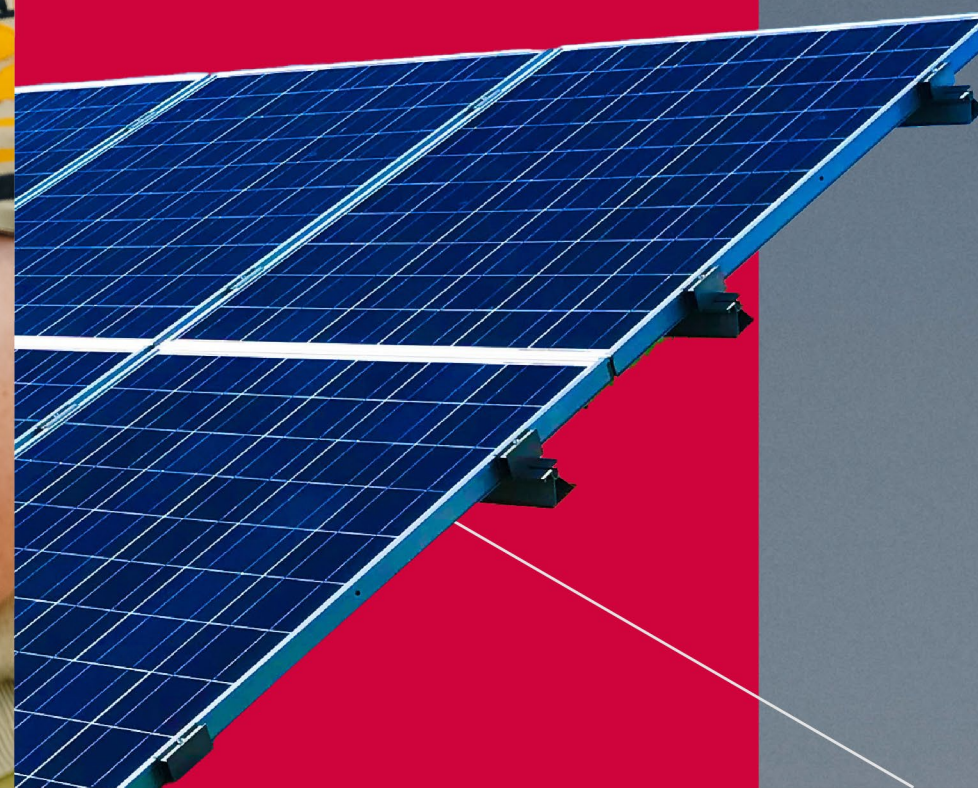




HEALTHIER, LONGER,
BETTER LIVES

AIA Climate Transition Plan 2023



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This report has interactive elements
Use the navigation bar along the bottom of the page to jump to specific sections

This PDF should only be opened with Google Chrome, Microsoft Edge, or Adobe Acrobat

Disclaimer

This is an informational document on AIA's Climate Transition Plan (the "Plan"). Readers should exercise independent judgement as to the contents of this document. This Plan and the content featured on these webpages may include statements with respect to future events, trends, plans, expectations or objectives relating to the Group's business, financial condition, results of operations, performance and strategy in regard to climate objectives and other goals set forth herein ("Forward-Looking Statements"). Such Forward-Looking Statements are made based on current circumstances and currently available information, including but not limited to the current actions, energy policies and energy transition plans undertaken by governments, the Group's current beliefs, assumptions, measurement techniques and data currently available at the time of preparing this Climate Transition Plan and are not a representation or guarantee of future performance or developments.



For more information, please refer to Appendix 2.

Foreword

For over 100 years, AIA has provided financial security and protection to millions of customers in the Asia Pacific region, delivering on our Purpose to help people live Healthier, Longer, Better Lives. We recognise that the health of the planet is inextricably linked to the health of our communities. Embedding climate action and net-zero commitments into our core business is fundamental to our goal of safeguarding the future of the societies and communities in which we operate.

In 2023, the world is on track to experience its hottest year on record, signalling a turning point in the ongoing climate crisis.¹ The consequences of this unprecedented heat are far-reaching, impacting ecosystems, biodiversity and human health. Urgent and collective efforts are imperative to address the root causes of climate change and mitigate its profound consequences. Despite the increasing urgency, global emissions are not reducing at a pace that is consistent with the goals of the Paris Agreement. There is a need for more ambitious mitigation targets and comprehensive decarbonisation plans across nations and industries to limit warming to 1.5 °C above pre-industrial levels. Decisive action is essential to achieve net-zero emissions globally by 2050 and to secure a sustainable future for our people and our planet.

Achieving net-zero emissions by the mid-century is especially critical for Asia. The continent is home

to 60 per cent of the world's population and a vital driver of economic growth.² Even with a temperature increase of around 1°C above the Paris-aligned 1.5°C could see a 20.4 per cent dip in Asian GDP³ as a result of damage to infrastructure, obstructions to supply chains and labour shortages. Currently, 85 per cent of Asia's energy is derived from fossil fuels,⁴ underscoring the urgent need for a swift and effective energy transition. The cost of inaction is large. Timely and decisive interventions are imperative for a comprehensive and just transition in Asia and beyond.

As the largest pan-Asian life and health insurer, AIA has a responsibility to contribute to a healthier, sustainable and inclusive future for the region. We believe that a programme of action to deliver on this vision must be comprehensive and include credible and ambitious targets. In December 2021, we made a commitment to achieve net-zero emissions by

2050 and committed to the Science Based Targets Initiative (SBTi).⁵ In 2023, we became the first pan-Asian life and health insurer to have our near-term targets validated by the SBTi.

This publication represents the first release of our Climate Transition Plan. This document presents our near-term targets, the implementation roadmap to deliver on those targets, and the holistic programme to support our plans. We will follow a structured approach and a principle of transparent reporting, enabling our stakeholders - customers, investors and regulators - to assess how we are shifting towards a low-carbon economy. We recognise that our plan has shared interdependencies with factors beyond our control, including government policies, regional infrastructure and shifts in technology. As we move forward, we will update our roadmap in line with evolving methodologies, new learnings and best practices and expect to iterate on our plan periodically. We welcome feedback on our strategy and hope to inspire other companies through the work we have done. We will continue to refine and elevate our ambition and actions in pursuit of a sustainable future for Asia and the planet, to help our communities live Healthier, Longer, Better lives.



1 Executive Summary

AIA's first Climate Transition Plan (CTP, or "the Plan") brings together our climate vision, strategy, targets and execution plan into one cohesive document.

In December 2021, we made a commitment to achieve net-zero emissions by 2050, and signed up to the Science Based Targets Initiative (SBTi). In 2023, we became the first pan-Asian life and health insurer to have our near-term targets validated by SBTi. This anchors our targets in science, aligns our goals with the Paris Agreement, and ensures accountability for AIA's climate actions.

To construct this plan, we have referred to the frameworks developed by the Transition Plan Taskforce (TPT), Glasgow Financial Alliance for Net Zero (GFANZ) and the CDP.

The CTP disclosure interacts closely with our [Environmental, Social and Governance \(ESG\) Report](#) and broader [Annual Report](#), with the CTP focusing on our climate priorities and actions.

Preparing for the challenges posed by climate change demands a multifaceted approach that necessitates the mobilisation of our entire organisation. This includes setting targets and developing roadmaps across our Operations

and Investment functions, integrating climate into our risk management and governance, and strengthening our internal and external engagement efforts to drive action across our ecosystem.

Our SBTi targets serve as a north star for our decarbonisation journey. These targets establish a system of accountability, ensuring that we are consistently adopting new practices and evolving our methodologies to work towards a more sustainable future. A summary of our targets along with our climate actions is detailed below.

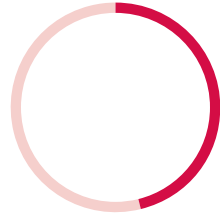
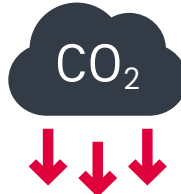






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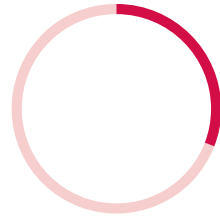
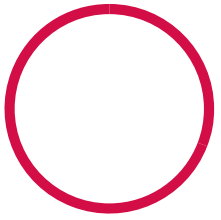



In 2023, we became the first pan-Asian life and health insurer to have our near-term targets validated by SBTi. This anchors our targets in science, aligns our goals with the Paris Agreement, and ensures accountability for AIA's climate actions.

Summary of our Climate Actions

Our Operations: Setting targets for our own emissions and driving actions across our business

| Operations | Near-term target ^A | Long-term commitment ^A |
|---------------------------------|--|---|
| Our SBTi & Climate Commitments |  2030: -46.2% reduction of Scope 1 & 2 emissions |  2050: Net-Zero Scope 1 & 2 emissions |
| Levers for our near-term target |  Explore opportunities to improve energy efficiency of buildings  Explore opportunities to lease greener buildings |  Transition company fleet to EVs , based on market feasibility  Procure renewable energy based on regional availability |

Our Investments: Setting targets across our general account investments and driving climate-related actions

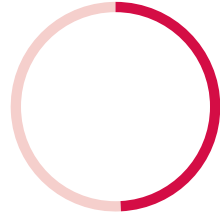





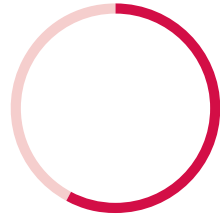




| Portfolio Coverage Approach ^B | Near-term target ^C | Long-term commitment ^C |
|--|--|--|
| Our SBTi & Climate Commitments |  2025: 31% of in-scope portfolio setting SBTi-validated targets |  2040: 100% of in-scope portfolio setting SBTi-validated targets |
| Levers for our near-term target |  Engage Investees to accelerate adoption of SBTi  Explore reinvestment of corporate bonds into issuers with SBTi targets |  Explore new investments in investees aligned to SBTi |

A Target applied to real estate and vehicles owned or leased by AIA and used by AIA employees and agents. Reduction targets measured against a 2019 baseline.

B AIA's in-scope portfolio covers 55 per cent of its total investment and lending activities by general account assets under management, as of 2019.

C Target applied to SBTi defined in-scope listed equities and corporate bonds within AIA's general account portfolio assets that are not in the power generation & real estate sectors. Targets measured against a 2019 baseline.

Our Investments: Setting targets across our general account investments and driving climate-related actions (continued)

| | | | | |
|---|--|---|--|---|
| Sectoral Decarbonisation Approach for Power Generation ^B | Near-term target ^D | | Long-term commitment ^D | |
| Our SBTi & Climate Commitments |  2030: -49.3% per MWh reduction of emissions from in-scope power generation sector portfolio | |  2050: Net-Zero emissions from in-scope power generation investments | |
| Levers for our near-term target |  Engage investees to accelerate emission reduction |  Explore reinvestment of corporate bonds into issuers with low emission intensity |  Explore new investments in companies with low emission intensity |  Continue to apply coal exclusion on investment portfolio |
| Sectoral Decarbonisation Approach for Real Estate ^B | Near-term target ^E | | Long-term commitment ^E | |
| Our SBTi & Climate Commitments |  2030: -58.5% per sqm reduction of emissions from in-scope real estate sector portfolio | |  2050: Net-Zero emissions from in-scope real estate investments | |
| Levers for our near-term target |  Explore opportunities to improve energy efficiency of buildings |  Ensure new buildings meet Green Building Standards |  Explore procuring renewable energy based on regional availability | |

^B AIA's in-scope portfolio covers 55 per cent of its total investment and lending activities by general account assets under management, as of 2019.

