAMMES, INCLUDING THOSE FOCUSING ON:

EXECUTIVE LEADERSHIP

Targeting AIA’s current and future executives, our programmes are designed to accelerate executive leadership as well as management capabilities. Our Enterprise Leadership Programme continues to be our signature programme offering to all markets.

TECHNICAL LEADERSHIP

Designed to develop technical and professional capabilities within our core functions to promote operational excellence.

DISTRIBUTION LEADERSHIP

Designed for AIA’s senior distribution leaders, senior agents and partners, these programmes develop the sales leadership and technical skills required to produce consistent best in class results.

Ethical leadership training is also provided to our senior finance leaders at the ALC to help ensure ethical risk issues are considered in their decision making and behaviour.

The ALC has now entered its third year of operation.

In 2018, it hosted more than

240 EVENTS

Delivered more than

20 CUSTOMISED LEADERSHIP PROGRAMMES

partnering with world renowned business schools and consulting firms.

At AIA, we make it a top priority to develop our people and their leadership and functional capabilities. We believe in growing our leaders from within and in 2018, we closed a large proportion of our senior management positions through internal progression. Committed to having a strong pipeline of senior leaders, we conduct a comprehensive Group-wide people review process annually to identify and plan for the succession of key roles. In 2018, we reviewed approximately 1,400 senior positions across the Group, ensuring we consider succession planning from a holistic perspective.

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FOSTERING A CULTURE OF PEOPLE DEVELOPMENT

EMPLOYEE LEARNING AND DEVELOPMENT

We foster a robust learning culture at AIA that empowers our people to develop critical capabilities for their current roles and career aspirations. AIA's enterprise-wide development framework aligns our people development with our business strategy and talent needs. Core development modules for senior employees such as the People Manager Accelerator Programme and the AIA Manager Series remain foundational curriculum items offered throughout the year. These core modules are complemented with a wide variety of skills-based training to target individual development needs as well.

In 2018 we expanded the digitisation of learning content and delivery methods with the launch of a new learning platform that centrally houses an extensive range of content. This platform ("Catalyst") provides employees with flexibility regarding the subject matter they would like to develop while addressing some key principles of modern learning – access to content is on-demand, anytime and anywhere.

Courses offered on Catalyst include technical skills, crisis management, effective leadership and healthy living practices, among many others. Catalyst has been rolled out at Group Office and six business units, with plans for further expansion in 2019.

We continuously review feedback from our employees, the content of our courses and training material to ensure our programmes deliver value for the business and develop our people for the future.

AIA practices a holistic approach to learning and development, whereby skills and knowledge are accumulated from on-the job experience, activities such as mentoring and coaching and classroom and online based learning. We present below the average training hours in 2018 by employee category and gender. The numbers do not capture all online learning activities, mentoring and coaching, knowledge sharing sessions or professional development courses undertaken by our employees.

Through our programmes, we aim to cultivate forward looking leadership and managerial mindsets, and skills that will ensure the sustained growth and development of our people. The strengthening of these skills enables us to capture the vast growth opportunities in the region, allowing us to provide the right solutions for our customers' protection and savings needs.

As we transform our functional operating model, we have also outlined capability roadmaps to provide our leaders and employees with key knowledge, skills and behaviours required for their success in future roles. We offer internal mobility opportunities in other teams, functions and markets to broaden our employees' perspectives and present new career experiences.

AVERAGE HOURS OF TRAINING¹⁵

BY GENDER

MALE	14.3
FEMALE	14

BY EMPLOYEE CATEGORY

JUNIOR STAFF	12.4
MIDDLE MANAGEMENT	18.4
SENIOR MANAGEMENT	22.2

¹⁵ Training hours for Sovereign employees are not included.

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LO SI IO

LO SI IO, AN AGENT WITH AIA MACAU, SHARES HER PASSION FOR HER JOB, INTERESTS AND GETTING STARTED IN HER CAREER.

"I used to think that it was important to choose your career early on, and then stick with the job you'd chosen the rest of your life. That was what made you successful."

In 2013, I was a first-year student at university, studying to be a professional chef when I met my current manager. I was inspired by her success and her ability to speak to many different types of people with ease. While her job was challenging, her work was meaningful, and I could see that she was really making a difference in people's lives. I decided shortly after to take up a new challenge, and work for her.

While my performance was not ideal the first year, through hard work, dedication and under the guidance of my manager, I qualified as an MDRT¹⁶ member in my second year, and have continued to be an MDRT member thereafter. This is probably what I am most proud of.

It's not been too difficult to strike a balance between work and leisure. Healthier, Longer, Better Lives has always been a way of life to me. It's something that we can all relate to. Personally, I think it's quite important to manage one's schedule, and this includes making time for leisure. I love yoga and taking it up as practice also helps me relax.

Healthy living is just as important to my clients. I even play badminton with them sometimes. AIA's efforts to promote healthy living have always been a talking point when I meet my clients, especially nowadays when people are more conscious of their health. Many of them are interested in AIA Vitality, and always ask me for advice on ways to earn points and collect rewards.

I also rely on a lot of different apps and technology on a day to day basis, this includes staying in touch with friends, family or clients. AIA's iPoS is a tool that I use very often. Previously, I'd need to meet a client about four to five times until I had all the necessary information for a policy, but now it only takes one or two meetings. It's also a lot easier to service customers and their needs, this includes providing them with policy information or changing their address. Plus, there's little need for me to carry around a lot of paper."

"IT'S NOW BEEN SIX YEARS SINCE I MADE MY CAREER SWITCH. IT'S BEEN AN EXCITING JOURNEY!"



¹⁶ MDRT is internationally recognised as the standard of excellence in the life insurance and financial services business. Its members are required to generate a certain level of premium, commission or income, and demonstrate professional knowledge, strict ethical conduct and outstanding client service.

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CULTURE AND ENGAGING OUR PEOPLE

To foster AIA's culture and ensure consistency, all new employees are required to undergo an orientation and complete a set of e-Learning modules centred on our Operating Philosophy and Code. Core development courses are available across our business units to maintain consistency in our approach to talent development across the region.

Each year AIA conducts an annual Employee Engagement Survey that provides our senior leadership team with insights into the levels of engagement among our workforce and how this compares across geographies, business units and functions, as well as against industry benchmarks. In 2018, approximately 97 per cent of our people responded to the survey and the employee engagement scores for the Group placed us in the top quartile of Gallup's global financial services and insurance industry benchmark.

AIA Group was one of 39 companies globally and the only international life insurer to be conferred a Great Workplace Award from Gallup in 2018. In addition, in 2018 several of our markets won prestigious local and regional awards, including the following:

- In recognition of its commitment to professional education, our Group Office received the "Excellence in Education Award" by LOMA.
- AIA won Aon's 2018 "Best Employers" Asia Pacific Regional Award for the second consecutive year.
- AIA China also won Aon's 2018 "Best Employers" China Award for the fourth consecutive year, along with winning a Top Employer China award by Top Employers Institute.
- AIA Singapore won GTI Media's "Most Popular Graduate Employer 2017" in the Insurance and Risk Management Sector, and was recognised as one of "Singapore's 100 Leading Graduate Employers in 2017".



Disclosure in this section supports SDG Target 4.4, to increase the levels of relevant skillsets, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

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- GTI Media recognised AIA Malaysia Shared Services within the "Most Popular Graduate Employer of the Year 2018" for the BPO & Shared Services Sector.
- Both AIA Sri Lanka and AIA Vietnam were recognised as a "Great Place to Work" by The Great Place to Work Institute.
- Additionally, AIA Sri Lanka was recognised as a "Best Workplace for Women" and received a Bronze award in the Large Sized Enterprise category by The Great Place to Work Institute.
- AIA Taiwan was one of the winners of "Taiwan's Best Companies to Work for in Asia 2018" by HR Asia.
- Tata AIA won Aon's "Best Employers" India Award for the third time since 2016.
- AIA Group became the first insurance company in the world to be accredited under the Institute and Faculty of Actuaries Quality Assurance Scheme.



DIVERSITY AND INCLUSION

AIA believes in the power of diverse, talented people to create value and deliver on our customer and shareholder expectations. Fundamental to all our inclusion efforts is zero-tolerance for discrimination or harassment in any form, across all aspects of diversity, including gender, race, nationality and sexual orientation.

Our recruitment policies include guidelines for recruiting and assessing candidates based on their skills and experience. Employment, remuneration, promotion and termination are based on performance and conducted through fair, transparent, and accountable processes.

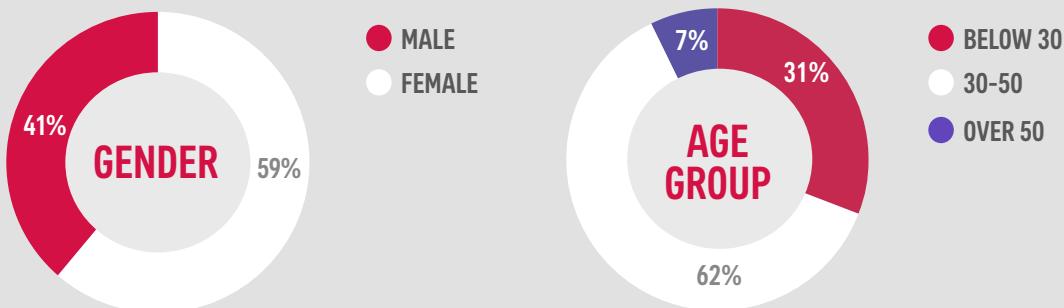
Our approach to inclusion and non-discrimination is also addressed in our mandatory e-learning training on the Code, which all employees are required to complete as part of their orientation upon joining AIA. In addition, this year AIA developed an anti-harassment policy, outlining expected workplace conduct and professionalism, including channels for escalation in case of any non-compliance.

With 59 per cent of employees¹⁷ across the Group being women as at 31 December 2018, we are proud to be an employer of choice to women across the region, and strive to provide an inclusive and collaborative workplace.

We have been included on the 2019 Bloomberg Gender-Equality Index, which is released annually and distinguishes companies committed to transparency in gender reporting and advancing women's equality. This is our third year as an index constituent and we were one of two Hong Kong headquartered organisations to be included. As at 31 December 2018:

- 38 per cent of our senior management roles were represented by women.
- 60 per cent of our middle management and junior roles were represented by women.

PERCENTAGE OF EMPLOYEES BY GENDER AND AGE GROUP



¹⁷ Refers to employees on permanent and fixed term contracts.

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THE WHITE CAMELLIA AWARDS

The White Camellia Awards celebrate organisational commitment to the Women's Empowerment Principles, a UN Women and UN Global Compact initiative, which encourages gender equality in the workplace. This year AIA Sovereign won two White Camellia Awards, recognising their ongoing commitment towards inclusion.



OUR AFFINITY NETWORKS

We created the Network to further foster a supportive work environment. This umbrella organisation enables employee affinity groups to come together, facilitating the professional and personal development of our people through networking and leadership programmes.

At AIA Australia, an employee led and Executive Committee sponsored Women@Work Committee provides networking events, professional development sessions and opportunities that support and enable female employees to realise their potential and support gender equality.

In the Philippines, Philam Life offers a range of interest groups for sporting activities, religion and Corporate Social Responsibility ("CSR"). This year, AIA Korea launched Juniors of AIA, a networking group comprised of millennial employees that focuses on communication, culture and systems, providing feedback that allows for a more inclusive AIA.

AIA is a member of the Hong Kong Chapter of the 30% Club, and in 2018 we joined Women in Finance Asia.



Disclosure in this section aligns with SDG Target 5.5 on gender equality for women, and in ensuring the full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



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RECOGNISING AND REWARDING OUR PEOPLE

Our total rewards policies and programmes play an important role in supporting the execution of AIA's strategy and the delivery of AIA's performance. Using a combination of market competitive financial and non-financial rewards, our policies and programmes are designed to attract, engage and retain high-calibre employees and motivate them to help AIA execute its short and long-term business goals.

Our remuneration programmes are tied to our Performance Development Dialogue for permanent employees, which is designed to enable line managers to assess the performance and behaviours of their staff, and recommend development activities to help meet defined career objectives. We strive to recognise and reward our workforce and to drive desired behaviours that comply with our RMF.

An important element of our total rewards framework is our recognition, benefits and wellness programmes that work together to enhance employee wellbeing both in and outside of work. We appreciate the evolving and varied needs of our diverse workforce. For example, we have piloted flexible benefits in some of our businesses to provide more choices to our employees.