^D Target applied to SBTi defined in-scope listed equities and corporate bonds and project finance within AIA's general account portfolio that are within the power generation sector. Reduction targets measured against a 2019 baseline.

^E Target applied to real estate owned by AIA and not occupied by AIA. Reduction targets measured against a 2019 baseline.



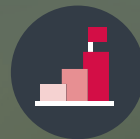
Climate Risk:

Integrating climate risk into our decision-making process



Progress to date

- » Supporter of the TCFD recommendations since 2018⁶
- » Integrated climate risk into risk taxonomy



Next steps

- » Continue to strengthen climate risk assessment and disclosures, incorporating additional data and methodologies



Governance:

Establishing robust governance to drive our climate actions



Progress to date

- » Board oversight on SBTi targets and plans
- » Established Climate & Net Zero Steering Committee to oversee strategy and implementation pathway to deliver on climate targets
- » Introduced training programs such as TCFD-accredited training⁷ to the Board to build climate competency
- » Organised Board and Executive Committee engagements with ESG and climate external leaders
- » Reported emissions footprint for our operations and investments since 2017 and 2020 respectively as part of our ESG reports



Next steps

- » Ensure persistent oversight by the Board on the delivery of our climate commitments
- » Continue to build Board competency on ESG, including on climate-related matters
- » Annually track and report emissions as per SBTi guidelines in our ESG reports



Internal Engagement:

Building internal engagement to drive climate priorities



Progress to date

- » Launched ESG 101 programme in 2023, featuring specific climate-related sections, with participation from over 17,000 employees as of October 2023
- » Engaged with decision makers across 17 markets to baseline emissions, set targets, and develop market-specific implementation plans
- » Implemented requirement for in-scope investment team members to take the CFA Institute's Certificate in ESG Investing



Next steps

- » Strengthen engagement across the organisation to continue fostering a culture of sustainability
- » Continue to provide climate-related training and education to our employees
- » Monitor and adapt localised implementation plans to evolving local market context



External Engagement:

Strengthening external advocacy and partnerships for climate action



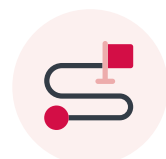
Progress to date

- » Participated in strategic partnerships to advance climate action e.g. United Nations Global Compact Climate Patron, Cathay Pacific's Sustainable Aviation Fuel programme
- » Engaged with governments to advance climate agenda e.g. in Malaysia, Singapore, Thailand
- » Contributed to thought leadership and participated at multiple external forums and events to advocate for a just and inclusive climate-resilient future



Next steps

- » Continue engaging with our partners, industry bodies, governments and civil society to take action, shape policies, and enhance knowledge of climate topics
- » Continue to be a role model in climate action and advocate for a 1.5C degree future through participation in key forums, such as COP28



Advancing Our Journey:

Integrating sustainability beyond our climate ambition



Progress to date

Just Transition:

- » Joined the Think Lab on Just Transition, established by the UN Global Compact (UNGC) to foster the role of private sector in creating a just and inclusive low-carbon future; collaborated with the UNGC to publish the "Introduction to Just Transition: A Business Brief"

Climate and Health:

- » Advanced understanding of the impact of Climate on health, e.g. in AIA Australia⁸ and AIA New Zealand⁹ we developed reports exploring the connection between human health and environmental factors
- » Contributed to the development of the United Nations Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance's (PSI) ESG Underwriting Guide for Life and Health Insurers
- » Participated in speakerships and reported on climate and health e.g. UNEP PSI (United Nations Environment Programme Principles for Sustainable Insurance) and Geneva Association



Next steps

- » Support a Just Transition by continuing to integrate social considerations into our business
- » Continue to build the understanding of climate impacts on health
- » Complete a detailed materiality study of AIA's nature risks and dependencies to assess our impact on biodiversity and its impact on the business that will inform our actions going forward

We have evaluated the feasibility of our near-term targets during the target-setting process. For our long-term commitments, we recognise that external market dynamics present additional unique challenges for companies with a footprint in Asia.

This includes the need for an evolving regulatory environment that supports climate initiatives, widespread access to low-carbon solutions, and standardisation in environmental data and disclosures. To address these challenges, we will continue to engage with companies and governments to develop policy and infrastructure and create a more conducive environment for Asian companies to set and achieve climate targets. As global practices evolve, and Asia continues to progress, AIA will review the scope of our commitments in line with the latest best-practice guidance.

As Asia's largest pan-Asian life and health insurer, we are dedicated to fostering a sustainable future for the region. We are committed to leveraging our resources, partnerships, knowledge and influence to facilitate a responsible and just transition for the communities we serve, and to deliver our Purpose of helping people live Healthier, Longer, Better Lives.

2 Our Operations

AIA has an expansive geographical footprint across Asia Pacific. As a responsible business, we recognise the importance of managing our Scope 1 and Scope 2 emissions.¹⁰

Our leadership team, Group ESG Function and local business units work together to measure our emissions, identify and prioritise emission reduction opportunities and levers and develop comprehensive roadmaps.

In planning our climate transition, we recognise the diversity of circumstances in our markets, including varying degrees of infrastructure and policy readiness to tackle climate change. Therefore, each business unit works, with support from the Group ESG Function, to address its challenges and identify opportunities to craft a transition plan tailored to local needs. Our initial focus for decarbonisation will be our six largest business units, with the top priority being to reduce the emissions from our real estate.

2.1 Baseline & Metrics

For our direct operational Scope 1 and Scope 2 emissions, we have set an absolute emissions target aligned to a 1.5°C pathway, focused on reducing the total greenhouse gas (GHG) emissions.

At a Group level, we measure and report absolute emissions in thousand metric tonnes of CO₂ equivalent (ktCO₂e).

We have reported emissions from 17 of our 18 business units, following the operational control method.¹¹ 2019 was selected as the baseline year for SBTi submissions to ensure the most relevant, pre-pandemic footprint was captured to reflect our business-as-usual emissions. Baselining the sources and magnitude of our emissions forms the basis for setting our near-term SBTi targets and mapping our journey to net-zero.

We followed SBTi guidance to calculate the emissions from two sources of Scope 1 and Scope 2 emissions:

- » Real estate owned and leased directly by AIA Group, when being utilised by AIA employees and agents*
- » Vehicles owned and leased directly by AIA

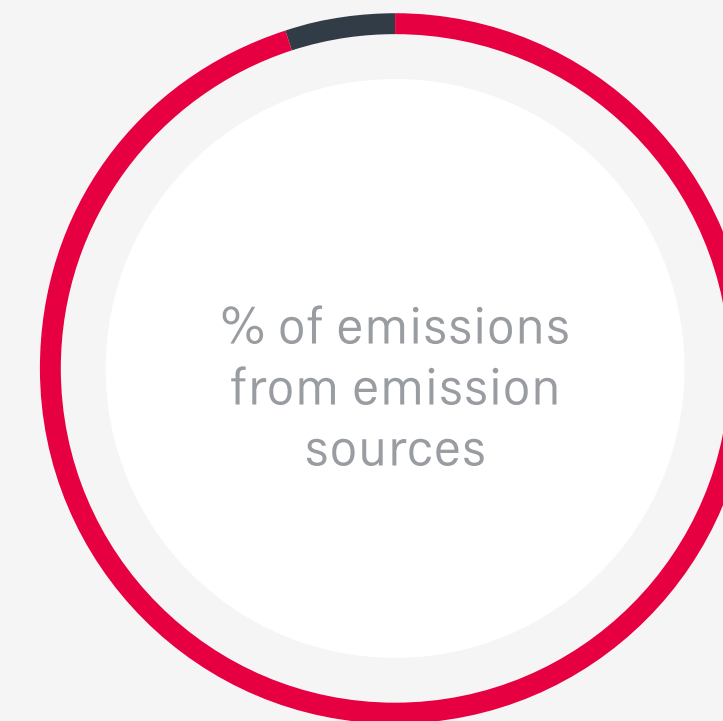
AIA Group will provide annual progress updates on our Scope 1 and Scope 2 targets in our ESG Report 2024, to be published in 2025.

Overview of AIA's Operational Emissions

| Emission Scope | Methodology for Baseline | 2019 Baseline | Target |
|-------------------------|-------------------------------|------------------------|----------------|
| Scope 1 and 2 Emissions | Energy used x Emission factor | 74 ktCO ₂ e | -46.2% by 2030 |

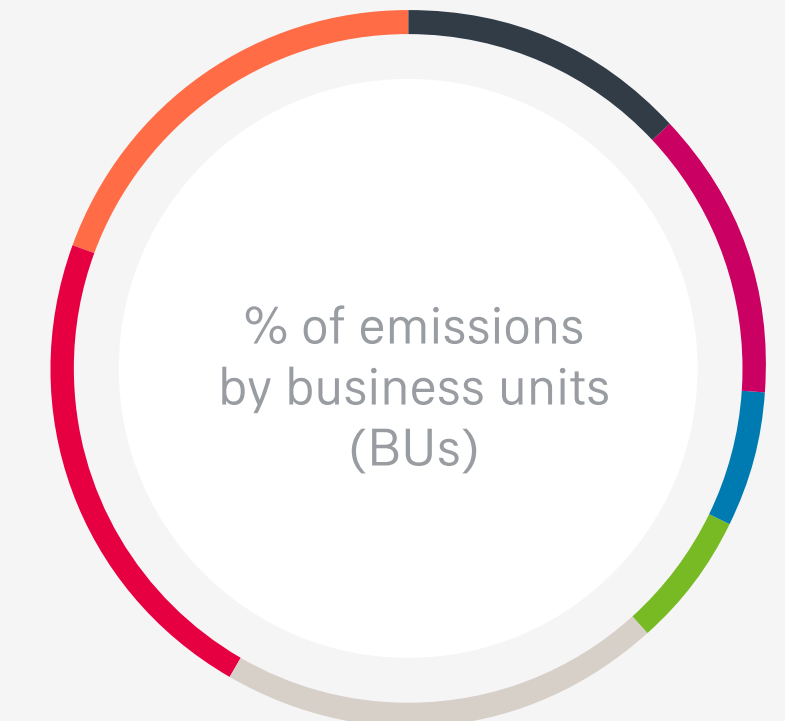
Scope 1 and 2 emissions view of 2019 baseline to support prioritisation of decarbonisation

~95% of emissions come from buildings



| | |
|-------------|-----|
| Real Estate | 95% |
| Vehicles | 5% |

Top 6 markets responsible for ~80% of emissions






| | | | |
|------------|-----|-------------|-----|
| Malaysia | 22% | Singapore | 6% |
| HK & Macau | 19% | Philippines | 6% |
| China | 13% | Rest of AIA | 20% |
| Thailand | 13% | | |

*Real estate targets are a part of both our Operations and Investments portfolio. Real estate owned by AIA and not occupied by AIA is addressed under our investment emissions, in our Sectoral Decarbonisation Approach (SDA) Real Estate target.

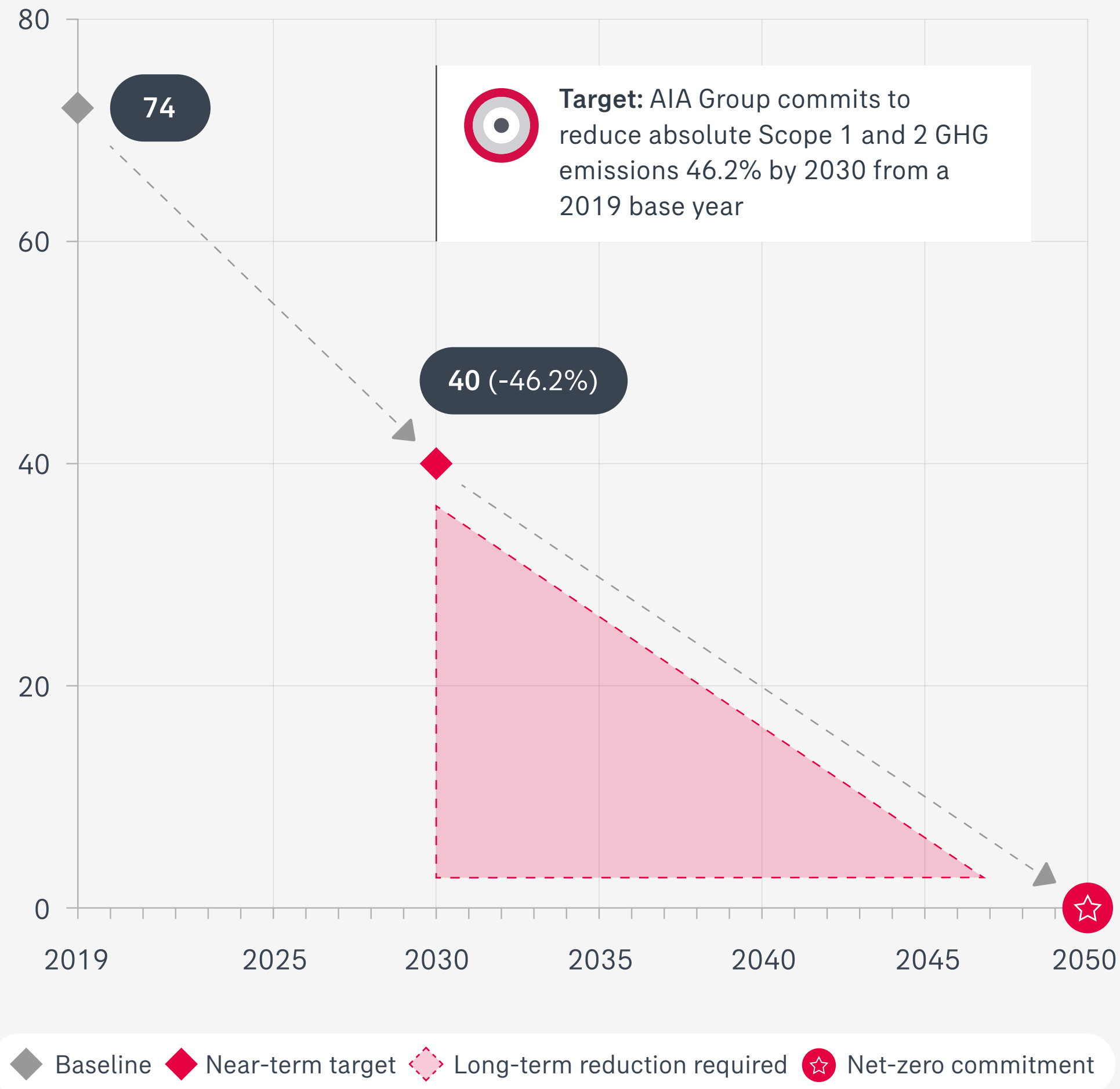
2.2 Our Commitments & Targets

Our 2030 targets have been aligned with the 1.5°C pathway, in accordance with the Paris Agreement. We aim to achieve a 46.2 per cent reduction of our Scope 1 and 2 emissions by 2030. Beyond 2030, AIA is committed to its goal of achieving net-zero by 2050.

Our absolute emissions target focuses on reducing total GHG emissions. To inform the targets and decarbonisation effort required, we have reviewed both internal and external factors affecting our emissions:

-  **Emissions Growth:** Increased emissions from projected business expansion.
-  **Grid Factor Improvement:** Regional grid improvements, according to national decarbonisation plans.
-  **Emission Reduction Levers:** Feasibility of our most material emission reduction levers, **(1) energy efficiency in our real estate, (2) transition to EVs, and (3) renewable energy procurement, based on AIA context, market policies and infrastructure** → (detailed further in the following sections).

Operational emissions (ktCO₂e)



Note: Visual for illustrative purposes only. Actual progress will not be linear.

In addition to the major levers highlighted above, we may consider additional levers such as optimisation of real estate footprint, self-generated rooftop solar and other advanced energy efficiency levers to achieve our long-term 2050 net-zero commitments. A view of our plans beyond 2030 will be published in subsequent versions of this Plan.

2.3 Our Emission Reduction Levers

Energy Efficiency Improvement


Real estate is the largest contributor (95 per cent) to our operational emissions, and a priority in our emission reduction plan. We will prioritise energy efficiency levers based on the materiality of each premise and the operational control we have over it. Our implementation plan includes:

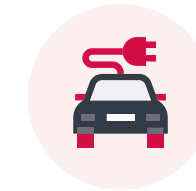
- » Engaging energy service companies (ESCOs) to identify, evaluate and execute a range of opportunities at a building level – including retrofits and demand-management initiatives.
- » We have implemented a standard that mandates newly constructed or acquired commercial properties achieve green building certification.

» Reviewing relevant local building standards for leased buildings and, where possible, prioritising the leasing of greener buildings.

As we strive to optimise the emissions from our buildings, we are cognisant that the pace of change will vary across our markets due to differing policies and regulations, the availability of green real estate and the complexities in retrofitting older buildings. To address these challenges, we will support policymakers in implementing policies and regulations that facilitate the construction and availability of green real estate. For our existing buildings we will continue to engage with energy efficiency specialists to identify opportunities to optimise energy usage.

Over half of AIA's operational baseline emissions come from leased buildings, where AIA typically has limited ability to influence emission reduction. We are especially dependent on the cooperation of our landlords when exploring options to improve energy efficiency in common areas, such as heating, ventilation and air conditioning (HVAC) and central lighting systems. To address these emissions, we have drafted leased building guidelines to support our business unit teams in identifying and leasing greener real estate and to engage landlords to further optimise energy usage in the spaces occupied by AIA.

 **Additional information on the factors affecting decarbonisation in the real estate sector is detailed in the Our Investments section.**



Transition to Electric Vehicles

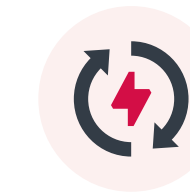
Vehicles currently account for 5 per cent of our operational emissions, making the transition to electrical vehicles (EVs) an important component of our decarbonisation strategy.

Our Group ESG Function and business unit teams are working together to develop market-specific plans to transition our vehicle fleet to full battery electric vehicles (BEVs)¹² or plug-in-hybrid vehicles (PHEVs).¹³ Although BEVs are preferred, the usage of PHEVs will be important when adequate charging infrastructure is not available.

Given the varying levels of maturity of EV infrastructure and vehicle availability across AIA's diverse markets, it is important to acknowledge market factors when developing a fit-for-purpose transition plan. Relevant models of EVs can be limited and relatively cost-prohibitive in some markets, particularly when seeking larger-sized vehicles to support the needs of the businesses. Even after acquiring an EV, the accessibility to EV charging stations can remain constrained, especially in regions outside of major cities where our management and agents may travel to.

To address these challenges, we will continue advocating for the development of charging infrastructure and explore the sourcing of relevant EV models for our markets. Our local vehicle managers

will continue to work closely with our Group ESG Function to develop market-specific roadmaps, monitoring infrastructure development and transitioning to EVs as our markets mature.



Renewable Energy

Renewable energy is a flexible and scalable lever to achieve our near-term SBTi target.

The access to renewable energy varies across our markets. Firstly, direct access to renewable energy infrastructure can be limited due to inadequate technology, grid connectivity, and storage capacity. Secondly, the availability of renewable energy instruments (e.g., certificates, virtual power purchase agreements) varies across Asia, with demand sometimes outstripping supply.

In Asia, renewable energy certificates (RECs) are currently the most widely accessible renewable energy instrument. As per AIA's recent feasibility assessment, there is currently a sufficient number of RECs available to meet our SBTi targets, but future availability depends on the continued development of renewable energy infrastructure to match growing demand.

We will continue to engage in strategic partnerships with renewable energy developers and governments to increase the accessibility of renewable energy projects and related infrastructure.

This could include advocating for technological advancements, improved grid connectivity and increased storage capacity. The increase in renewable energy supply will in theory clean the grids in our markets, leading to the reduction of grid-emission factors and the decrease in emissions for the same quantity of electricity usage.

We follow SBTi's guidance regarding the use of carbon credits and offsets for renewable energy instruments. SBTi does not recognise carbon credits as a credible decarbonisation lever towards near-term targets, except when they are used as an option for neutralising residual emissions or to finance climate mitigation beyond science-based emission reduction targets¹⁴. We will continue to monitor the guidelines regarding carbon credits and offsets periodically.



3 Our Investments

AIA is committed to supporting the protection and savings needs of our customers over many years through the prudent allocation of capital.

This requires our Investment team to adopt a long-term risk management perspective, and thus climate factors must be integrated, actively considered and mitigated.

ESG, including climate-related factors, is structurally embedded into our investment process, driven primarily through the Investment Governance Framework (IGF). The IGF governs key aspects of investment activity including the research process and our proxy voting in relation to our general account investment portfolio.

3.1 Baseline & Metrics

Our Scope 3 Category 15 (Investment)¹⁵ emissions consist of over 95 per cent of our in-scope SBTi emissions. These include emissions from assets in our general account investment portfolio, covering asset classes that are mandatory under the SBTi methodology. AIA's in-scope portfolio covers 55 per cent of its total investment and lending activities by general account assets under management, as of

2019. To assess our baseline and set our targets, we have used two approaches, in line with SBTi requirements.

- » **Portfolio Coverage Approach (PCA) for non-power generation and real estate investments.** PCA provides valuable insights into the proportion of our holdings with validated SBTi targets. It allows us to set our general account investment portfolio coverage targets and communicate these targets to our investees and the public.
- » **Sectoral Decarbonisation Approach (SDA) for power generation (power gen) and real estate sectors.** Our SDA targets, aligned to a well below 2°C pathway, are tailored to support companies in energy-intensive sectors, enabling them to set science-based emission reduction targets based on two factors: their relative contribution to the sector's total activity and their initial carbon intensity in relation to the sector's average intensity.¹⁶

Our baseline assessment for investments used 2019 data to capture emissions reflecting typical business activities prior to the Covid-19 pandemic. We followed SBTi guidance and conducted three key analyses for detailed calculations:

- Total Financed Emissions (TFE):** Assessed across our full in-scope portfolio.
- Portfolio Coverage Approach:** Proportion of portfolio with validated SBTi targets, using general account assets for our baseline year (2019).
- Sectoral Decarbonisation Approach:** Emissions intensity across power generation and real estate sectors, using general account assets for our baseline year (2019).

AIA Group will provide a progress update on our PCA and SDA targets in our ESG Report 2024.