We are proud to offer our employees the opportunity to become AIA shareholders through our Employee Share Purchase Plan. This year the percentage of eligible employees and the number of participating employees in the plan grew to their highest levels to date. We rolled out the plan in Cambodia for the first time in 2018, resulting in a total of 17 of our markets providing employees the opportunity to invest in AIA's future.

EMPLOYEE HEALTH, WELLNESS AND SAFETY

HEALTH AND WELLNESS

AIA understands the importance of a healthy work-life balance and in line with our brand promise of Healthier, Longer, Better Lives, we provide employees with opportunities and facilities to balance their work-life, and maintain health and wellness while at work.

#HealthierLonger BetterLives



Flexible working, on-site gyms, discounted gym memberships, or other sporting and recreational facilities are offered by some of our business units. We encourage employees to stay active, understand their health profile, and take steps to safeguard their well-being. AIA Vitality is also offered as a free resource to many of our employees.

AIA also provides supportive facilities and care to working mothers. Dedicated nursing rooms are currently offered at our Group Office and a majority of our business units.



Together with the launch of our new brand promise in 2018, we rolled out wellness initiatives in various markets. This included discussions on health, sporting competitions, and employees making public pledges to improve their health and quality of life.



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HL WAT

HEAD OF OUR DATA PRIVACY PROGRAMME AT GROUP OFFICE, TALKS ABOUT HIS JOURNEY AT AIA AND HOW HE STRIKES A WORK-LIFE BALANCE.



HL WAT (FIRST RIGHT) COMPLETED HIS FOURTH OXFAM TRAILWALKER THIS YEAR.

WORKPLACE SAFETY

AIA is committed to offering a safe and secure environment for our employees, agents and customers when they visit our facilities. Our corporate security governance framework applies to all markets and includes a set of minimum standards relating to business travel and fire safety.

Air quality is a concern in some of our cities, so we take measures to ensure our employees operate in a healthy environment. The offices of our Group Office and AIA Hong Kong have been certified as having "Excellent Indoor Air Quality". Air quality is also monitored at our offices in Singapore, Malaysia, Indonesia and Philippines. At our operations in China, air purifiers are also provided in various office areas.

For details on AIA's emission reduction initiatives, please refer to the Operating Responsibly chapter of this Report.



"I've been with AIA for more than thirty years now. I started in the Actuarial Department and now work in Compliance. There are a lot of career opportunities in the Company, and I feel lucky to be an example of mobility at AIA."

When it comes to my own health, my colleagues may recall that I was not always the fittest. It was the unfortunate passing of a colleague that caused me to re-evaluate my own wellness priorities.

Honestly, it can be challenging in Hong Kong with the city's fast paced lifestyle. People tend to not get a lot of rest because of work and other commitments. Managing stress is always a challenge, but I've learnt it's definitely possible.

To me, the key to health has been to maintain a healthy lifestyle and to focus on my mental well-being. I've found that it's possible to do both through regular exercise. I've always been a morning person, and so I begin with running each morning. I love to run, either with friends or just by myself. Running through Hong Kong's nature trails is one way that I am able to relax and practice mindfulness in nature.

I try to exercise as often as I can, which can be every day. One of my accomplishments this year was taking part in the Hong Kong Oxfam Trailwalker, completing the 100km MacLehose trail to raise money for Oxfam's poverty alleviation programmes. This is the fourth one that I've taken part in with the AIA team.

I also try to eat a lot of fruit and vegetables, and avoid eating too much meat. But sometimes you just have to have some comfort food. Ultimately, it's about balance.

So to me, Healthier, Longer, Better Lives is about living my life to the fullest. It's also a pledge that I am making to my family."

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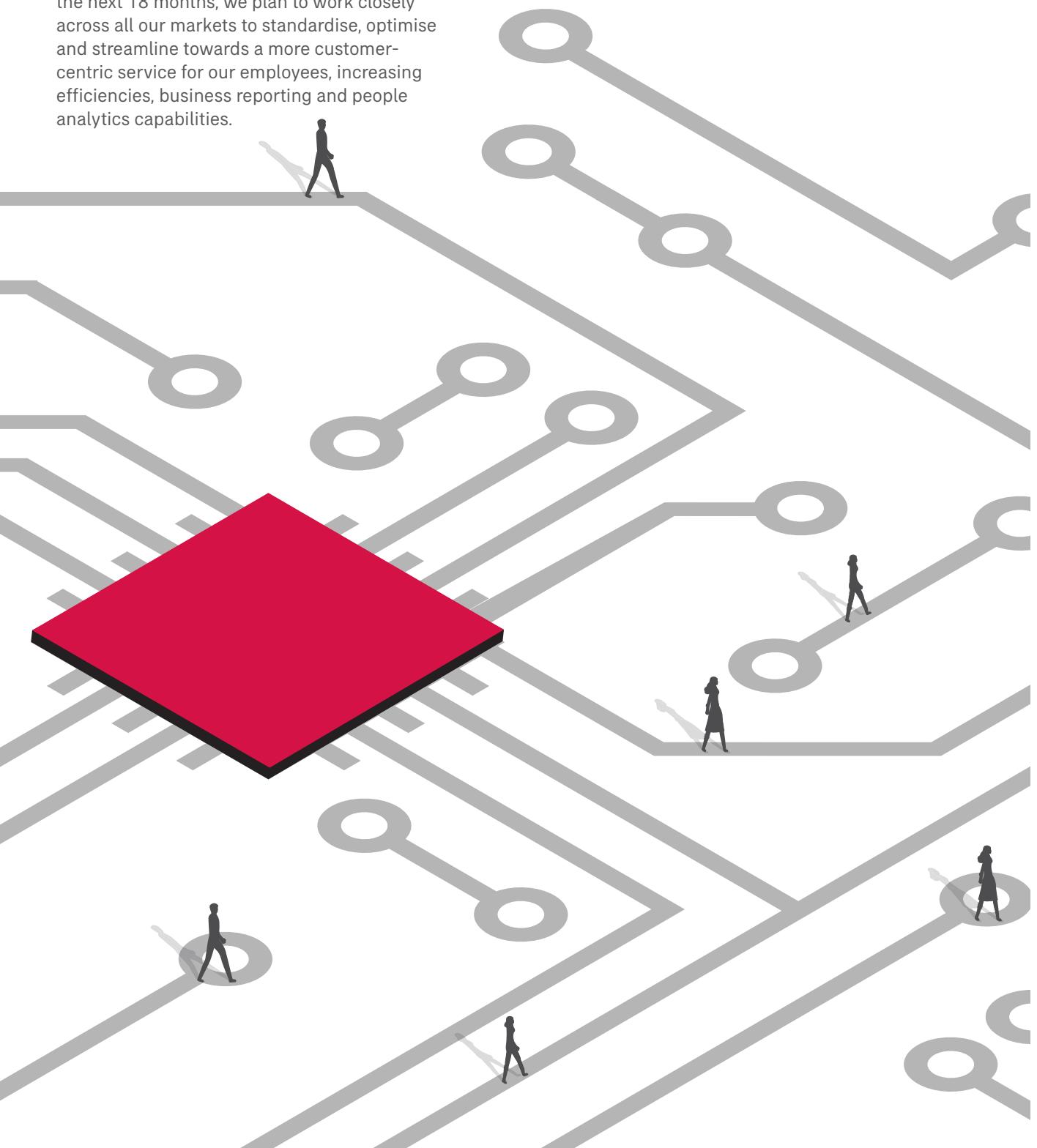
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EMBRACING DIGITAL TRANSFORMATION

In 2018, we embarked on a strategic initiative to deliver greater business insights, operational efficiencies and line manager empowerment. It includes replacing the current human resources information system and thereby redefining the human resources service delivery model. Over the next 18 months, we plan to work closely across all our markets to standardise, optimise and streamline towards a more customer-centric service for our employees, increasing efficiencies, business reporting and people analytics capabilities.



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OUR ABILITY TO SUSTAIN OUR SUCCESS IN THE FUTURE INVOLVES HAVING AN UNDERSTANDING OF THE SUSTAINABILITY CHALLENGES OUR MARKETS FACE, IDENTIFYING THE IMPACTS THESE ISSUES HAVE ON OUR BUSINESS, AND BEING ABLE TO PROACTIVELY ADDRESS THESE IN A MANNER THAT CREATES LASTING AND MEANINGFUL VALUE.

This section elaborates on the challenges and opportunities that we face in achieving this ambition. This includes how we address the significant risk factors associated with the spread of NCDs, closing the protection gap, and in catering to the needs of ageing populations.

OUR PRODUCTS

The region faces many health challenges. The World Health Organisation ("WHO") estimates that 41 million people die from NCDs each year globally. These NCDs include cancers, diabetes, and cardiovascular and respiratory diseases.

Unfortunately, 15 million of these deaths are premature and affect people between the ages of 30 and 69, with low and middle-income countries being at greatest risk, further compromising poverty reduction and development efforts. In addition to pollution, lifestyle risk factors such as tobacco use, physical inactivity, harmful use of alcohol and unhealthy diets, can greatly increase the prevalence of these diseases.

Our approach to wellness also includes considering how we can make a difference in the mental health space and in addressing related topics such as sleep deprivation. According to the WHO, one in four people will be affected by mental or neurological disorders at some point in their lives¹⁸. In Asia, mental disorders are poised to affect the productivity of our economies and societies, while a lack of treatment options and stigma traditionally associated with these conditions have remained challenges to addressing these issues.

As part of our commitment to enable people across the region to live Healthier, Longer, Better Lives, we continue to develop new approaches to address these challenges and make a meaningful difference in the lives of millions of people. This chapter outlines our products, partnerships and initiatives that help us achieve this aim.



AIA's promise of enabling Healthier, Longer, Better Lives is aligned directly with the aims of Sustainable Development Goal 3, to promote good health and well-being for all.

This section outlines our contributions toward achieving this objective, in line with the SDG Target 3.1:

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

*Compared to 2015 levels

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What is the protection gap?

The protection gap is the shortfall in resources required to protect individuals and families against unforeseen mortality risks. Based on our analysis, this gap is estimated to reach US\$73 trillion by 2020.

Contributions to this gap include rising healthcare costs and the growth of lifestyle related disease, particularly diabetes, hypertension and high cholesterol.

The lack of sufficient protection cover in light of these diseases can bring about broader social and economic consequences across the region, not to mention causing personal stress.

AIA serves the holders of more than 33 million individual policies and over 16 million members of Group insurance schemes across the region. As the largest Pan-Asian Life insurer, we are in a unique position to address these challenges.

Through our commitment to enable Healthier, Longer, Better Lives, AIA seeks not only to address the protection gap, but also play a role in mitigating the risk factors associated with diseases so that we are able to make a meaningful and lasting impact in our markets.

¹⁸ WHO 2001



AIA WELLNESS PROGRAMMES

AIA Vitality is an award-winning health and wellness programme that encourages participants to make measurable improvements to their health. The programme relies on concepts of behavioural economics, where members are incentivised to understand and improve their well-being, earning Vitality points and benefitting from rewards in the process. Key areas of the programme are outlined below.

Know your health

AIA Vitality health assessments allow members to better understand their health profiles and identify areas for improvement. This includes nutritional and wellness assessments, as well as health checks, screenings, and vaccinations that members are encouraged to complete with their healthcare providers. Vitality points are earned for each assessment completed.

Improve your health

The programme also encourages members to set health goals, and awards Vitality points for exercise and activity. As points are earned, participants progress across the four Vitality tiers, ranging from Bronze to Platinum. Members also benefit from discounts on health food, gym memberships and purchase of fitness devices to assist them on their health journey.

Rewards

For the positive steps taken to improve their health, members benefit from the rewards that we offer. These include discounts of up to 15 per cent on our insurance products and discounts on shopping, entertainment and travel purchases, among other benefits.

Through AIA Vitality we are enabling and incentivising our customers and employees to take charge of their well-being, while addressing many of the risk factors associated with the spread of NCDs. In doing so, we aspire to drive meaningful change in the lives of individuals and their wider communities as we fulfil our promise of enabling Healthier, Longer, Better Lives across the region.

AIA Vitality is currently offered in

VIETNAM
SRI LANKA
KOREA
SINGAPORE
AUSTRALIA
PHILIPPINES
HONG KONG
MACAU
MALAYSIA
THAILAND

AIA has also developed a wellness programme to meet the specific needs of our customers in China.

To date we have captured more than three million health assessments and two million BMI readings. We are also tracking more than 600,000 workouts submitted via fitness trackers each day. In 2018, we continued to monitor and report on the health impacts of the AIA Vitality Programme on our members with verifiable health data, outlined below¹⁹:

TOTAL STEPS WALKED:

601 BILLION

TOTAL KCAL BURNED:

384 BILLION

HEALTH IMPACTS OF THE AIA VITALITY PROGRAMME

21%

OF MEMBERS MOVED FROM AN UNHEALTHY BMI RANGE TO A HEALTHY RANGE

56%

OF MEMBERS MOVED FROM AN UNHEALTHY BLOOD PRESSURE RANGE TO A HEALTHY RANGE

38%

OF MEMBERS MOVED FROM AN UNHEALTHY CHOLESTEROL RANGE TO A HEALTHY RANGE

74%

MEMBERS MOVED FROM AN UNHEALTHY GLUCOSE RANGE TO A HEALTHY RANGE

A member's AIA Vitality Age is their actual age relative to a variety of health factors.

MEMBERS IMPROVED THEIR AGE AN AVERAGE

0.29 YRS

IMPROVEMENT IN THEIR VITALITY AGE SINCE JOINING THE PROGRAMME.

16%

¹⁹ The sample represents the health data of AIA Vitality members across markets where it was offered in 2018. Only health data that was verified and reported by medical practitioners was considered in this sample. Based on a comparison between the first and most recent health checks (at least 3 months apart) conducted by members during their Vitality membership using data as at 31 December 2018.

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Physical inactivity is a contributing factor to the spread of NCDs, however getting sufficient exercise can often be a challenge to many across our markets. AIA's Healthy Living Index 2018 found that only 62 per cent of people were happy with the amount of exercise that they were getting, with 42 per cent of respondents identifying the effort required to exercise as a barrier to staying active.

AIA recognises the importance of sport and the role that it can play in encouraging physical activity and enabling Healthier, Longer, Better Lives. Sport has the ability to bring people together encouraging physical activity, while also conveying the positive values of teamwork and discipline, all within a fun-filled atmosphere.

Our partnership with Tottenham Hotspur Football Club (Spurs) has been helping AIA promote healthy living across Asia since 2013. In May 2017, we announced the extension

and expansion of this partnership until 2022, with AIA becoming the Club's Global Principal Partner.

Throughout the year, two dedicated Spurs coaches stationed with AIA in Hong Kong have conducted training camps and coaching clinics in our communities across the Asia-Pacific region. These programmes are designed both to encourage youth participation and train local coaches and also provide much needed equipment to communities that may not yet have the sporting infrastructure to support regular participation.

To date, the coaches have hosted football clinics across our markets, engaging with communities and truly bringing our purpose-led brand promise to life. This year, approximately 25,000 children, parents, customers and employees benefitted from football sessions with our Spurs coaches.

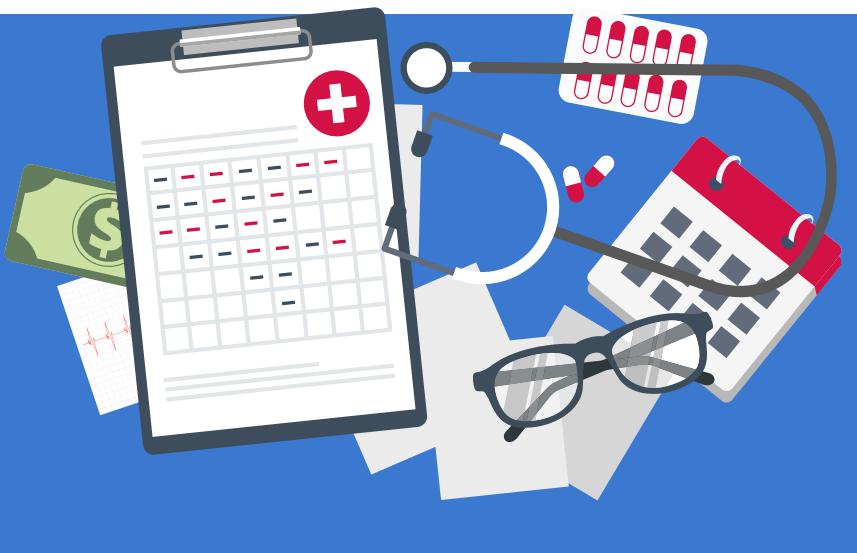
TOTTENHAM HOTSPUR FOOTBALL CLUB

Coaches have hosted activities which have benefitted

25,000 People
throughout the region

INNOVATING TO ADDRESS HEALTH CHALLENGES

AIA continues to develop new products that provide care to our customers throughout their lives. This is through prevention, treatment, and management of health outcomes.



A-PLUS HEALTH

This year, AIA Malaysia launched A-Plus Health. This product uses an innovative approach to assist our customers in their health journey by rewarding them with "health dollars" for each year without a claim. This allows us to continue to play a valuable role as health partner through challenges faced by our customers.

Health dollars are redeemable and may be used for preventative care such as health

checks or screening, mobility and hearing support, or even for cosmetic surgery required due to an accident or cancer.



Integrated with AIA Vitality, customers may be eligible for further cover or more bonus points based on their Vitality tier, further encouraging awareness of and improvements in health.

A-Plus Health offers cover up to the age of 100.

CANCER CARE PRODUCTS

In Hong Kong, new cancer cases reached a historic high of 31,468 in 2016²⁰, an increase of 3.8 per cent compared to the previous year. Research also shows an alarming trend of people developing cancer at a younger age, with cancer incidence growing 9 per cent among youth over the last decade.

AIA Hong Kong launched two products this year, Cancer Care Essence and Cancer Guardian 2 to support customers on their treatment journey. Focusing on affordability, Cancer Care Essence was launched with a low premium starting from HK\$3 a day.

Cancer Guardian 2 offers a number of unique features including a one-year premium waiver and continuous cancer protection. It also features continuous cancer protection in which the covered cancer limit is reset every three years. AIA Vitality members are eligible for further discounts based on their Vitality tier.



Being there for our customers during times of need, AIA also takes the added step of providing reimbursements for wigs and voice boxes, and providing counselling for the insured and family members.

²⁰ Hong Kong Cancer Registry

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CUSTOMER JOURNEY

BRONWYN CARMICHAEL

Claims on Wheels is a free service at AIA Australia, where a consultant makes home visits to people facing significant health issues to personally assist with the claims process. The initial focus was cancer patients, and it has now been extended to coronary care, income protection and all other types of claims.

In Australia, Bronwyn fell ill at a difficult time in her life. She and her children told us about her journey to recovery and experience with Claims on Wheels.

"In 2014, I separated from my husband and thought that it was time I make sure that everything was organised in my world for me and my kids. I sought advice from a financial planner so that things would be in order in case things went wrong in life, as it sometimes does.

I started noticing odd bruises on my skin one day. A visit to the doctors told me that I had a very low platelet count, and that I had a rare but treatable condition. At the time, I thought that well, this is treatable, this is do-able.

The medications, however, didn't work, and my liver soon started to malfunction. That was when I began to feel really unwell. A follow-up with my surgical consul also told me that they'd found a tumour on my kidney. Well, my poor kids then had to deal with that then! They'd had this horrible year and had been amazing throughout, but it just got worse. That was a hard day for them."

Bronwyn's children had the following to add on this time with their mum:

"We're very close with mum. It was very sudden and came out of nowhere I suppose. She's always been there, being the one looking after us, and we've had to spin that around. Even when she was in pain all the time or uncomfortable she was still going about, going to work and doing life." – Archie and Lily, Bronwyn's children



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"Surgery went well. What was amazing was enacting the process of income protection, and then my crisis recovery. Within a week, my Claims on Wheels consultant, Michelle, visited with a big cancer care package which AIA gives to clients. The income protection went through straight away. A year after my first diagnosis, Michelle rang and said the crisis recovery payments had been approved, and that the money would be in the bank tomorrow, and it was there.

It just makes everything so much easier. It just takes an edge off worry. At the moment all my blood work is normal, and it's really nice being normal! I'm so grateful for the kindness and how quickly everything was handled."

OUR RESEARCH

The research that we conduct allows us to better understand the evolving health challenges and concerns faced by people across the region. This also contributes to our development of new products, and initiatives that motivate people across Asia-Pacific to adopt healthier lifestyle habits.

Research into healthy workplace practices

Investing in the wellness of employees is linked to reduced absenteeism, lower staff turnover and higher levels of productivity. Understanding and addressing the risks associated with these health issues can save businesses money, in addition to improving productivity, satisfaction and well-being at the workplace.

The Healthiest Workplace by AIA Vitality was conducted for a second year in 2018. This is a comprehensive survey designed to better understand the health profiles and wellness needs of employees. The survey was distributed to participants across a range of industry sectors in Australia, Hong Kong, Malaysia and Thailand. Once employees had completed the survey, they received a personal report detailing their wellness profile. Employers also received useful strategies to support employees in achieving their healthy living goals and to improve company-wide productivity.

Research like this enables AIA to better understand the wellness needs of employees in our key markets, while at the same time encouraging businesses to take proactive steps to foster a healthier workforce.

 For further details on the research, please click [here](#).

Researching attitudes toward health

We conducted the fourth Asia-Pacific wide AIA Healthy Living Index Survey this year. The survey examines prevailing health trends and indicates areas where people can move towards sustaining healthier lifestyles. An independent market research agency conducted the research and surveyed 11,000 adults in 16 of our markets.

The detailed results of the survey showed that people were overall less satisfied with their health compared to the 2016 Health Living Index Survey but adopting more healthy behaviours. The survey also raised growing concerns with air quality, the costs of maintaining health and benefits obtained from using activity trackers.

A snapshot of these health results has been included below.



We encourage you to read the detailed report and results of the research [linked here](#).

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HEALTHY LIVING INDEX 2018



62%

of people were worried about impact of pollution on health

SATISFACTION WITH HEALTH



81%
in 2018



84%
in 2016

WEEKLY EXERCISE HAS INCREASED



3.6
hours per week
in 2018



3.0
hours per week
in 2016

ADDRESSING MENTAL HEALTH ISSUES

The World Bank recognises mental health as a key challenge to sustainable development. In addition to affecting quality of life, mental health disorders can lead to premature loss of life and worsen treatment outcomes for diseases such as cancers, cardiovascular disease and diabetes.

AIA currently offers mental wellness tools integrated into AIA Vitality which provide customers with an understanding of their mental health profile. Select products across the region also provide coverage for counselling due to injury, disability or illness, for example Super Adults Shield and Cancer Care Guardian 2 which are offered in Hong Kong. In Malaysia, A-Life Lady 360 also provides a one off payment for the treatment of anxiety and depression.

Addressing mental health issues remains a challenge in Asia. While there is growing awareness of these diseases, there has been a traditional stigma attached to mental health issues and a reluctance to seek assistance when help is needed. There has also been a lack of health and social services for those who are affected by these conditions.

AIA continues to explore opportunities for us to make a meaningful difference in addressing mental wellness so that our customers are able to live Healthier, Longer, Better Lives. This includes raising awareness of mental well-being and developing new products which will extend protection coverage.

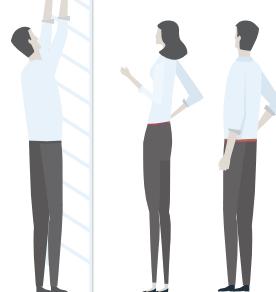
WORK WITH SMALL AND MEDIUM ENTERPRISES

AIA is a major provider of group insurance, supporting businesses and protecting their employees across the region.

Small and Medium Enterprises ("SMEs") account for 97 per cent of all business and employ more than half the labour force in Asia-Pacific²⁰. SMEs contribute significantly to the development of local economies, with potential to grow into scalable businesses over the long term.

AIA continues to make protection affordable and accessible to small business owners and their employees through our dedicated suite of SME insurance products. This enables us to maximise our reach, close the protection gap and make a difference in the lives of Asia's employees.

In 2018, AIA Hong Kong was honoured to receive the "Best SMEs Partner Award", presented by the Hong Kong General Chamber of Small and Medium Business. The accolade recognises AIA Hong Kong's commitment to be a preferred SME partner by providing suitable products and excellent services that support business operation and development.