In addition, AIA publishes two additional climate metrics as part of our broader climate reporting – weighted average carbon intensity (WACI) and TFE – as recommended by the Task Force on Climate-Related Financial Disclosures’ (TCFD) widely adopted industry standards. AIA will continue to publish both of these metrics, measuring TFE and WACI for listed equities to maintain consistency with previous reporting.¹⁷

Further details on these two additional metrics, our methodology and usage of TFE and WACI are described in AIA’s [ESG Report 2022](#)¹⁸

Data coverage and quality

Data coverage for environmental metrics, particularly carbon emissions, poses significant challenges in Asian markets. A large proportion of AIA’s assets are in Asia where data completeness is relatively low, particularly concerning Scope 3 emissions, requiring significant estimation and validation. Additionally, there is a lack of standardisation for carbon accounting, with variations in reporting leading to different interpretations among data users.

To address these challenges, we apply the following strategies where relevant:

- » **Relying on third-party issuers:** The use of multiple third-party sources to standardise data and triangulate discrepancies.
- » **Peer comparison in specific sectors:** In data-limited sectors such as real estate, peer comparison offers relative performance insights when absolute data is not available.

To promote consistency in data reporting and improve future data, companies must be encouraged to adopt a standardised methodology for carbon accounting to promote consistency and comparability in data reporting. AIA is engaged with the ISSB to support and promote this approach.

Overview of AIA’s Scope 3 Category 15 Emissions

| Methodology | Asset class | Metric | 2019 Baseline | Target |
|----------------------------|--|--|---|-------------------|
| PCA | » Listed equities and corporate bonds within in-scope general account portfolio | » Share of in-scope portfolio with validated SBTi targets (% of AuM) | 4% | 31% by 2025 |
| SDA (for power generation) | » Listed equities, corporate bonds and project finance within in-scope general account portfolio | » Total GHG emissions within the power generation portfolio/MWh | 474 kgCO ₂ e/MWh | -49.3% by 2030 |
| SDA (for real estate) | » Direct real estate within in-scope general account portfolio | » Total GHG emissions within the real estate portfolio/total sqm | 115 kgCO ₂ e/M ² | -58.5% by 2030 |

3.2 Portfolio Coverage Approach

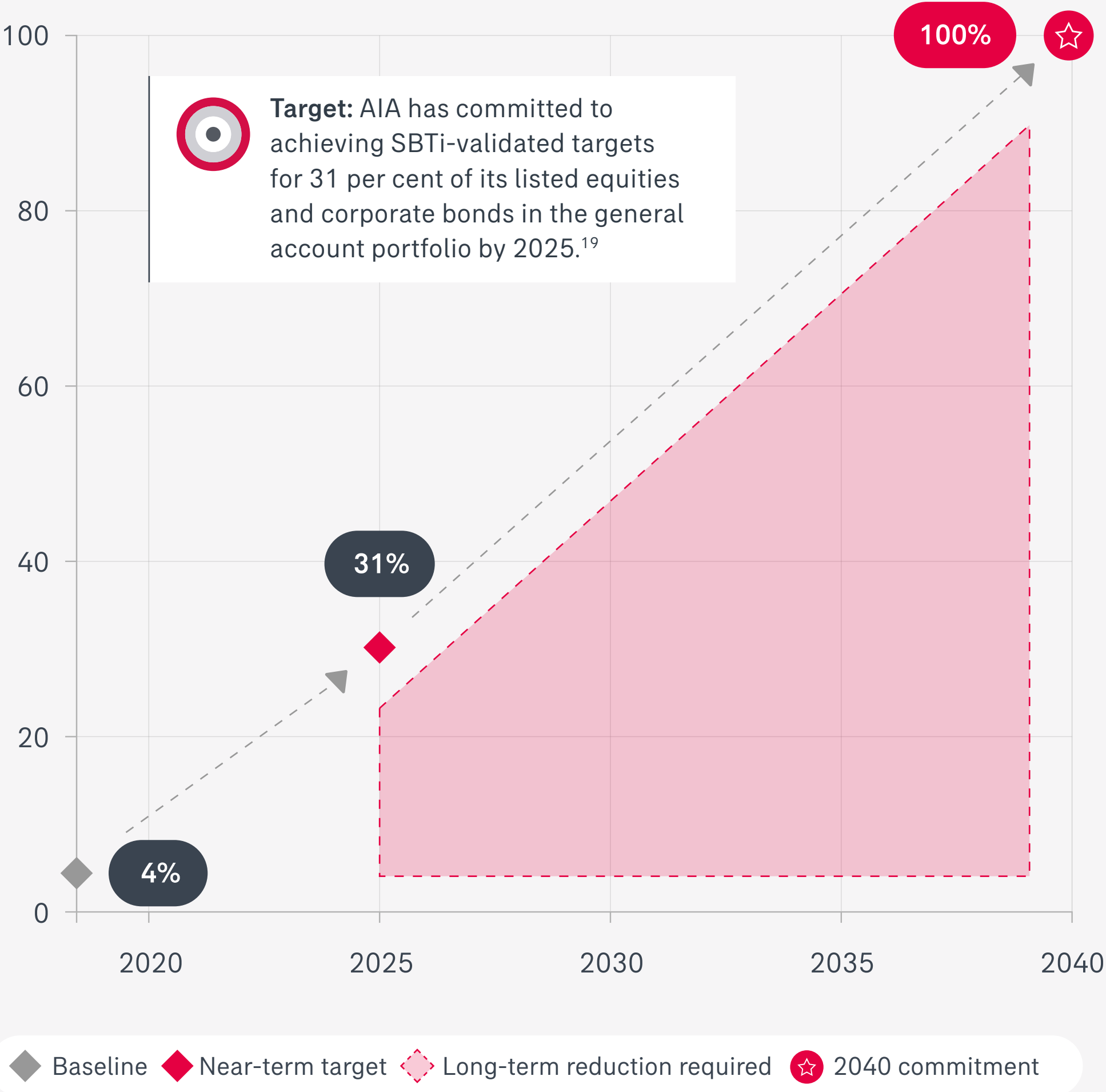
Portfolio Coverage Approach: Our SBTi Target

As per SBTi guidelines, AIA has set a portfolio coverage target for our general account investment portfolio. This consists of listed equities and corporate bonds that are not in the power generation and real estate sector.

Portfolio Coverage Approach: Our Emission Reduction Levers

We may use a range of levers to support our progress towards our targets. It is important to note that the implementation of each lever may vary based on the market and industry context. We will continue to take a tailored approach in supporting our investee companies to set their own SBTi targets.

Share of portfolio (%) with SBTi-validated targets, weighted AUM



Note: Visual for illustrative purposes only. Actual progress will not be linear.

Portfolio Coverage Approach: Our Emission Reduction Levers (continued)

- Investee engagement:** We will encourage and support investees within our portfolio to set SBTi targets. Our Group ESG and Investment functions collaborate on a range of areas to inform our investment process. This includes the preparation of investment materials, the assessment of key ESG metrics and the briefing of our research analysts who engage regularly with our investee companies.
- Maturity management:** Our Investment Function uses a variety of approaches to manage sustainability and materiality across its general account investment portfolio. Maturity management is an important consideration when pursuing our SBTi and long-term climate targets. Specifically, for our PCA target, we will explore opportunities to reinvest corporate bonds maturing before 2025 into issuers with SBTi targets.
- New opportunities:** We will explore opportunities to invest in investees who have existing or future plans to set SBTi targets.

While the number of companies globally committed to SBTi has grown substantially, the pace of adoption varies across regions and sectors.

In 2022, progress in adopting science-based targets continues to be observed predominantly in developed economies, with Asia accounting for 24 per cent of companies with targets and commitments. Recognising Asia's influence in the global economy, there is considerable potential to increase the adoption of SBTi targets and commitments in the region.²⁰ The Country Activation Project, an initiative by SBTi, aims to foster collaboration with partners in developing regions to mutually enhance technical capacity for target setting and unlock potential for future SBTi adoption.²¹ These initiatives are pivotal in cultivating a shared understanding and commitment to the climate agenda.

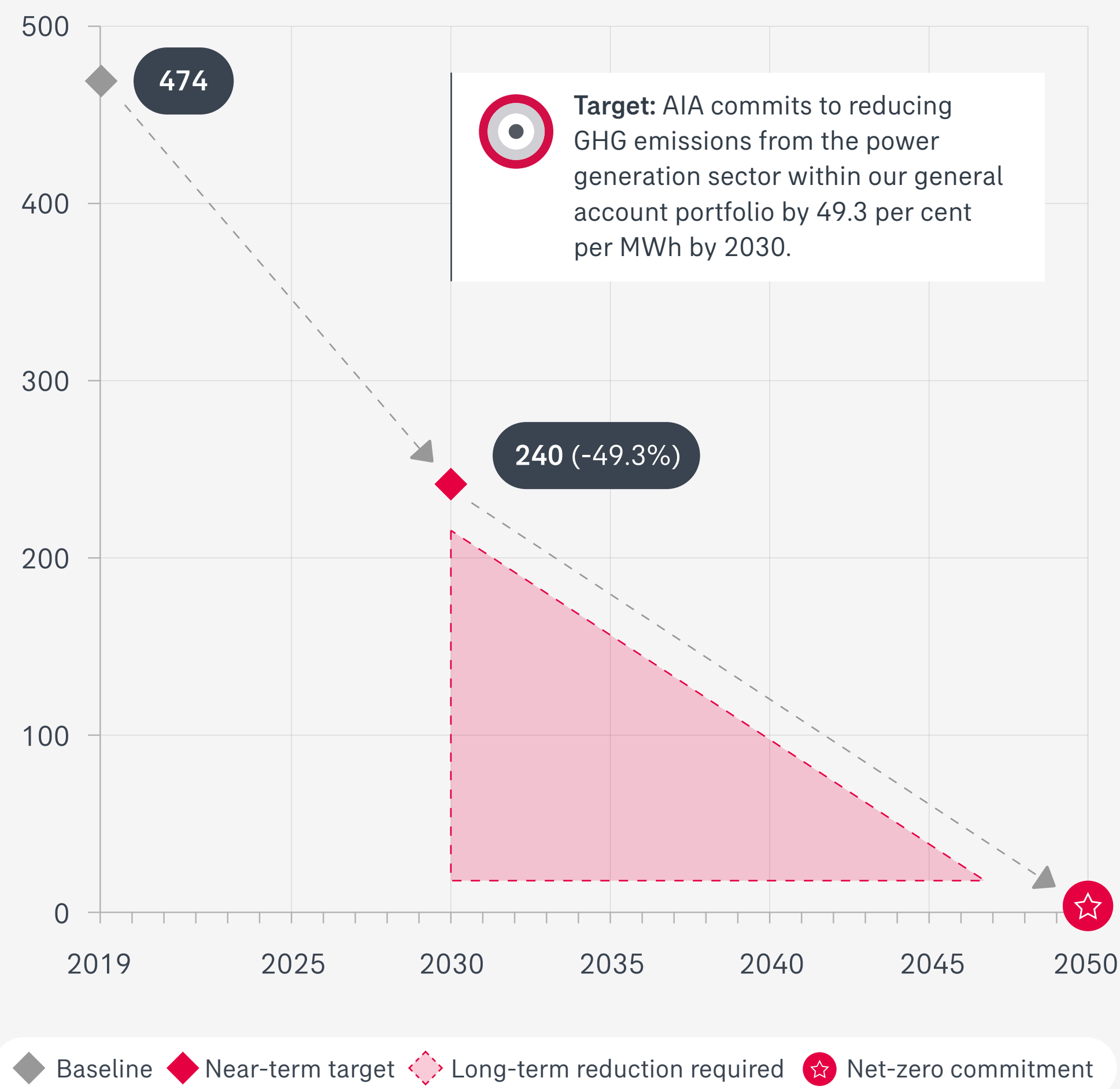
We expect our approach to continue to evolve according to both regional and global contexts. We will work closely with our investees to support them in setting SBTi targets and achieving their decarbonisation goals.