²¹ APEC 2018

STRATEGIC PARTNERSHIPS

Through our partnerships we are able to leverage expertise, distribution channels, and maximise the value that we bring to our communities.

This year we announced a long-term strategic partnership with We Doctor Holdings Limited ("WeDoctor"), China's leading technology-enabled healthcare solutions platform. AIA China's customers will gain preferred access to WeDoctor's leading healthcare services including appointment, online consultation and offline clinics, as well as its network of 2,700

top-tier hospitals, 220,000 doctors, and over 15,000 pharmacies in 30 provinces across China. AIA will become WeDoctor's preferred provider of life and health insurance solutions.

WeDoctor's registered customers will be able to access AIA's market-leading protection solutions in the areas where AIA China operates, helping to reduce the protection gap for millions of people across China.



Please also refer to the Business Review section of AIA's Annual Report 2018 for details on our other partnerships and distribution channels.

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OUR GLOBAL AMBASSADOR

DAVID BECKHAM

AIA's Global Ambassador, David Beckham, is a global football and lifestyle icon who plays a key role in helping to promote health and wellness for people and their families across Asia. In 2018, he headlined the next phase of AIA's "What's Your Why?" campaign, where he answered questions about health and wellness in family life. The intention was to get viewers to think about their own motivation for wanting to lead a better life and feel prompted to take action.

Beckham also travelled to Beijing, Guangzhou, Hong Kong, Sydney and Bangkok to support large-scale events and media activities which launched AIA's new brand promise to promote Healthier, Longer, Better Lives. Promotion of these events generated significant value for the brand and reached millions of people through social media.



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CONTINUED INNOVATION



AIA's future rests on our ability to continuously improve the way we do business. Throughout our operations we encourage people to challenge established ways of working, propose new ideas and take personal ownership of projects to improve what we do and how we do it.

AIA continues to explore the potential uses of Artificial Intelligence ("AI"), and its application in improving the ease of business.

AIA Hong Kong launched an industry-first Customer Service Robot, named "Andy" in 2018. "Andy" can establish connections with customers through lively and fun interactions. While Andy is located at our AIA Wealth Centre, he is also able to assist customers online and respond to questions related to eClaim submissions and policy premiums, amongst others via the AIA Connect mobile application.

AIA Singapore also celebrated the opening of its renovated, digitally-enabled customer service centre by welcoming two humanoid robots, Nadine and Pepper, to assist in customer service. Both robots engage with

customers by responding to general enquiries about the insurer and its customer service centres, providing details on customers' policy loans and submissions on some policy transactions requests, as well as other common enquiries while promoting AIA Singapore's customer portal, AIA eCare, to encourage self-help.

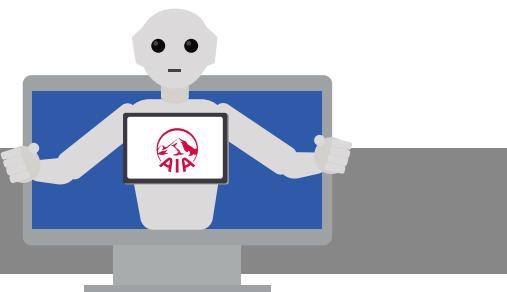
AIA is committed to placing the customer at the centre of everything we do, and we continue to explore new ways in which we can enhance the customer experience.



AIA SINGAPORE WINS INNOVATOR OF THE YEAR AWARD

With a commitment to elevate our service standards and customer experience, AIA Singapore launched POS EZ, a digital platform focused on improving after-sales service. The platform enables insurance agents to facilitate customer requests remotely, and helps resolve issues such as a change in address in a few minutes, without the need for any paper submissions or extensive processing time.

In recognition of POS EZ and our customer service efforts, AIA Singapore was awarded with Innovator of the Year for Life Insurance at the Singapore Management Excellence Awards 2018.



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SUSTAINABLE INVESTMENT

Through our investments we are able to secure investment income to deliver on the savings and protection needs of our customers, while also contributing to the social and economic development of our markets.

At AIA, we are aware of the impact that our investments have on people's lives and the importance of screening for ESG factors in our investment decisions to drive the creation of long term value.

AIA HAD TOTAL ASSETS OF

US\$ 230 BILLION

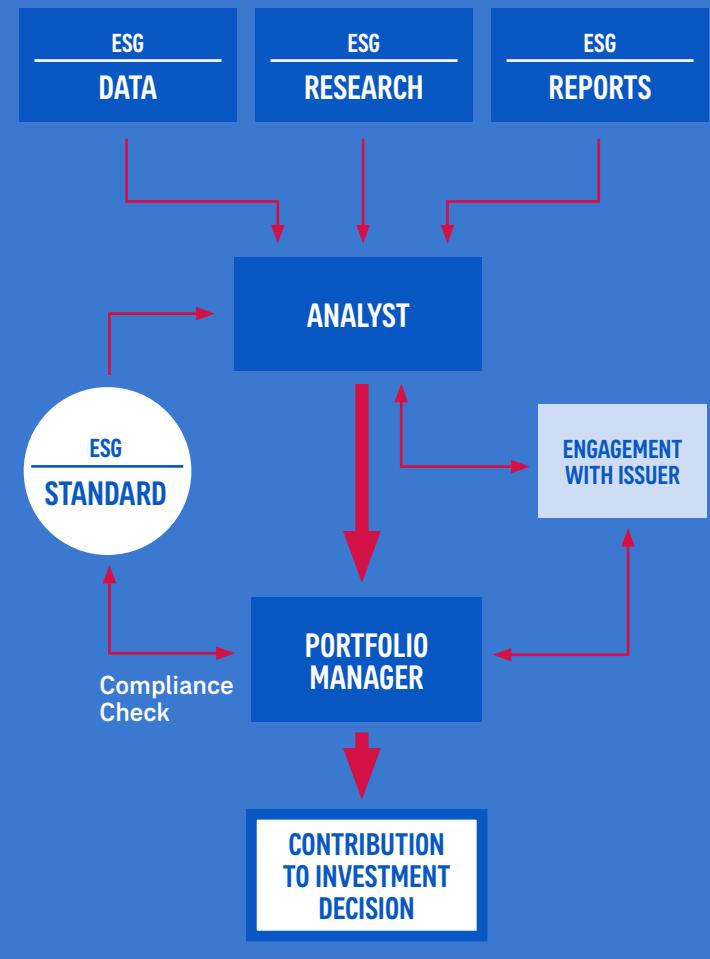
AS AT 31 DECEMBER 2018

WE INVESTED A TOTAL OF

US\$ 2.4 BILLION

IN THE HEALTHCARE SECTOR

ESG IN INVESTMENTS ASSESSMENT PROCESS



OUR APPROACH

Research continues to show that companies who have good ESG performance are able to deliver higher returns and create sustainable value over the long term²². As an insurer, we are committed to the needs of our customers over many years, and this requires investing in businesses that practice good governance in addition to understanding the impacts of social and environmental factors on their operations.

This year, AIA became the first Hong Kong headquartered business to become a signatory to the PRI as an Asset Owner. This allows us to benefit from the resources of the PRI as we continue to integrate ESG considerations within our process, and demonstrate our commitment to sustainable investment.

The consideration of ESG issues is incorporated as part of our investment governance framework. Our approach is consistent across our Group, and mandated internally through an "ESG Standard", with which our investment functions must

comply. The ESG Standard was developed with detailed input from the senior Group Office Investment leadership as well as the Chief Investment Officers of our business units. This leadership group has ownership of our approach including appropriate documentation, as well as training and development of the portfolio managers and analysts at business units. This may include, but is not limited to, any courses run through our ESG memberships or ESG data providers.

In each market, our experienced local fixed-income and equity analysts are responsible for consideration of ESG matters in investment decisions. They monitor ESG issues relating to their businesses and update our portfolio managers using a variety of sources, including ESG reports, research reports, news media, and other publicly-available information. AIA also engages with businesses on ESG topics before making an investment decision, and thereafter on any material concerns where they arise.



For further details on how we address ESG issues within our investments, please refer to our Responsible Investment Policy, linked here.



Please also refer to the Operating Responsibly section of this Report for further details on our investments in green bonds, and infrastructure.

²² MSCI 2018

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CHALLENGES THAT WE FACE

The lack of sufficient ESG disclosure and understanding of long term sustainability risks in Asia can pose a challenge in the integration and assessment of material ESG issues. ESG has previously been associated with Corporate Social Responsibility or Community Investment, as opposed to being a factor in value creation.

While AIA has been encouraged by the development of ESG reporting, we continue to voice support for consistent, comparable, and material ESG disclosure.

Tobacco use is a significant health risk factor, killing up to half of its users²³.

7 MILLION PEOPLE

die each year from tobacco use, with 890,000 of them due to second-hand smoke²⁴.

More than

50%

of people addicted to smoking live in Asia Pacific, posing risks to health and the continued development of the region²⁵.



INVESTMENT EXCLUSIONS

AIA is committed to enabling Healthier, Longer, Better Lives across Asia and integrating this promise within all aspects of our business. As such, this year we took the significant initiative of excluding tobacco manufacturing from our investment portfolio, divesting US\$500 million in corporate equities and bonds.

We also committed to excluding cluster munitions from our investments. Cluster munitions are a controversial weapon that causes significant civilian causalities, with some of our markets signing treaties to ban their manufacture. AIA does not invest in such businesses and updated our investment exclusion list to reflect this commitment.

All of our investment operations, including assets managed by our external managers, are required to abide by AIA's exclusion list.

²³ WHO 2018

²⁴ WHO 2018

²⁵ WHO 2017

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CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY WELLNESS

ENABLING FINANCIAL INCLUSION

Financial education is a fundamental step in the development of local communities. The knowledge of how to prepare for financial well-being empowers people to make the right decisions for both themselves and their families.

MAX VENTURA

The Philam Foundation (the “Foundation”) is the CSR arm attached to our business in the Philippines. This year, the Foundation was awarded for its work with the Philam Saves programme at the Asia Responsible Entrepreneurship Awards (AREA).

Max Ventura, the President of the Foundation, shared with us how the Foundation conducts financial planning workshops, and how its initiatives are impacting our employees and communities.

“Our goals at the Foundation are to help Filipinos achieve financial security, and to enable people to live Healthier, Longer, Better Lives, important ambitions in the development of any nation.

Did you know that the Philippines has a low savings rate? Only one in four Filipinos save, while many remain uninsured. These numbers are far from ideal and, as a financial services company, this is very relevant to us. This was the reason why we developed the Philam Savings Awareness and Values Education Sessions (Philam SAVES) initiative. It allows us to address a very basic problem that, if given attention, can make a difference in the lives of so many people.

The programme teaches the principles of financial management to students, their parents and teachers. We were also quite happy to receive the endorsement of the Philippine Government’s Department of Education, which allows us to expand our reach, holding Philam SAVES workshops across the country.



Target 10.1

Our commitments to financial inclusion align with SDG 10 and related target of 10.1 to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status by 2030.



This year, the Foundation was awarded for its work with Philam Saves at the Asia Responsible Entrepreneurship Awards (AREA)

WE HAVE SO FAR REACHED CLOSE TO 15,000 INDIVIDUALS WITH THE HELP OF OVER 700 VOLUNTEERS. BUT IT DOESN'T STOP THERE. WITH THE SUPPORT OF OUR EMPLOYEES AND AGENTS, WE HAVE SET AN AMBITIOUS GOAL OF REACHING 2.5 MILLION INDIVIDUALS IN FIVE YEARS.

There's also more in the pipeline for us as a community partner. There are many SME's in the Philippines, who contribute significantly to the growth our country. We are now working on a programme that focuses on livelihood development and entrepreneurship so that we can continue our work as a valuable partner.”

Max Ventura
President, Philam Foundation

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THE ROLE OF MICROINSURANCE

Billions of people around the world lack any type of formal social security protection.

Microinsurance products can help provide this protection to communities in rural areas, where traditional insurance solutions are not affordable. AIA offers microinsurance products in India and the Philippines, which provide protection to communities underserved by traditional life and health insurers.

In India, we continue to rely on a novel approach to distribution, with protection available through the purchase of rechargeable mobile telephone contracts. Using such channels allows us to cut distribution and service costs, making protection more affordable to India's lower income communities.

ENGAGEMENT WITH GOVERNMENT

At times, our commitments to ensuring well-being involves taking a proactive approach on our views toward potential regulation or policy as highlighted in the following example from AIA Australia this year.

In Australia, default life insurance is offered through employee pension funds. This year, a proposed bill recommended removing default cover for people under the age of 25 and people with low account balances, leaving segments of youth, their families, and those on lower incomes uninsured. This had potential to affect the livelihoods of everyday Australians, in addition to carrying broader social and economic consequences, where people are left uninsured and at risk.

AIA was active in writing to members of the Australian senate to highlight the importance of ensuring coverage to these groups, and avoiding any discrimination on the basis of age, occupation or wealth. The bill failed to pass in December 2018.

 For further details, please click [here](#).



Disclosure in this section supports SDG Target 1.5 of building resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

COMMUNITY INITIATIVES

Our teams across 17 local markets pursue their own CSR programmes. They support initiatives that align with their business objectives and to the communities around them.

In turn, at the Group level we work closely with our markets to assess relevant CSR opportunities and help to generate optimal value from them. AIA is also focused on enabling people to make the right financial decisions to achieve financial security for themselves and their families through our outreach initiatives.

IN 2018, WE DONATED OVER

US\$ 5 MILLION

TO COMMUNITY CAUSES

OUR EMPLOYEES VOLUNTEERED MORE THAN

93,000 HOURS

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FIT FOR HOPE



In Cambodia, breast cancer is the second most common form of cancer with more than 12,000 new cases and 500 deaths reported each year. Despite the disease being widespread in the country, breast cancer screening is still not commonplace.

Through our commitment to enabling Healthier, Longer, Better Lives, we aim to change this. AIA Cambodia hosted its Fit for Hope initiative for the second year during Breast Cancer Awareness Month. The event saw a series of fun-filled activities with funds raised from the events used to help increase awareness on the importance of cancer screening. The event raised US\$30,000 which educational materials to be distributed to two million people, and subsidised the cost of X-ray examination for 4,000 individuals at a local hospital.

On the day 1,300 people were also offered free breast cancer check-ups and consultations by a team of experts.

 For further details on our CSR activities please click [here](#).

THE EVENT RAISED

US\$ 30,000

ON THE DAY

**1,300 CHECK-UPS
WERE OFFERED**

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THE ENVIRONMENT HAS A DIRECT IMPACT ON THE HEALTH AND WELL-BEING OF OUR CUSTOMERS, OUR EMPLOYEES AND OUR COMMUNITIES. IT IS THEREFORE IMPORTANT THAT WE STRIVE TO MITIGATE OUR OWN IMPACT, AND WHERE POSSIBLE, INFLUENCE POSITIVE ENVIRONMENTAL PRACTICES WITHIN OUR MARKETS.

ENERGY AND EMISSIONS

POLLUTION

Air quality is a significant environmental risk factor that undermines the health and well-being of millions of people across the region. It is a contributor to NCDs such as stroke, lung and heart disease, with a recent report by the WHO suggesting up to a third of such illnesses are directly linked to pollution.

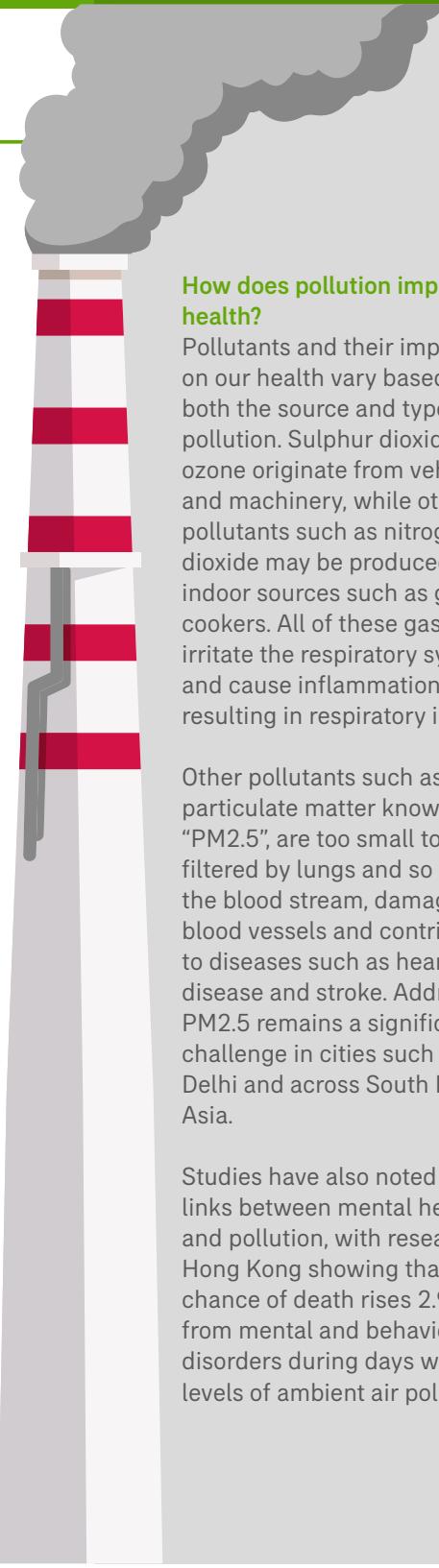
Pollution is a material issue to our business, and it is also of increasing concern to the public. AIA's Healthy Living Index 2018 found that 62 per cent of people are concerned with the impacts that pollution has on health.

Addressing pollution is a challenge that goes beyond the influence of a single business, and requires the concerted effort and action of both the private and public sectors.

AIA's memberships in ESG organisations provide us with one such forum to discuss environmental issues with peers and other leading businesses. AIA is also involved in a multi-year research project with the University of Leeds on air quality. The project aims to identify and communicate realistic and achievable air pollution mitigation options, providing clear recommendations for translating policy into action. This includes identifying recent trends and sources of pollution in China. Findings published in 2018 examined measurements at 1,600 locations across China, and noted rises in the levels of the pollutant ozone, but decreases in fine particulates and sulphur dioxide.

As an organisation that has no manufacturing facilities, we do not produce material amounts of pollution. Instead, our influence lies in raising awareness on the health impacts of pollution, and in exploring ways in which we can assist our customers in reducing their exposure to specific pollutants. We continue to explore solutions that enable us to play a more active role in addressing this risk factor and enabling our customers to live Healthier, Longer, Better Lives.

 [Detailed results of the study can be accessed here.](#)



How does pollution impact health?

Pollutants and their impact on our health vary based on both the source and type of pollution. Sulphur dioxide and ozone originate from vehicles and machinery, while other pollutants such as nitrogen dioxide may be produced from indoor sources such as gas cookers. All of these gases can irritate the respiratory system and cause inflammation, resulting in respiratory illness.

Other pollutants such as particulate matter known as "PM2.5", are too small to be filtered by lungs and so enter the blood stream, damaging blood vessels and contributing to diseases such as heart disease and stroke. Addressing PM2.5 remains a significant challenge in cities such as New Delhi and across South East Asia.

Studies have also noted the links between mental health and pollution, with research in Hong Kong showing that the chance of death rises 2.9% from mental and behavioural disorders during days with high levels of ambient air pollution.

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CLIMATE CHANGE

Climate change is a growing topic of interest to our stakeholders.

AIA launched a Climate Change Statement in 2018, summarising how we address climate change as a strategic issue throughout our business. AIA also voiced support for the Paris Agreement by becoming a signatory to the TCFD.

 To view the AIA Climate Change Statement, please click [here](#).

As a life and health insurer, climate change does not impact us in the same manner as it does with property and casualty insurers. However, in the long term, insurers such as AIA will have an instrumental role to play through our insurance solutions and investments to help communities adapt and achieve resilience against adverse health or weather-related climate outcomes.

Addressing climate risk in our insurance operations

Climate change risk forms part of our overall insurance risk profile through its role in the frequency and intensity of certain diseases and the health and mortality impacts of natural disasters. We assess the overall level of insurance risk by taking into consideration a range of diverse risk factors across the many categories in our product range. This diversity of risk, combined with our reinsurance programme and broad geographic footprint helps us to distribute risk and provide protection against the impacts of short-term climate change effects.

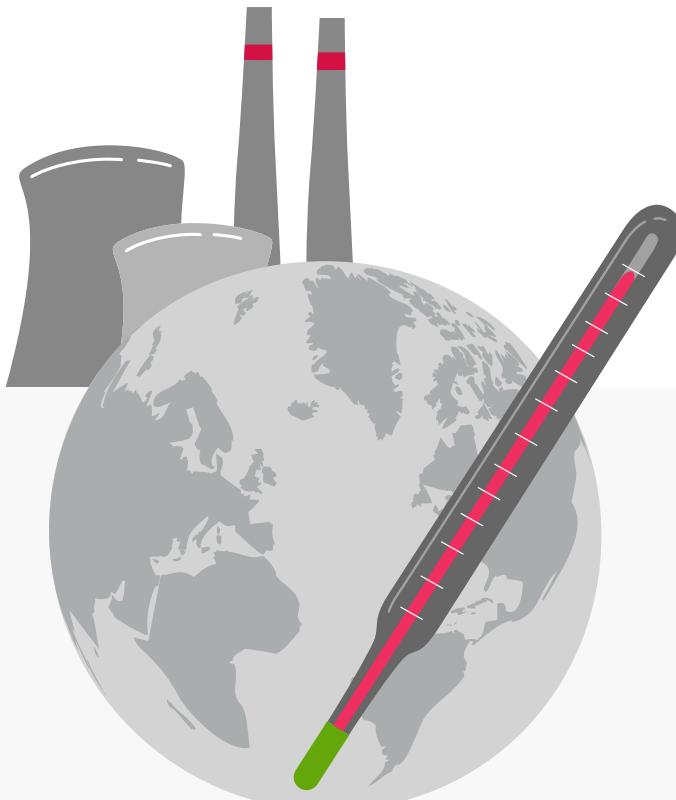


This section outlines our support of SDG 13 on climate action, and Target 13.3 to improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Business disruption from climate change

Climate change issues are also considered in relation to the development of new buildings in AIA's real estate investment portfolio. Specifically, we conduct risk assessments to ensure all new buildings meet relevant Green Building standards (e.g. LEED), and consider other related aspects such as flood risk.

AIA's Business Continuity Management Framework, adopted across the Group, considers the potential impact of environmental hazards and natural disasters in building development, with the aim of ensuring the safety of our employees, safeguarding the company's physical assets, and minimising business disruption in such cases.



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Addressing climate impacts in our investment portfolio

AIA's Responsible Investment Policy outlines climate change as one of many ESG criteria considered by our analysts and portfolio managers during our investment decisions. AIA is aware of both the physical and transitional risks posed as a result of climate change and impacts that these may have on our investments. Where such topics are material, AIA's analysts may engage in discussion with our investee companies on addressing such climate risks.

In 2018, AIA began the significant task of carbon footprinting our investment portfolio. This exercise is discussed within the Our Energy and Emissions Footprint section of this chapter.

Scenario analysis

The TCFD outlines the need for climate risk and scenario planning, including potential impacts on our financial performance.

As outlined above, severe climate change conditions may impact economic performance across Asia Pacific, in addition to having a bearing on mortality and morbidity rates.

Climate scenario analysis is encouraged by the TCFD, and AIA continues to explore feasibility for conducting such analysis. We also welcome the development of local and international frameworks to support such assessments.

What happens if the 2°C target is missed?

A global commitment by governments in 2015, known as the "Paris Agreement", commits to limiting warming to less than 2°C.

This year, the Intergovernmental Panel on Climate Change published a report on progress since the agreement, highlighting that the world will need to reduce carbon emissions by 45 per cent from 2010 levels by 2030 to prevent the dangerous effects of climate change.

While a 2°C rise may not seem like a significant increase, this will not be uniform across the world.

The report highlighted that consequences for not achieving the 2°C target will be the disappearance of most coral reefs, exposure of coastal cities to flooding, broad disruptions to food supply, and exposure of large sections of the population to extreme heat. This is likely to affect the health and well-being of people across our markets in addition to the productivity of business globally.

Should climate change continue unabated, AIA like many other businesses, will be affected by its long-term impacts.