3.3 Sectoral Decarbonisation Approach: Power Generation

Power Generation: Our SBTi Target

As per SBTi guidelines, AIA has set an intensity target for emissions stemming from our power generation general account portfolio. This portfolio consists of power generation listed equities, corporate bonds and project finance.

Portfolio emissions intensity (kgCO₂e/MWh)



Note: Visual for illustrative purposes only. Actual progress will not be linear.

Power Generation: Sector View

Power generation contributes to almost 40 per cent of global emissions.²² Asia is projected to account for over half of the world's power consumption²³ by 2025, with the majority of the region being heavily reliant on fossil fuels, accounting for 85 per cent of the region's energy mix.²⁴

Decarbonisation in the power sector must address several factors.

Intermittent renewable energy supply: Renewable sources can often face intermittent outputs. There is a need to develop and deploy energy storage systems and investments to maintain grid stability and to increase the reliability of renewable energy.

Underdeveloped grid infrastructure: Certain regions require increased capacity in transmission lines and distribution infrastructure to handle increased power supply by renewable sources. The power grid must be upgraded in certain regions to channel the energy generated by renewable sources to where it is needed.

Cost of early retirement of coal-fired power plants: The region's reliance on coal has led to relatively recent investments in coal-fired power plants. Financial incentives from governments are needed to support the accelerated retirement of these younger plants.



Power Generation: Sector View (continued)

Challenges on reliable emission data:

Certain markets in Asia lack standardised frameworks for disclosing climate metrics, leading to challenges in the collection of reliable emission data. Standardisation of policies and regulatory frameworks for environmental data and metrics is essential to create transparency and accountability across the value chain.

AIA is committed to addressing these challenges and to playing our role in decarbonising Asia's power generation sector. We will continue to support policy makers and participate in industry initiatives. We continue to actively seek investment opportunities for clean energy in the Asian capital markets, while meeting our requirements for liability matching and risk-return profiles. While we have divested from coal to address the risk of stranded assets, we acknowledge the significance of gas in providing base load and grid stability for Asia's energy transition and may continue to selectively support critical assets in the region while considering our overall SDA goals.



Power Generation: Our Emission Reduction Levers

As we work towards our SBTi target we have identified a range of key actions to support and facilitate our ambitions.



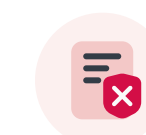
Investee engagement: Our strategy includes active engagement with our investees to accelerate the adoption of ambitious targets and encourage decarbonisation and low-carbon actions. Through active engagement, we intend to support investees to take action towards their targets. Given the scale and long-term nature of this effort, we anticipate this to be a significant action going forward.



Maturity management: Our Investment Function uses a variety of approaches to manage sustainability and materiality across its general account investment portfolio. To support our SDA target, we may review material corporate bonds in our general account investment portfolio that mature before 2030 and explore opportunities to increase exposure to issuers with a lower emission profile.



New opportunities: We will explore, as opportunities arise, new investments in power generation companies with a low emission intensity to aid our progress towards our SDA targets.



Exclusions: Although divestment is not our foremost choice, some sectors have either been excluded or restricted from our general account investment portfolio due to their misalignment with our commitment to credible climate targets. Notably, we have taken significant steps to address our exposure to coal mining and coal-fired power businesses, completing the entire divestment of directly-managed listed equity and fixed income exposure to these sectors in 2021, seven years ahead of schedule. Our decision was preceded by a well-researched, phased approach to manage stranded asset risk and reduce investments in carbon-intensive sectors.



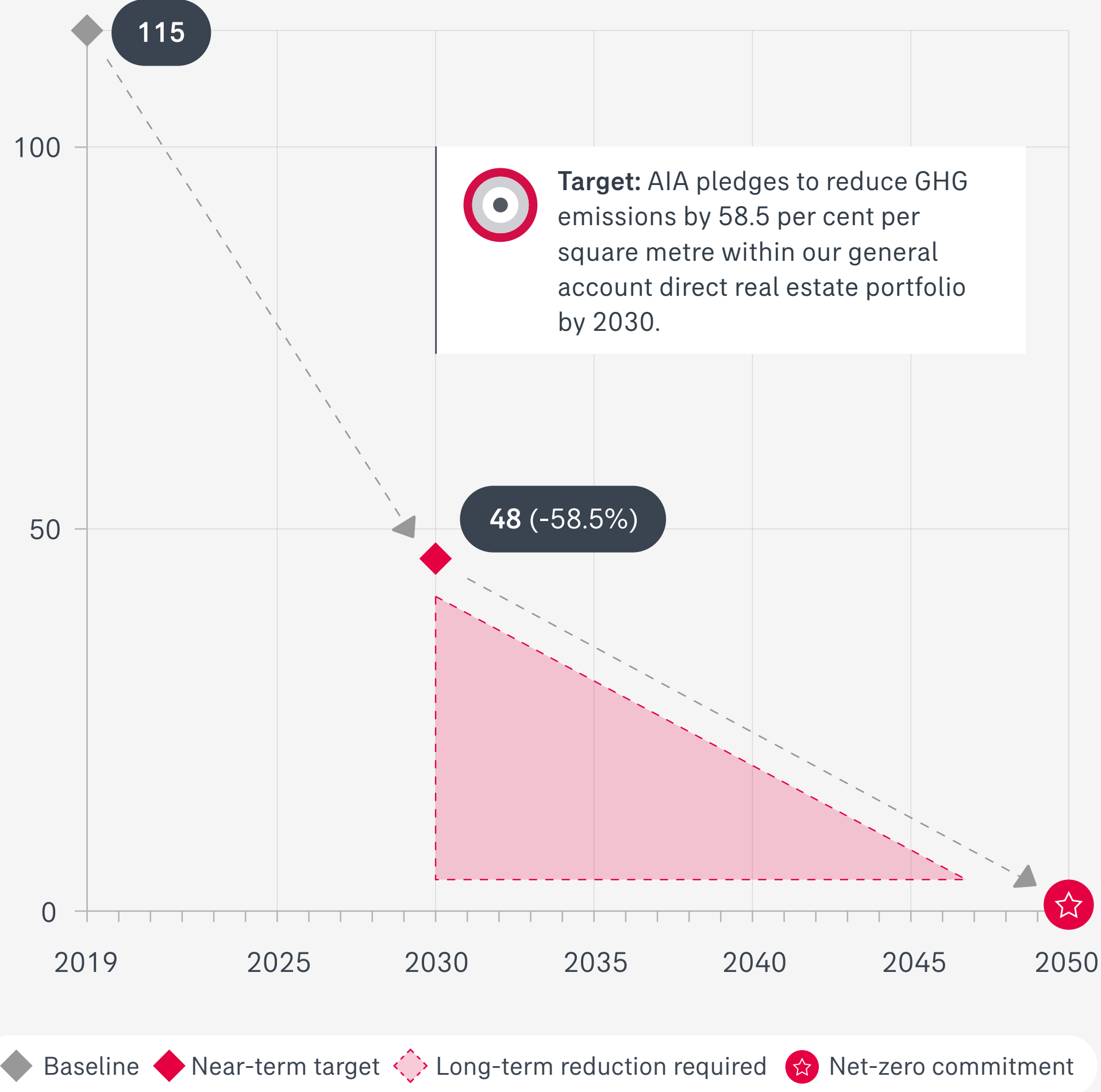
Further information on AIA's divestment from coal and the justification for this commitment can be found in [AIA's Coal Investment Statement](#)²⁵

3.4 Sectoral Decarbonisation Approach: Real Estate

Real Estate: Our SBTi Target

In accordance with SBTi guidelines, AIA has established an intensity target for emissions from our Scope 3 Category 15 real estate portfolio. This consists of emissions from real estate properties owned by AIA and not occupied by AIA. Emissions from real estate that is owned and occupied by AIA, as well as those leased by AIA, fall under our Scope 1 and 2 emissions (addressed in “Our Operations”).

Portfolio emissions intensity (kgCO₂e/m²)



Note: Visual for illustrative purposes only. Actual progress will not be linear.

Real Estate: Sector View

Buildings alone account for 30 per cent of global final energy consumption, making real estate a pivotal sector in any credible decarbonisation strategy.²⁶ Emissions from real estate are driven by population growth and urbanisation, seen throughout the region²⁷ and the world.²⁸

In Asia, policies and regulations surrounding buildings vary substantially, and several factors must be considered during decarbonisation.

Varying policy: In some emerging markets, there is a lack of uniform policy and sufficient support to integrate climate considerations into real estate development. This includes inadequate incentives, absence of clear regulations and minimal financial backing, hindering progress for decarbonising the real estate sector.

Retrofitting costs for older buildings: It is our view that a significant proportion of buildings in Asia were constructed prior to the widespread integration of green building elements. There are technical limitations and considerable costs in retrofitting older buildings to address outdated infrastructure and incompatible systems.



Real Estate: Sector View (continued)

Limited alignment between stakeholders:

Collaboration within the real estate value chain presents challenges as it involves balancing the requirements of various stakeholders. Building retrofits can be obstructive to regular businesses, therefore alignment between asset owners and tenants remains crucial for success.

Insufficient renewable energy infrastructure:

Constraints in technology, grid connectivity and storage capacity limit direct access to renewable energy infrastructure. A cooperative effort between public and private sectors is essential to increase renewable energy infrastructure in the region. Such collaboration would not only increase direct access to renewable energy for real estate owners, but also increase the availability of indirect renewable energy instruments, such as certificates and virtual power purchase agreements.

Real Estate: Our Emission Reduction Levers

Despite the regional challenges, our decarbonisation goals can be achieved through a combination of levers applied across the regions in which we have a real estate footprint. For the near term, AIA will focus on its most material levers, including:



Energy efficiency in buildings: We will consider engaging external vendors, including, without limitation, energy service companies (ESCOs), to conduct energy audits with the objective of identifying opportunities to improve energy efficiency of HVAC, lighting, insulation and other systems. This may involve retrofits and introducing demand-management initiatives into our buildings.



New investment and green building standard: We have implemented a standard that mandates newly constructed or acquired commercial properties achieve green building certification.



Renewable energy procurement: The procurement of renewable energy is an important lever to consider. REC availability can vary across our markets, as per AIA's recent feasibility assessment, currently there are a sufficient number of RECs available to meet our SBTi targets. Future supply of renewable energy may vary, and the lack of

sufficient renewable energy instruments could pose a threat to our SBTi goals. We will continue to support the advancement and explore the feasibility of a wide range of renewable energy instruments.

In addition to internal drivers, a primary external factor driving our real estate emissions is the power grid that supplies our electricity. As power suppliers increasingly transition to renewable energy, power grids will become greener, leading to a decrease in emissions for the same quantity of electricity usage.