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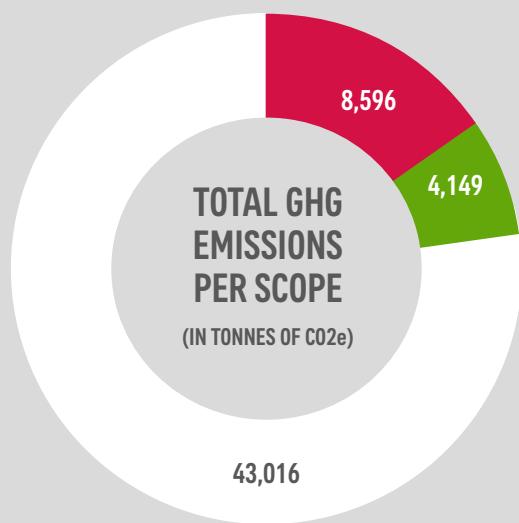
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SCOPE 1 SCOPE 2 SCOPE 3

	2018	2017	2016
Scope 1 ²⁶	4,149	4,935	1,746
Scope 2 ²⁷	43,016	45,519	47,652
Scope 3 ²⁸	8,596	7,388	5,277
Total GHG Emissions	55,761	57,842	54,675
Total GHG Emissions Scope (1,2,3) Intensity per employee	2.7	2.9	3.3

OUR EMISSIONS AND ENERGY FOOTPRINT

AIA's operational emission footprint is largely from the electricity we use in our buildings. Secondary sources of emissions are from our corporate vehicle fleet and overseas business travel.

We conduct an annual cross-market data collection exercise under which we compile details of the emissions and energy footprint for each of our business units.

This increase in scope, coupled with the completion of our acquisition of Sovereign resulted in a higher total emission footprint for the Group.

In 2018, the Group produced 55,761 tonnes of CO₂e, or 2.7 tonnes per employee. Emissions from Group Office, Singapore, Hong Kong, and Malaysia in this Report were assured by an external auditor. Total greenhouse gas emissions (Scope 1, 2, 3) from these markets amounted to 24,895 tonnes of CO₂e or 45 per cent of our total emission footprint.

Total energy consumption across the Group was 86,593,057 kWh, a decrease from 91,852,947 kWh the previous year. Energy use from Group Office, AIA Singapore, Malaysia and Hong Kong in this Report were assured by an external auditor. Total energy use from markets amounted to 42,020,678 kWh¹.

Please refer to page 75 for the Auditor's Assurance Statement.



For further details on how we address our operational footprint, please refer to our Environmental Policy, linked here.

In 2018, AIA produced

**55,761 TONNES
OF CO₂e**

This equates to

**2.7 TONNES OF CO₂e
PER EMPLOYEE**

Total emissions from Group Office, Singapore, Hong Kong and Malaysia were assured in this Report. Total GHG emissions (Scope 1, 2, 3) from markets amounted to

**24,895 TONNES
OF CO₂e**

**OR 45% OF OUR TOTAL
EMISSION FOOTPRINT**

²⁶ Emissions from the fuel burnt by our corporate vehicle fleet, private air travel, generators and corporate kitchens. Scope 1 emissions include all markets where AIA has operational control.

²⁷ Emissions produced as a result of the electricity that we use. Scope 2 emissions include all AIA markets where AIA has operational control.

²⁸ Emissions produced indirectly from commercial business travel by airplane.

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Data Calculation Methodologies

AIA calculates emissions according to the guidelines provided by the Environmental Protection Department of the Hong Kong SAR Government. We identify emission factors on electricity consumption for each operating region via the sustainability reports of utility companies, or the Green House Gas Protocol database. For business travel, emissions data for Group Office and AIA Hong Kong, are provided directly by our travel agent. With our other markets, including AIA Malaysia, we refer to the Carbon Neutral Calculator for Short – Medium haul flights by the United Kingdom's Department for Environment, Food, and Rural Affairs (DEFRA) emission factors. Emissions from any private air travel are calculated according to the recommended practice of the International Air Transport Association (IATA). AIA also refers to the Fifth Assessment Report from the International Panel on Climate Change, in reference to any Global Warming Potential (GWP) factors used.

Our Green Products

AIA Company (Trustee) Limited has long understood the importance of positive environmental stewardship in generating financial return, and options that take into account both environmental ratings and financial performance of companies are available to our MPF customers.

In select markets, as part of our unit linked investment products, our customers are also able to choose options associated with renewable energy and/or healthcare.

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CARBON FOOTPRINTING OUR INVESTMENT PORTFOLIO

As an asset owner, our environmental influence also extends to our investment footprint and the diverse sectors that we invest in across Asia. AIA is committed to being transparent with our stakeholders and focusing on areas of impact in our ESG reporting. As such, this year we engaged a third-party consultant to assist us in the significant initiative of carbon footprinting our investment portfolio.

Results from this exercise will provide us with a complete emissions profile of our broader impact and provide the foundation for any future reduction initiatives.

This carbon data will also be incorporated into our ESG assessment process in investments, assisting our analysts with sectoral comparisons, and raising awareness of risks such as those posed from potential carbon regulation in our markets. Information will also be used by analysts on discussions of climate risk, and emissions mitigation.



For further details, please click here.



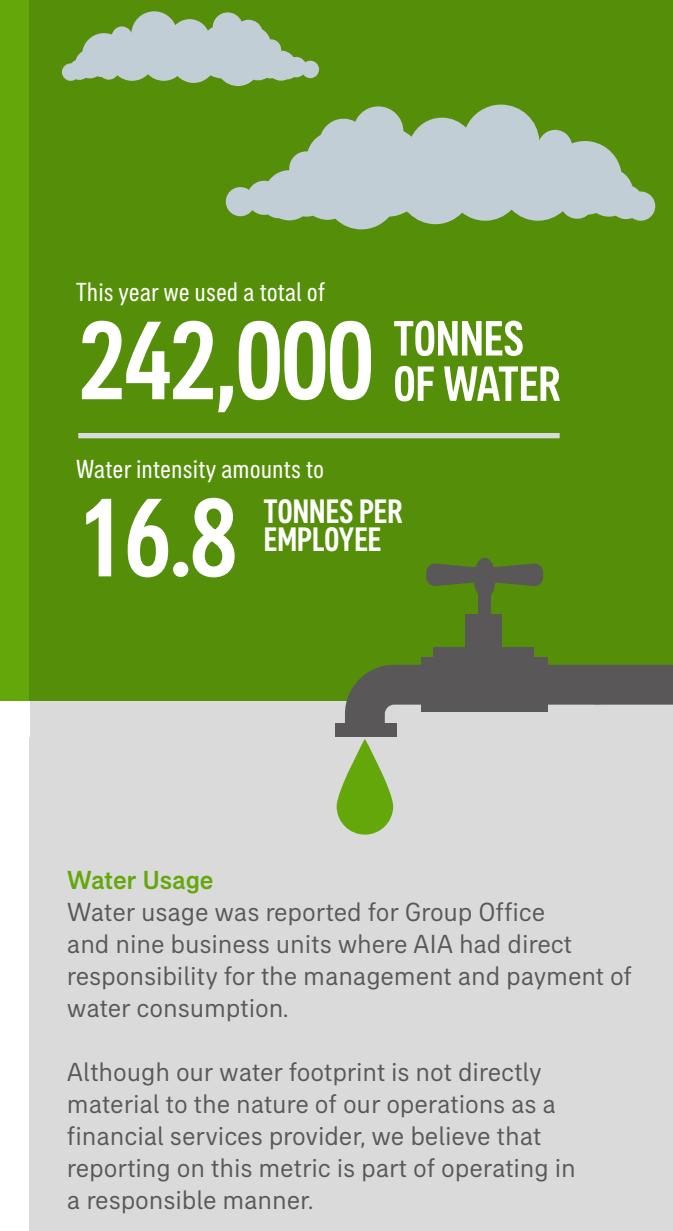
RESOURCE USAGE

Paper Usage

Insurance has traditionally been a paper-intensive industry. We are mindful of the imperative to address this and continue to explore ways in which we can digitalise aspects of our operations and reduce the reliance on paper. AIA's ambition is to ultimately operate in a paperless environment.

In 2018, AIA created a framework to measure the levels of digitalisation and automation in operations across all our markets and provide a view of how we are tracking as a Group towards our paperless ambition. This framework covers customer interactions across product purchase, claims and service transactions and enables us to measure the rate and impact of transaction digitalisation across these three areas as part of our overall strategic focus.

As discussed in previous ESG reports, AIA continues to leverage the use of iPoS, a secure, mobile point-of-sale technology to enable a paperless sales process from the completion of the customer's financial-needs analysis to the generation of a proposal. This has been extended with digital tools to help agents provide servicing support to their customers, including the ability for customers in some markets to remotely authenticate transactions, so these can be completed without the need for a face to face meeting, for example through PoS EZ. iPoS has significantly reduced our use of paper, speeding up turnaround times, increasing productivity and improving the overall customer experience. iPoS is now used by 12 of our markets, with over 90 per cent of new business cases submitted digitally in 2018.



The digital submission rate for customer service requests was 28 per cent as at 31 December 2018, with numerous initiatives now in place across the business to promote the use of paperless channels.

Where the use of paper is still necessary in our operations, AIA encourages our markets to use recycled or Forest Stewardship Council Certified Paper (FSC Paper) in their operations. Forest Stewardship Council (FSC) certified businesses are those which manufacture paper in a responsible and sustainable manner. FSC or recycled paper is used at AIA Hong Kong, Malaysia, Indonesia, Australia, New Zealand and at our Group Office.

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SUSTAINABLE INFRASTRUCTURE

Rapid urbanisation has brought with it challenges such as increased air pollution, stress on existing infrastructure and unplanned urban sprawl. This impacts health and well-being, but also provides us with an opportunity to take a lead in investing in the sustainable development of our communities. The UN estimates that urban areas will need to accommodate an extra 2.5 billion people by 2050, with 90 per cent of this increase taking place in Asia and Africa.

Much of the investment needed to close the infrastructure and climate funding gap will be from the private sector. The Asian Development Bank estimates that US\$26.2 trillion is needed by 2030 to address the region's infrastructure needs, which is inclusive of costs to mitigate and adapt to the impacts of climate change.

As the largest pan-Asian life insurer, AIA has been active in providing funding for many infrastructure projects.

OUT OF OUR TOTAL FIXED INCOME AND EQUITY INVESTMENTS, APPROXIMATELY US\$24 BILLION IS INVESTED IN INFRASTRUCTURE-RELATED SECTORS.

This has enabled us to play a role in contributing to the sustainable development of our communities in Asia, while also securing appropriate returns that deliver on our customers' savings and protection needs.

Green bond issuance continues to grow in Asia, providing opportunities for investors to contribute to the transition to cleaner energy and the climate resilience of communities. AIA monitors investment opportunities and developments in the field of green finance, in consideration of our liabilities and above all, in ensuring the financial security of our clients.



The following section outlines our support of sustainable cities and communities, including alignment with Target 11.3. to enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management.

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GREEN BONDS

US\$ 575 MILLION

INFRASTRUCTURE

US\$ 24 BILLION

This year, AIA was proud to be a founding member of the Hong Kong Green Finance Committee, an association which aims to assist the government in developing green finance policies and promote the adoption of best practices in green finance.

OUR GREEN BUILDINGS

Through our investments, we are able to commit resources to real estate projects that develop and acquire green buildings. This allows us to secure investment income to deliver on the savings and protection needs of our customers, while also enabling us to provide our markets with sustainable, energy-efficient low carbon tenancy options.

AIA incorporates green standards as a part of the design concept for all its real estate development projects, ensuring that environmental principles are “built in” and not included as an afterthought.

Our portfolio of green buildings also continues to play an important role in reducing our impact and providing energy-efficient and low carbon spaces to employees and tenants. This year, Two AIA Financial Centre at the Nanhai District in Foshan, China received a LEED Platinum rating, the highest possible LEED Rating.

The full details on our portfolio of green buildings is listed below:

AWARD NAME	BUILDING	LOCATION	YEAR
Dual GOLD LEED certifications (New Construction + Existing Buildings: Operations & Maintenance	AIA Capital Centre	Bangkok, Thailand	2018
LEED Platinum Rating in the category of Existing Buildings: Operations & Maintenance	Two AIA Financial Center	Nanhai, China	2018
LEED Platinum Rating in the category of Existing Buildings: Operations & Maintenance	One AIA Financial Center	Nanhai, China	2017
Pre-certification of LEED Silver	Philam Life Center Cebu	Cebu, Philippines	2017
Certificate of Green Building Design Label	Two AIA Financial Center	Nanhai, 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
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
LEED Silver Certification for Existing Buildings: Operations & Maintenance	AIA Central	Hong Kong, China	2012
Excellent Rating of the Hong Kong Building Environmental Assessment Method HK-BEAM for New Office Designs	AIA Central	Hong Kong, China	2005

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FEEDBACK ON THIS REPORT

**THANK YOU FOR YOUR
INTEREST IN THIS REPORT.
YOUR FEEDBACK WILL HELP
US TO IMPROVE OUR OVERALL
ESG PERFORMANCE AND
DISCLOSURE.**

If you have any questions or feedback,
please contact our ESG team at
esg@aia.com or write to the address below:

AIA Group Limited
35/F, AIA Central
No. 1 Connaught Road Central
Hong Kong

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GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX



GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE CONTENT INDEX

As set out in this content index, this Report complies with the comply or explain requirements of the Hong Kong Stock Exchange ESG Guide, and the “Core” option of the GRI Standards. These disclosures have been set out in the table below in accordance with the guidelines of the GRI, and to allow for easy navigation to relevant sections of the Report.

This Report also serves as our 2018 communication regarding the progress of our implementation of the UN Global Compact (UNGC) Ten Principles, which have been outlined below.

GENERAL STANDARD DISCLOSURE	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	SECTION AND PAGE
INCLUDING UNGC			
102-1	--	Name of organisation	About this Report, 6
102-2	--	Primary brands, products, and services	About this Report, 6
102-3	--	Location of headquarters	About this Report, 6 Feedback, 59
102-4	--	Location of operations	About this Report, 6
102-5	--	Nature of ownership and legal form	About this Report, 6
102-6	--	Markets served	About this Report, 6
102-7	--	Scale of the organisation	About this Report, 6 The Right People, 24
			Please also refer to the Financial Statements of AIA's Annual Report 2018 for details on total revenue.
102-8	KPI B1.1	Information on employees and other workers	The Right People, 24 Please also refer to the GRI and HKEx Guide Commentary Table.
102-9	KPI B5.1	Supply chain description	Supply Chain Management, 21
102-10	--	Significant changes to the organisation and its supply chain	About this Report, 6
102-11	--	Report how the precautionary approach is addressed	Effective Risk Management, 16
102-12	--	External Initiatives	The Right People, 24 Memberships, 74
102-13	--	Membership of associations	ESG Memberships, 74
102-14		Statement from senior decision maker	Statement from Group Chief Executive and President, 4
102-16		Values, principles, standards and norms of behaviour	About this Report, 6 Responsible Business Practices, 17 Please also refer to AIA's Code of Conduct.

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102-18	--	Governance structure of the organisation	About this Report, 6 Doing Business in the Right Way, 14 Please refer to the Corporate Governance Section of Annual Report 2018. Please also refer to information on our leadership team, linked here.
102-40	--	List of stakeholders engaged by the organisation	Doing Business in the Right Way, 14 AIA engages with all our stakeholder groups through various channels. Please also refer to the GRI and HKEx Guide Commentary Table.
102-41	--	Collective bargaining agreements	GRI and HKEx Guide Commentary Table
102-42	--	Identifying and selecting stakeholders	About this Report, 6
102-44	--	Report any key topics and concerns raised by stakeholders	About this Report, 6 Doing Business in the Right Way, 14 Climate Change, 52
102-45	--	Entities included in the consolidated financial statements	About this Report, 6 Unless otherwise noted, all entities included in the Annual Report 2018 are included in the scope of this Report.
102-46	--	Defining report content and topic boundaries	About this Report, 6
102-47	--	List of material topics	About this Report, 6
102-48	--	Restatements of information	N/A
102-49	--	Changes in reporting	GRI and HKEx Guide Commentary Table
102-50	--	Reporting period	About this Report, 6
102-51	--	Date of most recent Report	AIA's ESG Report 2017 was published on 21 March 2018.
102-52	--	Reporting cycle	AIA's ESG Report is published annually.
102-53	--	Contact point for questions regarding the report	Feedback, 59
102-54	--	Claims of reporting in accordance with the GRI Standards	About this Report, 6
102-55	--	GRI Content Index	GRI and HKEx Content Index, 62
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GRI 103-1	KPI B8.2	Discussion of management approach and related policies	Please refer to the Financial and Operating Review Section of the Annual Report 2018.
EC103-1, 103-2, 103-3			
201-1	--	Direct Economic Value generated and distributed	Please refer to the Financial and Operating Review Section of the Annual Report 2018.
201-2	--	Financial implications and other risks and opportunities due to climate change	Climate Change, 52 Please also refer to AIA's Climate Change Statement linked here.
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203-1	--	Infrastructure investments and services supported	Operating Responsibly, 50 Sustainable Infrastructure, 57
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302-1	KPI A2.1 KPI A2.3	Energy consumption within the organisation	Energy and Emissions, 51 GRI and HKEx Guide Commentary Table
		Energy intensity per full-time employees	
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302-3	KPI A3.1	Energy Intensity	Energy and Emissions, 51 GRI and HKEx Guide Commentary Table
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307-1	GD A1	Non-compliance with environmental laws and regulations	GRI & HKEx Guide Commentary Table
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--	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	The Right People, 24
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UNG C 3			
Child Labour UNG C 5	GD B4	Businesses should uphold the effective abolition of child labour	Doing Business in the Right Way, 14 Please also refer to our Supplier Code of Conduct.
Forced or Compulsory Labour UNG C 4	GD B4	Businesses should uphold the elimination of all forms of forced and compulsory labour	Responsible Business Practices, 17 Please also refer to our Supplier Code of Conduct.

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MATERIAL STANDARD DISCLOSURE	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	SECTION AND PAGE
INCLUDING UNGC PRINCIPLES			
SOCIETY			
GRI 103-1, 103-2, 103-3	GD B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Corporate Social Responsibility and Community Wellness, 47
Local communities	GD B8 KPI B8.1	Percentage of operations with implemented local community engagement, impact assessments, and development programme	Total resources contributed to community programmes disclosed in lieu of the percentage of operations with implemented local community engagement to align with the HKEx requirement.
UNG C 1	KPI B8.2		
GRI 413			
Local Communities	--	Initiatives to improve access to financial services for disadvantaged people	Corporate Social Responsibility and Community Wellness
FS14			
ANTI-CORRUPTION			
GRI 103-1, 103-2, 103-3	GD B7	Policies to ensure compliance relating to bribery, extortion, fraud and money laundering	Responsible Business Practices, 17
Anti-corruption	GD B7	Communication and training on anti-corruption policies and procedures	Responsible Business Practices, 17
UNG C 10			
GRI 205			
SOCIOECONOMIC COMPLIANCE			
GRI 103-1, 103-2, 103-3	GD B4,B2,B1 GD A1,A2,A3	Policies related to compliance within all social and environmental areas, including human resources	Doing Business in the Right Way, 14 The Right People, 24 Contributing to our Communities, 35
GRI 419	--	Significant fines and non-monetary sanctions for non-compliance with laws and regulations in relation to social and economic areas	GRI & HKEx Guide Commentary Table
PRODUCT RESPONSIBILITY			
Product Responsibility	GD B6	Initiatives to enhance financial literacy by type of beneficiary	Corporate Social Responsibility and Community Wellness, 47
GRI 103-1, 103-2, 103-3			
Active Ownership	--	Percentage and number of companies held in AIA's portfolio with which AIA has interacted on environmental or social issues.	Sustainable Investment, 45 Please also refer to the AIA Responsible Investment Policy.
GRI FS10, FS11		Percentage of assets subject to positive and negative environmental or social screening	
Sustainable Buildings	--	Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, and redevelopment	Sustainable Infrastructure, 57 Our Green Buildings, 58
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MATERIAL STANDARD DISCLOSURE	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	SECTION AND PAGE
INCLUDING UNGC PRINCIPLES			
DATA PROTECTION AND PRIVACY			
Data Protection and Cybersecurity measures	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Responsible Business Practices, 17

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GLOBAL REPORTING INITIATIVE AND HONG KONG STOCK EXCHANGE GUIDE COMMENTARY TABLE

Supplementary information which addresses the disclosure requirements of the GRI and HKEx is outlined below for easy reference.

The GRI and ESG Guide disclosures that are not covered in the above sections of the Report are explained in the following commentary table. The information provided in the following tables covers the twelve-month period ended 31 December 2018 and the thirteen-month period ended 31 December 2018.

DISCLOSURE INCLUDING UNGC	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	REMARKS
102-8	KPI B1.1	Report the total number of employees by employment contract and gender Report the total number of permanent employees by employment type and gender Report the total workforce by region and gender	Across the Asia-Pacific region, AIA employs a total of 22,263 employees ²⁹ , which includes full-time and part-time staff, as well as employees on fixed term contracts. This total excludes interns, agents and employees of Tata AIA. 59% of these employees are female and 41% of employees are male. Please refer to the Right People Section of this Report for percentage of workforce by age group and geographic region.
102-10	--	Significant changes to the organisation and its supply chain	In July 2018, AIA completed the acquisition of Sovereign. We have included ESG data from this entity in the Report for the first time.
102-41 UNGC 3	--	Collective bargaining agreements	While labour unions are in place across select business units, we do not collect data regarding percentage of employees covered by collective bargaining agreements.
102-49	--	Changes in reporting	In 2018, AIA's financial reporting period was changed to cover the period from 1 January 2018 to 31 December 2018. The data provided in this Report is consistent with our Annual Report 2018 and covers the thirteen month period from 1 December 2017 to 31 December 2018.

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²⁹ The increase compared to 30 November 2017 is primarily due to acquisition of Sovereign.



DISCLOSURE INCLUDING UNGC	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	REMARKS
ENERGY USAGE FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018 (12 MONTHS)			
302-1 302-3 302-4	KPI A2.1 KPI A2.3 KPI A3.1	Energy consumption within the organisation Energy intensity per full-time employees Reduction of energy consumption	<ul style="list-style-type: none">• Direct energy consumption at AIA: 17,074,544 kWh• Indirect energy consumption at AIA: 77,356,009 kWh• Total energy use at AIA: 94,430,553 kWh• Energy intensity per employee: 4,490 kWh• Direct energy consumption at Group Office, Hong Kong, Singapore and Malaysia: 10,709,397 kWh[✓]• Indirect energy consumption at Group Office, Hong Kong, Singapore and Malaysia: 34,786,638 kWh[✓]• Total energy use at Group Office, Hong Kong, Singapore and Malaysia: 45,496,035 kWh[✓]
EMISSIONS FOOTPRINT FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018 (13 MONTHS)			
305-1, 305-2, 305-3, 305-4, 305-5	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	<ul style="list-style-type: none">• Total Scope 1 emissions for the Group: 4,499 tonnes of CO₂e• Total Scope 2 emissions for the Group: 46,330 tonnes of CO₂e• Total Scope 3 emissions for the Group: 9,111 tonnes of CO₂e• Total emissions for the Group: 59,941 tonnes of CO₂e• Total emissions per employee: 2.85 tonnes of CO₂e• Total scope 1 emissions for Group Office, Hong Kong, Singapore and Malaysia: 2,770 tonnes of CO₂e[✓]• Total Scope 2 emissions for Group Office, Hong Kong, Singapore and Malaysia: 20,020 tonnes of CO₂e[✓]• Total Scope 3 emissions for Group Office, Hong Kong and Malaysia: 4,009 tonnes of CO₂e[✓]• Total emissions for Group Office, Hong Kong, Singapore and Malaysia: 26,799 tonnes of CO₂e[✓]

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DISCLOSURE INCLUDING UNGC	HKEx ESG REPORTING GUIDE REFERENCE	DETAIL	REMARKS
EMISSIONS FOOTPRINT FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018 (12 MONTHS)			
305-1, 305-2, 305-3, 305-4, 305-5	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	<ul style="list-style-type: none"> Total Scope 1 emissions for the Group: 4,149 tonnes of CO₂e Total Scope 2 emissions for the Group: 43,016 tonnes of CO₂e Total Scope 3 emissions for the Group: 8,596 tonnes of CO₂e Total emissions for the Group: 55,761 tonnes of CO₂e Total emissions per employee: 2.7 tonnes per employee Total scope 1 emissions for Group Office, Hong Kong, Singapore and Malaysia: 2,522 tonnes of CO₂e[✓] Total Scope 2 emissions for Group Office, Hong Kong, Singapore and Malaysia: 18,616 tonnes of CO₂e[✓] Total Scope 3 emissions for Group Office, Hong Kong, and Malaysia: 3,757 tonnes of CO₂e[✓] Total emissions for Group Office, Hong Kong, Singapore and Malaysia: 24,895 tonnes of CO₂e[✓]
ENVIRONMENTAL MANAGEMENT INITIATIVES			
	HKEEx KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	As a life insurer, our policies do not require the input of any hazardous materials, nor do we produce any hazardous substances. As a result, the production of hazardous waste is immaterial to our operations.
	HKEEx KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	AIA's waste consists of food and office products such as paper and cans, which does not have a material impact at this time. Going forward we will consider the need to measure our waste footprint.
	HKEEx KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Non-hazardous waste is sorted and recycled at select business units. We continue to raise awareness on the importance of waste reduction through signage and internal communications. As a life insurer the production of hazardous waste is immaterial to our operations.
	HKEEx KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	There is no material issue in sourcing or using water that is fit for purpose.
	HKEEx KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Packaging material is immaterial to the nature of our operations as a life insurer.