3.5 Products & Climate Financing

In addition to the above levers that are directly aimed at achieving our SBTi commitments, AIA has embarked on a broader set of initiatives as part of a comprehensive climate transition journey. Below are two key initiatives.

1 Climate solutions in our Investment products

As an initial step to help address the growing demand for climate and ESG-related products from investors in Asia, AIA Singapore partnered with Robeco, a leading Dutch sustainable investment firm, in 2022. This partnership culminated in the launch of the AIA Sustainable Multi-Thematic Fund. This fund indirectly channels investments into companies that align with select Sustainable

Development Goals (SDGs), emphasising climate-related themes such as smart energy, circular economy, sustainable water and smart materials.



More information about AIA's Multi-Thematic Fund can be found in AIA's [ESG Report 2022](#)²⁹



2 Financing the transition

Achieving net-zero in Asia requires significant investment.³⁰ We will continue to review, research, and where appropriate, grow our investment in green bonds, renewable energy and other related sectors. As of 31 December 2022, AIA's general account portfolios encompassed holdings of US\$2.6 billion in green bonds. In addition to this, in July 2022, AIA Vietnam acted as an anchor investor in EVN Finance Joint stock company's first green bond. This landmark issuance marked the first onshore, internationally verified green bond in Vietnam's local currency, designed to attract institutional investors.



More information on AIA's green bond investments can be found in AIA's [ESG Report 2022](#)³¹

4 Climate Risk

4.1 Climate Risk Management Overview

Climate risk strategy is core to identifying and managing our broader climate risks and opportunities. Our Risk Management Framework (RMF) articulates the capabilities and processes in place to identify, assess, and manage risk. The RMF is made up of five components, including Risk Governance, Risk Culture, Risk Strategy and Appetite, Risk Management Process and Risk Reporting, Systems and Tools. Through our risk mitigation and diversification measures, reinsurance programme and broad global presence, AIA aims to address climate change implications for our business, operations and customers.

Climate-related risks in AIA are classified as physical, transition or liability risks. Physical risks relate to the physical impact of climate change, encompassing acute events (storms and floods) and chronic effects (increased health-related issues). Transition risks refer to the costs of transition to a low-carbon economy influenced by policy action, technology advancement or market changes. Liability risks refer to the risks of insurance claims

| Typical Climate-Related Risks for Life and Health Insurers | | Common Manifestations of Risks | Primary Exposure to Insurers | Exposure to Insurance Liabilities | Exposure to Investment Assets |
|--|------------------------|--|--|---|--|
| Physical | Acute | Increased severity of extreme weather events such as cyclones and floods | » Operational Risk » Insurance Risk | » Mortality » Morbidity » Lapse » Expenses » Pandemic and Catastrophe | » Equity Risk » Property Risk » Foreign Exchange Risk » Credit Risk |
| | Chronic | Changes in precipitation patterns and extreme variability in weather patterns Rising mean temperatures Rising sea levels | | | |
| Transition | Policy and Legal | Increased carbon pricing Enhanced emissions reporting obligations | | | |
| | Market and Technology | Substitution of existing products and services with lower emissions options Unsuccessful investment in new technologies Costs of transition to lower emissions technology Changing customer behaviour Uncertain market signals | | | |
| | Reputation | Shifts in consumer preferences The stigmatisation of industry sector Increased stakeholder's concerns or negative stakeholder feedback | | | |
| | Litigation | Exposure to litigation | | | |
| Liability | Regulatory Enforcement | Mandatory regulation of existing products and services Mandatory disclosure of climate-related information | » Operational Risk | » Lapse » Expenses | |



For a more detailed description of our approach to climate-related risk management please refer to the [AIA 2022 ESG Report](#) and the [TCFD report](#)

for the damages or losses caused by climate change or against insurers for failing to mitigate or adapt to climate-related risks.

The table on the previous page introduces the typical climate-related risks for life and health insurers, and how they affect principal risks as usually identified within the risk taxonomy.

While AIA's climate scenario analysis continues to evolve with the advancement of reliable data and methodologies, climate risk has been distinctly included into our risk taxonomy, and we have begun factoring climate considerations into key business activities. Some examples include:

- » Taken organisation-wide action to plan for our SBTi and net-zero commitments.
- » Factored climate change related risk into our business continuity analysis, to ensure stable and continuous operations.
- » Implemented initiatives to reduce AIA's carbon footprint in our internal operations (e.g., utilising green certified buildings) and external communications (e.g., digitising policy communications and claims processing).
- » Continue to evaluate morbidity and mortality risks, which may be heightened by climate change, and to incorporate ESG factors, in our product offerings and the Health and Wellness pillar of our ESG Strategy.

5 Governance

Robust governance is the foundation for driving our climate actions. Through our governance structure, we ensure clarity, transparency and accountability for decisions made at all levels of the business.

5.1 The Board

The Board has ultimate oversight over Group ESG strategy and implementation and takes a leading role in setting our overall risk appetite, including on climate-related topics. The Board is also responsible for the Group’s comprehensive ESG disclosures. The operational responsibility for managing these topics rests with AIA’s management committees and functional bodies.

Board independence is critical to effective corporate governance. With the exception of the Group Chief Executive and President, the Board consists entirely of independent non-executive directors, underscoring our commitment to operating according to international best practice.

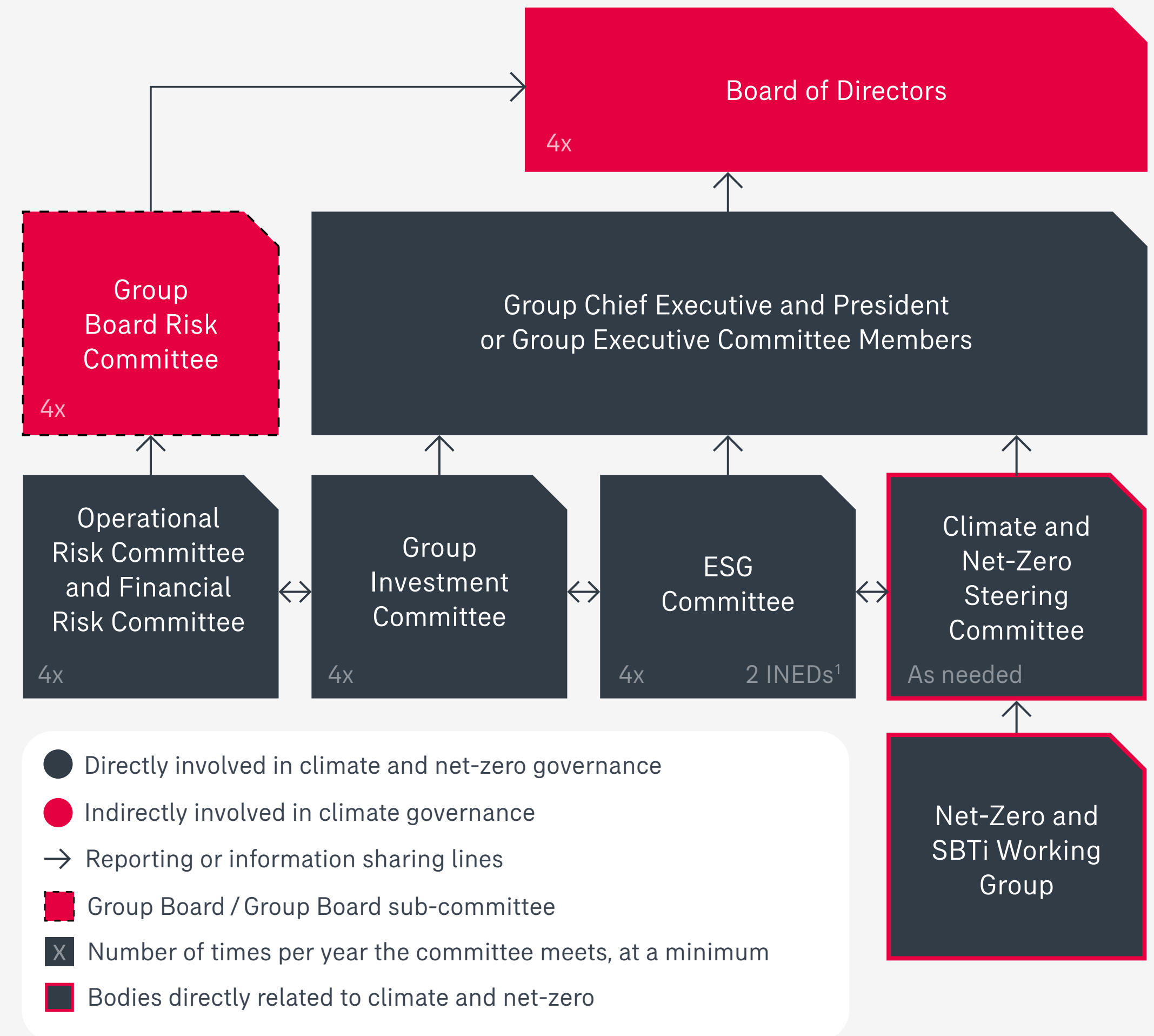
Diversity within the Board is crucial for governance and decision-making. This is reflected through members’ diverse nationalities, ethnicities, educational backgrounds, functional expertise, gender and age. The Board members bring valuable expertise in ESG, and specifically climate. In addition to broad private company experience, our

Board members’ public sector experiences include having acted as Minister of Energy for Thailand, Commissioner for the Low-Carbon Development Initiative of Indonesia, Co-chair of the expert group for the High-Level Panel for a Sustainable Ocean Economy Initiative, Chair of the Audit Committee at the Hong Kong Stock Exchange and Managing Director of Development Policy and Partnerships for the World Bank. Additional information on our Board members can be found [here](#).

We have consistently introduced programmes to continue to build climate competency within our Board. This includes providing members with access to TCFD-accredited training on “Governance of climate risks and opportunities”.³² This is complemented by various direct personal engagement events with climate thought-leaders, such as Mark Carney, UN Special Envoy for Climate Action and Finance and Co-Chair for the Glasgow Finance Alliance for Net Zero.

➔ **Additional details on our governance structure can be found in the diagram opposite and in the subsequent Roles, Responsibilities and Accountability section**

AIA Governance and Processes on Climate and Net-Zero



1. Independent Non-Executive Director

5.2 Roles, Responsibilities & Accountability

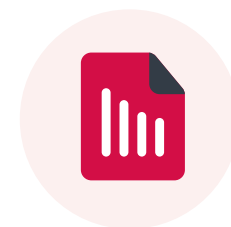
In parallel with Board-level oversight, climate-related responsibilities have been assigned to management-level positions and committees. The following table summarises the various Board committees, management committees and execution teams, along with their respective roles and responsibilities.

|  Governance Body |  Roles & Responsibilities |  Members |
|---|---|---|
|  Group Board | <ul style="list-style-type: none"> » Oversees Group’s risk-management activities including ESG and climate-related risks » Monitors overall progress of AIA’s climate commitments » Reviews relevant ESG and climate-related matters and receives biannual updates on the ESG programme | <ul style="list-style-type: none"> » Group CEO & President and non-executive members, with members who bring climate and ESG-related experience from both the public and private sectors |
|  ESG Committee | <ul style="list-style-type: none"> » Acts as AIA’s overarching body for ESG-related matters, including climate-related matters » Monitors and reviews the Group’s ESG and climate performance against ambitions/targets » Sets ESG policies and objectives » Endorses targets and key performance indicators | <ul style="list-style-type: none"> » Selection of members of the Group Executive Committee and two Board INEDs |
|  Climate and Net-Zero Steering Committee | <ul style="list-style-type: none"> » Handles climate and SBTi-related activities within the Group, including robust baselining and target setting » Oversees strategy and governance including driving the Climate Transition Plan towards operational climate targets » Collaborate with the ESG Committee on key climate and net-zero decisions. | <ul style="list-style-type: none"> » Relevant leadership – Group General Counsel (Chairperson), Group Chief Financial Officer, Group Chief Investment Officer, Group Chief Technology & Operations Officer, Group Head of Sustainability, Regional Chief Executive, Group Head of Internal Audit |
|  Group Investment Committee | <ul style="list-style-type: none"> » Approves and oversees progress towards investment targets » Receives input from the Climate and Net-Zero Steering Committee and the ESG Committee | <ul style="list-style-type: none"> » Group Chief Investment Officer, Group Chief Financial Officer, Group Chief Risk Officer and Group Chief Actuary |
|  Net-zero and SBTi Working Group | <ul style="list-style-type: none"> » Supports the Climate and Net-Zero Steering Committee » Provides input to overall working processes to ensure adherence to the SBTi framework | <ul style="list-style-type: none"> » Group ESG Function, Group Investment, Finance, Facilities Management, Real Estate Function and ESG representatives across our markets |



5.3 Disclosures

Transparency in disclosures is a key priority of AIA. Our ESG and TCFD report are published annually to update stakeholders on our ESG and climate progress.



ESG Report: AIA's first report was its ESG Report 2016. Since then, we have released annual reports outlining our progress in ESG, sharing management approaches and providing examples of our ESG programme. We have been reporting our emissions footprint from our Operations and Investments since 2017 and 2020, respectively. From our 2024 Report onwards, to be published in 2025, we will include updates on progress towards our SBTi and net-zero targets.



TCFD: At the Group level, AIA adopted the recommendations of the TCFD in 2018 and has continued to actively respond to and participate in regulatory consultations in numerous markets to align with TCFD's recommendations.



ISSB: As the landscape of sustainability reporting standards continues to evolve, the recent finalisation and adoption of the ISSB standards by regulatory reporting bodies marks a significant milestone. These standards solidify the importance of guiding companies towards transparent and comprehensive disclosures of their sustainability performance. AIA has responded by supporting the Standard as a part of the Hong Kong Stock Exchange's consultation on the latest ESG disclosure regulations aligned to ISSB.

5.4 Incentives & Remuneration

As part of a strong Group-wide performance management framework, reward outcomes must balance both financial and non-financial aspects. In delivering our ESG Strategy, initiatives are assigned to relevant senior management members based on their functional portfolios. ESG goals are further cascaded to the relevant teams and individuals, which are then supported by continuous check-ins and guidance from our leaders to ensure we remain on track to deliver effectively against expectations.

6 Engagement

6.1 Internal Engagement

To meet our climate ambitions, a collective effort is required from all our people. Investing in climate education and engagement is fundamental to ensure we foster a culture of sustainable behaviours and elevate our capabilities to meet our climate ambitions. Select examples of each can be found below.

Foster culture



Leadership communication: Visible leadership communication is critical to demonstrating commitment from the top for ESG. AIA's leaders undertake regular communication on ESG and Climate to mobilise engagement from staff on these topics.



ESG 101: In 2023, we launched our first-ever ESG e-learning programme to all our employees with specific sections dedicated to climate. By the end of October 2023, we had over 17,000 employees complete the programme, achieving an average course rating of 4.8 out of 5.

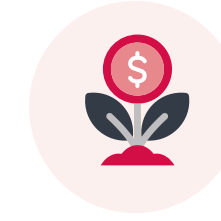


Monthly ESG newsletters: To keep employees informed about our wider ESG programme, we communicate and share ESG practices from Group and across markets through monthly ESG newsletters. This communication helps build awareness to foster sustainable behaviours through participation in activities such as the Eco-Bingo Challenge, where employees take actions to minimise waste, conserve resources and champion eco-conscious habits.

Elevate capabilities



Operational target cascading: Since making the commitment to net-zero and SBTi, we have consistently engaged with members of the working teams across our 17 in-scope markets to enhance capabilities to deliver on climate targets. This includes extensive engagement with management-level stakeholders and key workstream members to baseline our operational emissions, set SBTi targets and develop localised implementation roadmaps.



Investment Function: To ensure our Investment Function is equipped with the skills necessary to incorporate climate considerations into our investment processes, we require all our in-scope investment team members to take the CFA Institute's Certificate in ESG Investing.

Over
17,000
employees

completed our ESG e-learning programme on climate in 2023.

17 markets

engaged since our commitment to net-zero and SBTi, with touchpoints with management and key members to craft a unified Group plan.



6.2 External Engagement

To advance our climate ambitions, our own efforts must be complemented by regular and deep engagement with our wider ecosystem. Through collective action, we aim to support policy and infrastructure for a climate resilient future. We do this through advocacy, strategic partnerships, active engagement with governments and thought leadership. Select examples are below:

Advocacy:

COP27: As a part of the series of events at COP27, AIA's Group Chief Investment Officer (CIO) delivered the opening keynote for the Tenth Annual High-Level Meeting of Caring for Climate, hosted jointly by the UNEP, UNGC and the United Nations Framework Convention on Climate Change (UNFCCC). We also participated in several panels discussing various climate-related themes such as financing transition in emerging markets. Our Group Head of Sustainability also spoke at the UNGC and International Labour Organization (ILO) session titled "Demystifying Just Transition and Adaptation for Business".

Financial Times Moral Money Summit Asia:

In support of this dialogue, our Group CIO participated in a fireside chat in 2022 to discuss how ESG integration can help unlock value and drive progress. This year, the Group Head of Sustainability and our Regional Head of Equities Research

and Stewardship spoke on global and regional sustainability strategies and ESG investment opportunities in China.

Partnerships:

SBTi: AIA joined the Financial Net-Zero Expert Advisory Group for SBTi in 2022. As one of the few corporations representing Asia in financial services AIA is providing steer on the development of SBTi guidance for the sector.

Cathay Pacific collaboration: AIA is a launch partner and participant in Cathay Pacific's Sustainable Aviation Fuel (SAF) programme, advocating for cross-sectoral investment in climate change mitigation measures. This initiative supports the transition to renewable energy in aviation in Hong Kong and beyond. This initiative is one of the first of its kind in Asia, spearheading the use of SAF at Hong Kong International Airport for the first time in 2022.

Government engagement:

Governments play a vital role in catalysing the climate transition with their ability to enact effective policies that drive behavioural change and compel action in the private sector. We work closely with local governments to build a strong understanding of climate-related challenges and opportunities. A few examples of our engagements include:



In Malaysia, we serve as a member of the Risk Management and Data subcommittees under the Joint Committee of Climate Change (JC3), a collaborative effort among financial industry players to fortify climate resilience within the industry. We also play an active role in the physical risk working group.



In Singapore, we have engaged in a dialogue on climate action and wider ESG objectives with the Monetary Authority of Singapore (MAS). AIA Singapore Chief Investment Officer (CIO) also represents Life Insurance Association (LIA) in Singapore as Industry Partners in the Green Finance Industry Taskforce (GFIT), which is convened by MAS. The taskforce focuses on taxonomy, disclosures, risk management as well as green financial solutions.



In Thailand, we were invited by the Office of the Insurance Commission (OIC) to speak about our ESG journey at the Thailand Insurance Symposium in 2022 and 2023. In addition, we received the "Life Insurance Company with the Best Sustainable Practice of the Year 2022" award, marking the third time we have received this accolade to date.

Thought leadership:

United Nations Global Compact (UNGC): We were one of the first Asian-based companies to become a Climate Change Patron of the UNGC in 2022.

United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI):

In 2021, AIA became a signatory of the PSI, which serves as a global framework for the insurance industry to address ESG risks and opportunities, and strengthen the industry's contribution to building resilient, inclusive and sustainable communities and economies. We also contributed to their inaugural ESG Underwriting Guide for Life & Health Insurance,³³ aiming to evaluate and address the evolving range of ESG considerations in underwriting.

Investor engagement:

Our participation in external advocacy is reflected in our engagements with investors. Climate-related matters are covered in the majority of our ESG-related investor engagements, including discussion on our net-zero commitment, SBTi targets and climate risk, among other important aspects.

We continue to participate regularly in events and other industry conversations that further the climate agenda.



More information on the wide range of public and private partnerships we are involved in can be found in our [2022 ESG Report](#)

7 Advancing Our Journey

Our climate ambition stands as a key component within a larger framework of sustainable practices. Three key aspects within this framework include ensuring a just transition, safeguarding biodiversity and understanding the impact of climate change on health.

7.1 Just Transition

A just and inclusive transition where social and economic opportunities of climate action are maximised and no one is left behind will be critical for successful decarbonisation in Asia. At AIA, this ethos aligns with our longstanding approach. As an insurer, asset owner, and responsible business, we factor in social considerations when making decisions, understanding the broader impact our choices have on individuals and communities.

As an insurer, we create social safety nets by addressing the protection gap across Asia. In addition to the millions of families who benefit from financial and health protection offered by us, our commitment to championing financial inclusion provides resilience against financial loss to communities that may not meet the traditional requirements for insurance, for example due to their health, wealth levels and age.

As a major asset owner and investor, we embed social dimensions into our investment assessment, stewardship and capital allocation processes. Our scale allows us to encourage socially responsible practices – as of December 31, 2022, AIA has invested over US\$4 billion into ESG bonds.

As a responsible business, we hold ourselves to high standards in providing decent work, demonstrating responsible business conduct and respect for human rights, including labour rights. We are a signatory to the UNGC Ten Principles, which affirms our commitment to universal principles of human rights, labour, environment and anti-corruption.

Advocacy will continue to play a crucial role in amplifying our endeavours to wider partners and audiences. We actively participate in global conversations, for example our Group Head of Sustainability serving as a panellist in the inaugural Just Transition Pavilion hosted by the UNGC and ILO.

Furthermore, we have collaborated on the co-publication “Introduction to Just Transition: A Business Brief” as a key contribution to the UNGC’s Think Lab on Just Transition.

Going forward, we will continue to deepen our understanding of just transition and actively explore the ways in which we can play a role in the regions where we operate.



US\$4.3 billion

has been invested by AIA into green, social, and sustainability bonds as of December 31, 2022.





7.2 Nature & Biodiversity

Nature and biodiversity are important considerations in the global response to climate change. As our planet contends with unprecedented shifts in temperature, weather patterns, and ecosystems, understanding and safeguarding nature and biodiversity is paramount.

We are currently undertaking a detailed materiality study of AIA's nature risks and dependencies to assess our impact on biodiversity and its impact on the business. This will form the basis of our approach to address biodiversity loss and the preservation of natural ecosystems. It will also help us understand the implications for our businesses across the region.

7.3 Impact of Climate Change on Human Health

Scientific studies point to a likely deterioration of human health from the effects of climate change, especially over longer time horizons. However, direct causal links have been challenging to establish conclusively due to a current lack of comprehensive data, especially in emerging economies. As a provider of life and health insurance, we continue to deepen our understanding of the intricate connection between climate and health to inform our own actions.