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DISCLOSURE INCLUDING UNGC	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	REMARKS										
COMPLIANCE WITH ESG REGULATION													
307-1 UNGC2	GD A1 GD B1 GD B2 GD B4 GD B6 GD B7 KPI B7.1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations related to the HKEx ESG Subject Areas of Emissions, Employment, Health and Safety, Labour Standards, Product Responsibility and Anti-Corruption	<p>There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.</p> <p>There are no newly applicable or developing laws or regulations related to ESG areas that have had a significant impact on our business.</p>										
PERMANENT EMPLOYEE TURNOVER³⁰ FOR THE PERIOD FROM 1 DECEMBER 2017 – 31 DECEMBER 2018 (13 MONTHS)													
Employment UNGC 6 GRI 401-1	GD B1 KPI B1.2	Number and rate of employee turnover by gender, age group and geographical region	<p>All permanent employee turnover applies to the region of Asia.</p> <p>By Age Group</p> <table><tr><td>Below 30:</td><td>24.1%</td></tr><tr><td>30-50:</td><td>15.2%</td></tr><tr><td>Over 50:</td><td>15.9%</td></tr></table> <p>By Gender</p> <table><tr><td>Male:</td><td>19.5%</td></tr><tr><td>Female:</td><td>16.5%</td></tr></table> <p>AIA does not report employee turnover numbers at this time.</p>	Below 30:	24.1%	30-50:	15.2%	Over 50:	15.9%	Male:	19.5%	Female:	16.5%
Below 30:	24.1%												
30-50:	15.2%												
Over 50:	15.9%												
Male:	19.5%												
Female:	16.5%												
PERMANENT EMPLOYEE TURNOVER³¹ FOR THE PERIOD FROM 1 JANUARY 2018 – 31 DECEMBER 2018 (12 MONTHS)													
Employment UNGC 6 GRI 401-1	GD B1 KPI B1.2	Number and rate of employee turnover by gender, age group and geographical region	<p>All permanent employee turnover applies to the region of Asia.</p> <p>By Age Group</p> <table><tr><td>Below 30:</td><td>22.4%</td></tr><tr><td>30-50:</td><td>14.3%</td></tr><tr><td>Over 50:</td><td>15.4%</td></tr></table> <p>By Gender</p> <table><tr><td>Male:</td><td>18.4%</td></tr><tr><td>Female:</td><td>15.4%</td></tr></table> <p>AIA does not report employee turnover numbers at this time.</p>	Below 30:	22.4%	30-50:	14.3%	Over 50:	15.4%	Male:	18.4%	Female:	15.4%
Below 30:	22.4%												
30-50:	14.3%												
Over 50:	15.4%												
Male:	18.4%												
Female:	15.4%												

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³⁰ Permanent employees exclude employees on fixed term contracts, and their permanent turnover excludes involuntary turnover. Turnover is calculated using monthly average headcount for the reporting periods ending 31 December 2018.

³¹ Same as above.



DISCLOSURE INCLUDING UNGC	HKEX ESG REPORTING GUIDE REFERENCE	DETAIL	REMARKS										
NEW PERMANENT EMPLOYEE HIRES³² FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018 (13 MONTHS)													
Employment UNGC 6 GRI 401-1	GD B1	<p>Number and rate of new permanent employee hires by age group, gender and geographical region</p> <p>In '000s</p> <p>By Age Group</p> <table> <tr><td>Below 30:</td><td>3.13</td></tr> <tr><td>30-50:</td><td>2.65</td></tr> <tr><td>Over 50:</td><td>0.21</td></tr> </table> <p>By Gender</p> <table> <tr><td>Male:</td><td>2.60</td></tr> <tr><td>Female:</td><td>3.37</td></tr> </table>	Below 30:	3.13	30-50:	2.65	Over 50:	0.21	Male:	2.60	Female:	3.37	<p>All new employee hires apply to the region of Asia.</p> <p>AIA does not report on rate of new employee hires at this time.</p>
Below 30:	3.13												
30-50:	2.65												
Over 50:	0.21												
Male:	2.60												
Female:	3.37												
NEW PERMANENT EMPLOYEE HIRES³³ FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018 (12 MONTHS)													
Employment UNGC 6 GRI 401-1	GD B1	<p>Number and rate of new permanent employee hires by age group, gender and geographical region</p> <p>In '000s</p> <p>By Age Group</p> <table> <tr><td>Below 30:</td><td>2.97</td></tr> <tr><td>30-50:</td><td>2.50</td></tr> <tr><td>Over 50:</td><td>0.20</td></tr> </table> <p>By Gender</p> <table> <tr><td>Male:</td><td>2.47</td></tr> <tr><td>Female:</td><td>3.19</td></tr> </table>	Below 30:	2.97	30-50:	2.50	Over 50:	0.20	Male:	2.47	Female:	3.19	<p>All new employee hires apply to the region of Asia.</p> <p>AIA does not report on rate of new employee hires at this time.</p>
Below 30:	2.97												
30-50:	2.50												
Over 50:	0.20												
Male:	2.47												
Female:	3.19												
TRAINING AND EDUCATION STATISTICS³⁴ FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018 (13 MONTHS)													
Training and education UNGC 6 GRI 404-1	KPI B3.2	<p>The average training hours completed per employee by gender</p> <p>GRI 404-1</p> <p>The average training hours completed per employee by employee category (e.g. senior management, middle management)</p>	<table> <tr><td>Male:</td><td>14.6</td></tr> <tr><td>Female:</td><td>15.0</td></tr> </table> <table> <tr><td>Junior Staff:</td><td>12.9</td></tr> <tr><td>Middle Managers:</td><td>19.3</td></tr> <tr><td>Senior Managers:</td><td>23.0</td></tr> </table>	Male:	14.6	Female:	15.0	Junior Staff:	12.9	Middle Managers:	19.3	Senior Managers:	23.0
Male:	14.6												
Female:	15.0												
Junior Staff:	12.9												
Middle Managers:	19.3												
Senior Managers:	23.0												
TRAINING AND EDUCATION STATISTICS³⁵ FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018 (12 MONTHS)													
Training and education UNGC 6 GRI 404-1	KPI B3.2	<p>The average training hours completed per employee by gender</p> <p>GRI 404-1</p> <p>The average training hours completed per employee by employee category (e.g. senior management, middle management)</p>	<table> <tr><td>Male:</td><td>14.3</td></tr> <tr><td>Female:</td><td>14.0</td></tr> </table> <table> <tr><td>Junior Staff:</td><td>12.4</td></tr> <tr><td>Middle Managers:</td><td>18.4</td></tr> <tr><td>Senior Managers:</td><td>22.2</td></tr> </table>	Male:	14.3	Female:	14.0	Junior Staff:	12.4	Middle Managers:	18.4	Senior Managers:	22.2
Male:	14.3												
Female:	14.0												
Junior Staff:	12.4												
Middle Managers:	18.4												
Senior Managers:	22.2												

³² New permanent employees exclude employees on fixed term contracts. As part of an update to the methodologies we apply to certain data of the Group this year, permanent new hires represent all new hires in the reporting periods ending 31 December 2018.

³³ Same as above.

³⁴ Training hours for Sovereign employees are not included.

³⁵ Same as above.

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ESG MEMBERSHIPS

ORGANISATION	LEVEL OF MEMBERSHIP
United Nations Global Compact	Signatory
Women in Finance Asia (Wifa)	Member
Task Force on Climate Related Financial Disclosures (TCFD)	Supporter
Principles for Responsible Investment	Signatory
Hong Kong Green Finance Association (HKGFA)	Member
30% Club (Hong Kong Chapter)	Member

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED



pwc

We have undertaken a limited assurance engagement in respect of the selected sustainability information of AIA Group Limited (the "Company") listed below under the 'Identified Sustainability Information' section and identified with a ✓ in the Company's Environmental, Social and Governance ("ESG") Report that covers the twelve-month period from 1 January 2018 to 31 December 2018 and the thirteen-month period from 1 December 2017 to 31 December 2018 ("ESG Report 2018").

Identified Sustainability Information

The Identified Sustainability Information for the twelve-month period from 1 January 2018 to 31 December 2018 and the thirteen-month period from 1 December 2017 to 31 December 2018 is summarised below:

- Electricity usage (indirect energy use)
- Energy consumption from use of fossil fuels and gas (direct energy use)
- Total energy consumption
- Scope 1 Greenhouse Gas ("GHG") emissions
(Note 1)
- Scope 2 GHG emissions
- Scope 3 GHG emissions
(Note 2)
- Total GHG emissions (Scope 1, 2, 3)

Note 1: Emissions produced directly from fossil fuel including unleaded petrol, diesel oil, Towngas, Liquid Petroleum gas and private jet fuel.

Note 2: Emissions produced indirectly from commercial business travel by airplane, except Singapore.

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Selective quantitative data was provided for four of the Company's locations and related operations and these are the only locations included in the Identified Sustainability Information for the twelve-month period from 1 January 2018 to 31 December 2018 and the thirteen-month period from 1 December 2017 to 31 December 2018, namely:

- the Company's Group Office operations in Hong Kong, as defined as AIA Group in the ESG Report 2018, conducted from its premises located at AIA Central (1 Connaught Road, Central) and AIA Building (1 Stubbs Road, Wan Chai);
- the Company's operations in Hong Kong, as defined as AIA Hong Kong in the ESG Report 2018, conducted from its premises located at AIA Hong Kong Tower (734 King's Road, Quarry Bay), and AIA Financial Centre (712 Prince Edward Rd E, San Po Kong);
- the Company's operations in Singapore, as defined as AIA Singapore in the ESG Report 2018, conducted from its premises at AIA Alexandra (371 Alexandra Road), AIA Tampines (3 Tampines Grande), AIA Tower (1 Robinson Road), and Telepark (5 Tampines Central 6); and
- the Company's operations in Malaysia, as defined as AIA Malaysia in the ESG Report 2018, conducted from its premises at AIA Menara (99, Jalan Ampang, 50450, Kuala Lumpur) and AIA Wisma (89, Jalan Ampang, Kuala Lumpur).

Data relating to the activities of the Company's insurance agents has been excluded from the selective quantitative data provided to us.

For the purposes of this limited assurance report, the selected quantitative data is defined above as the "Identified Sustainability Information".

Our limited assurance report is in respect of the twelve-month period from 1 January 2018 to 31 December 2018 and the thirteen-month period from 1 December 2017 to 31 December 2018 information for the Identified Sustainability Information only and we have not performed any procedures with respect to earlier periods, other locations or any other elements included in the ESG Report 2018 and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in section "OUR APPROACH TO ESG REPORTING" of the ESG Report 2018.

The Company's Responsibility for the Identified Sustainability Information

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

Inherent Limitations

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

Our Independence and Quality Control

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

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

Our Responsibility

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

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

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

The maintenance and integrity of the AIA Group Limited website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the Identified Sustainability Information of AIA Group Limited on which the assurance report was issued or the assurance report that was issued and the information presented on the website.

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

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information;
- performed limited substantive testing on a selective basis of the Identified Sustainability Information to check that data had been appropriately recorded, calculated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the twelve-month period from 1 January 2018 to 31 December 2018 and the thirteen-month period from 1 December 2017 to 31 December 2018 is not prepared, in all material respects, in accordance with the Criteria.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
10 April 2019

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The maintenance and integrity of the AIA Group Limited website is the responsibility of the directors; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between the Identified Sustainability Information of AIA Group Limited on which the assurance report was issued or the assurance report that was issued and the information presented on the website.