We contributed to the development of the United Nations Environment Programme Principle of Sustainable Insurance's inaugural ESG Underwriting Guide for Life and Health Insurers, and several of our businesses – including AIA Australia³⁴ and AIA New Zealand³⁵ – have developed reports exploring the connection between human health and environmental factors.

Our AIA One Billion commitment aims to engage one billion individuals in Asia to improve their physical, environmental and mental health while championing financial inclusion. To raise awareness, we have organised events and webinars, including a thought-leadership campaign entitled “Healthy Planet, Healthy Me”. This campaign asks experts to discuss the connection between environment and health, and how communities and individuals can navigate challenges related to climate change. Our Group CEO and President, Lee Yuan Siong, serves as Vice Chair of the Geneva Association, which drives initiatives as part of a global insurance think-tank, participating in research and discussions on climate and health.

Going forward, we will continue to deepen our research on how climate impacts human health and integrate these perspectives to deliver on our Purpose to help our communities live Healthier, Longer, Better Lives.

Delivering on Net-Zero 2050

Achieving net-zero by 2050 will require collective effort from multiple stakeholders.

The successful delivery of the targets and the further net-zero commitment specified in this Plan is dependent on a number of external factors, including: Robust country-level and private-sector commitments and policies aligned to the Paris Agreement; development of region and sector-specific decarbonisation roadmaps; incentives and investments from governments to transition to a low-carbon future; financing of low-carbon activities; regulatory push for environmental disclosures; availability of comparable, consistent and accurate climate data; creation of commercially viable and subsequent mass adoption of low-carbon technologies; development of relevant infrastructure; and a behavioural shift from consumers.

As the largest pan-Asian life and health insurer, we are committed to driving individual action and contributing to the collective effort to achieve net-zero 2050 for a sustainable future in the region. We recognise the weight of our influence and the extent of our reach. Our mission is clear – AIA will mobilise our resources, partnerships, knowledge and influence to facilitate a responsible and just transition – for the planet and our communities.



Our path forward is inspired by our commitment to build a better future:

A commitment to credible progress on net-zero

We are proud to be the first pan-Asian life and health insurer with validated near-term SBTi targets. Our Climate Transition Plan is a collaborative effort to reduce emissions and advance us towards our net-zero commitment. We will report progress on our SBTi journey in our annual ESG reporting, starting with our 2024 Report, marking milestones while openly addressing challenges and risks.

A commitment to our communities

Our continuous dialogue with our people, customers, investees and the wider community remains central to advancing action on climate. We acknowledge the need for supportive government policies and regulatory frameworks, and will continue our advocacy for stronger climate policies and actions.

A commitment to our Purpose

At the heart of AIA is our Purpose of helping people live Healthier, Longer, Better Lives. We see our Purpose and the goals of our Climate Transition Plan as interconnected, reinforcing that human well-being is directly connected to environmental well-being.

Appendix

Appendix 1: Glossary

| Abbreviations | | | |
|---------------|--|--------|---|
| BEVs | Battery Electric Vehicles | PCA | Portfolio Coverage Approach |
| CFA | Chartered Financial Analyst | PHEVs | Plug-in-Hybrid Vehicles |
| CIO | Chief Investment Officer | PSI | Principles for Sustainable Insurance |
| ESCOs | Energy Service Companies | RECs | Renewable Energy Certificates |
| ESG | Environmental, Social and Governance | RMF | Risk Management Framework |
| EV | Electric Vehicle | SAF | Sustainable Aviation Fuel |
| GDP | Gross Domestic Product | SBTi | Science Based Targets Initiative |
| GFANZ | Glasgow Financial Alliance for Net Zero | SDA | Sectoral Decarbonisation Approach |
| GFIT | Green Finance Industry Taskforce | SDG | Sustainable Development Goals |
| GHG | Greenhouse Gas | Sqm | Square Meter |
| HVAC | Heating, Ventilation, and Air Conditioning | TCFD | Task Force on Climate-Related Financial Disclosures |
| IGF | Investment Governance Framework | TFE | Total Financed Emissions |
| ILO | International Labour Organization | TPT | Transition Plan Taskforce |
| ISSB | International Sustainability Standards Board | UNEP | United Nations Environment Programme |
| JC3 | Joint Committee of Climate Change | UNFCCC | United Nations Framework Convention on Climate Change |
| KPI | Key Performance Indicator | UNGC | United Nations Global Compact |
| MAS | Monetary Authority of Singapore | UNPSI | United Nations Principles for Sustainable Insurance |
| MWh | Megawatt-Hour | WACI | Weighted Average Carbon Intensity |

Appendix 2: Disclaimer

Forward-Looking Statements

This Climate Transition Plan and the content featured on these webpages may include statements with respect to future events, trends, plans, expectations, or objectives relating to the Group's business, financial condition, results of operations, performance and strategy in regard to climate objectives and other goals set forth herein ("Forward-Looking Statements"). Such Forward-Looking Statements are made based on current circumstances and currently available information, including but not limited to the current actions, energy policies and energy transition plans undertaken by governments, the Group's current beliefs, assumptions, measurement techniques and data currently available at the time of preparing this Climate Transition Plan and are not a representation or guarantee of future performance or developments. Forward-Looking Statements are, by their nature, subject to significant risks and uncertainties and the Group used terms "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions to identify these Forward-Looking Statements. Actual results and events may differ materially from information contained in the Forward-Looking Statements as a result of a number of factors, including but not limited to, changes in the laws, rules and regulations, general economic,

market and business conditions, changes in government policies and actions, changes in population growth and other demographic trends. The Group assumes no obligation to update or revise any of these Forward-Looking Statements. Accordingly, you should not place reliance on any Forward-Looking Statements contained herein.

Non-Financial Metrics and Data

This Climate Transition Plan contains certain non-financial metrics, such as ESG scores, KPIs, controversy scores, climate or sustainability-related metrics and benchmarks, as well as other non-financial data, all of which are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. Non-financial metrics used herein generally have no standardised meaning and may not be comparable to measures used by other companies. The measurement techniques used for determining non-financial metrics and data may involve complex modelling processes and research and different measurement techniques may generate materially different results. In addition, the determination and use of non-financial metrics and data, in particular when integrating sustainability risks or the impact of investment decisions on sustainability factors in investment processes, remains subject to the limited availability of relevant data and such data may not be systematically disclosed by issuers, or, when disclosed by issuers or collected from third-party data providers, it may be incomplete,

inaccurate or inconsistent in terms of reporting methodologies. While the methodologies for non-financial scoring applied by the Group are regularly updated to account for changes in the availability of data or methodologies, there is no assurance that such methodologies are or will be successful at capturing all non-financial factors. Furthermore, most of the information used to determine non-financial metrics is based on historical data, which may not be complete or accurate or may not fully reflect the future non-financial performance or risks of the underlying investments.

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This Climate Transition Plan may include or refer to information obtained from, or established based on, various third-party sources, including, but not limited to, third-party benchmarks and indexes ("Third-Party Information"). Such Third-Party Information may not have been verified either by the Group or by an independent party, and the Group does not approve or endorse such information by inclusion thereof or reference thereto. Accordingly, the Group does not guarantee the fairness, adequacy, accuracy, reasonableness or completeness of such Third-Party Information, and no representation, warranty or undertaking, express or implied, is made or responsibility or liability is accepted by the Group as to the fairness, adequacy, accuracy, reasonableness or completeness of such Third-Party Information, and the Group shall not be obliged to update or revise such Third-Party Information.

General Disclaimer

The information and opinions expressed in this Climate Transition Plan are presented for informational purposes only. Readers should exercise independent judgement as to the contents of this Climate Transition Plan. The Group accepts no liability or responsibility for your use or reliance on the contents of this Climate Transition Plan. The Group makes no representation or warranty of the quality, accuracy or completeness of such information. Where opinions and views have been expressed by the Group, they have been expressed in good faith but no liability or responsibility is accepted for any error or omission. Outcomes may differ from those that are expressed in this Climate Transition Plan. Any opinion or view of third parties found in this Climate Transition Plan should not be taken to represent the opinion or view of the Group, its affiliates, their directors or employees. All information and opinions in this Climate Transition Plan are subject to change without notice. The Group is not obliged to update or change any information or opinion (including any forward-looking statement) as a result of new information, future events, or for any other reason.

Endnotes

1. [Hottest September on record puts 2023 on track to be warmest year ever | UN News](#)
2. United Nations Population Fund Asia and the Pacific (UNFPA), [Population Trends](#)
3. [The Economics of Climate Change: Impacts for Asia | Swiss Re](#)
4. [Asia and Pacific \(irena.org\)](#)
5. [About Us - Science Based Targets](#)
6. [AIA Group ESG Report 2018_E.PDF](#)
7. [Online courses - TCFD Knowledge Hub \(tcfhub.org\)](#)
8. See AIA Australia report: The Environment and Our Health
9. See AIA New Zealand report: The Environment and Our Health
10. Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by the company. Scope 2 emissions account for GHG emissions from the generation of purchased electricity consumed by the company. To learn more, please see the [Greenhouse Gas Protocol](#)
11. Excluding our joint-venture operations in India which is deemed outside of AIA's direct operational control
12. BEV is a fully battery-powered EV, which requires external charging to operate
13. PHEV is a battery-powered EV, which uses external charging; once the charge depletes, its engine uses fuel, and its motor uses batteries (similarly to hybrid EVs)
14. [Net-Zero-Standard.pdf \(sciencebasedtargets.org\)](#)
15. Scope 3 Category 15 includes Scope 3 emissions associated with the reporting company's investments in the reporting year, not already included in Scope 1 or Scope 2. To learn more, please see [chapter 15 of the Greenhouse Gas Protocol](#)
16. The SDA uses an "intensity convergence" approach, assuming that each company's carbon intensity will gradually align with the overall sector's average carbon intensity by the year 2050
17. AIA does not have any specific targets or commitments towards WACI, but will continue to measure per TCFD recommendations
18. AIA, [Environmental, Social and Governance Report 2022](#)
19. Excluding direct real estate and power generation
20. Science Based Targets, [SBTiMonitoringReport2022.pdf \(sciencebasedtargets.org\)](#)
21. Science Based Targets, [SBTi 2021 progress report](#)
22. Statista, [Global carbon dioxide emissions from 1970 to 2022, by sector](#)
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27. Khoshnevis Yazdi, S., & Dariani, A. G. (2019): [CO2 emissions, urbanisation and economic growth: Evidence from Asian countries](#)
28. Payam Nejat a et al. (2015) [A global review of energy consumption, CO2 emissions and policy in the residential sector \(with an overview of the top ten CO2 emitting countries\)](#)
29. AIA, [Environmental, Social and Governance Report 2022](#)
30. [GFMA and BCG Report - Climate Finance Markets & The Real Economy \(sifma.org\)](#)
31. AIA, [Environmental, Social and Governance Report 2022](#)
32. [Online courses - TCFD Knowledge Hub \(tcfhub.org\)](#)
33. The UNPSI inaugural ESG Underwriting Guide for Life & Health Insurance report can be found [here](#)
34. See AIA Australia report: [The Environment and Our Health](#)
35. See AIA New Zealand report: [The Environment and Our Health](#)



HEALTHIER, LONGER,
BETTER LIVES

Thank-you for your interest in our **Climate Transition Plan**

Feedback from our diverse set of stakeholders is crucial for us to continue improving on our ESG performance and disclosure practices.

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

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