

AIA PHILIPPINES GROUP

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

PHILIPPINE BUSINESS UNIT REPORT



HEALTHIER, LONGER,
BETTER LIVES



BPI



FORMERLY BPI-PHILAM LIFE ASSURANCE CORPORATION



**PHILAM ASSET
MANAGEMENT, INC.**



**PHILAM
FOUNDATION**



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ABOUT THE AIA PHILIPPINES GROUP

The AIA Philippines Group refers to AIA Philippines (AIA Philippines Life and General Insurance Company, Inc.), formerly AIA Philam Life (The Philippine American Life and General Insurance Company) and its affiliate companies BPI AIA Life Assurance Company (formerly BPI-Philam Life Assurance Company), Philam Asset Management Inc. (PAMI), and Philam Foundation. By putting its customers at the center of its operations, the AIA Philippines Group has earned the trust of its stakeholders and has achieved continued growth over the years.

The AIA Philippines Group is guided by its mission of racing against risk to empower Filipinos to live healthier, longer, better lives. Through its strong network, it is able to offer financial solutions such as life protection, health insurance, savings, education, retirement, investment, group and credit life insurance, and fund management products and services.

AIA Philippines and its affiliates are a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR¹, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR², and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$340 billion as of 31 December 2021.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 39 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

¹ Hong Kong SAR refers to Hong Kong Special Administrative Region.

² Macau SAR refers to Macau Special Administrative Region.



6 STATEMENT FROM THE CEO

A Strategy for Resilience and Recovery

Our rebrand to AIA Philippines has become an opportunity for us to fully embrace our heritage as part of a group with more than a century of history in Asia. It has also prepared us to capture the opportunities ahead. As we overcome the challenges brought on by the pandemic and adapt to the new normal, the evolution of our corporate social responsibility efforts into a more holistic approach using an Environmental, Social and Governance (ESG) framework contributes to our resilience, especially as the world begins to recover from the pandemic.

The process of evolving the approach into ESG was realized with the integration of Philam Foundation and its corporate social responsibility functions into AIA Philippines' Marketing Department. With this, our task as a good corporate citizen has become so much more than just about giving, and has now evolved into becoming an organization that examines its way of doing business so that it always operates sustainably. These are all part of fulfilling our Purpose of helping people live Healthier, Longer, Better Lives.

Our ESG Strategy continues to be embedded into our business operations, driving us to make a positive impact on the lives of our employees, our customers and the community. We have committed ourselves to long-term sustainability by implementing the ESG Strategy across our organization, confident in the knowledge that these are key to ensuring the sustainability of the organization itself.

These changes are embodied in the progress that we have achieved across the five pillars on which we built our transformational ESG Strategy:

Health and Wellness

As part of our commitment to provide products that are focused on helping our customers be at their healthiest by helping them live better, protect better and get better, we launched My AIA platform, an innovation that gives them access to the Total Health Solution ecosystem.

Sustainable Operations

We continue to strive for environmental sustainability by operating our buildings sustainably. Our LEED-certified building in Cebu is now 100 per

cent powered by renewable energy. Furthermore, we have strengthened our digital capabilities to support our distribution channels by launching iRecruit, NextGen iPOS, and My Data. These have made remote working easier for our employees and agency partners, further easing the environmental impact of our operations.

Sustainable Investment

We remain committed to improving our local policies, processes and procedures in compliance with the AIA Group Investment Governance Framework (IGF). In our effort to be aligned with our sustainable investment efforts, we are now fully divested of our coal-related investments.

People and Culture

We have begun our journey to become an Organization of the Future, where our people are given the opportunity to visualize and carve their own path to a successful career within the AIA Philippines Group. As part of our efforts to support the growth of the people who make up our organization, we created programs that encourage the exchange of ideas and make accessible the learning platforms that will enable them to elevate their skills.

Effective Governance

As we strive to operate at the highest standards of responsible business practice, we continue to be guided by our highly qualified Board of Directors, who provide us their invaluable perspective and judgment. At the center of our business practices remain our Operating Principle: Doing the Right Thing, in the Right Way, with the Right People and the Right Results. This drives the way we do business and forms the foundation on which we built our risk and compliance policies and guidelines.

Looking Ahead to the Future

While it has been another challenging year for AIA Philippines, we remain optimistic of the future. Our alignment with the AIA Group means that we are stronger, confident that as we move in a single direction, we are able to meet both the challenges and the opportunities ahead, ready to help millions of Filipinos live Healthier, Longer, Better lives.

**KELVIN ANG**

Chief Executive Officer
AIA Philippines



8 2021 ESG HIGHLIGHTS



Health And Wellness

Over PHP1 trillion

in total sum assured provided until end of 2021 (includes life, critical illness and medical)



Over 1,100,000

individual policies issued to more than **900,000 customers**

Nearly 800,000 participating members of group insurance schemes



Over PHP20 billion in benefits and claims paid out



PHP6.1 million

contributed to communities



Sustainable Operations



Energy source for Philam Life Center Cebu in transition to renewable energy

for completion by end of 2022

Over 50%

of buy, service and claims transactions were submitted digitally, reducing need for paper



People And Culture

60%

of middle and senior management combined are women



50%

of women in programs for leadership development



Sustainable Investment

PHP1.5 billion

Invested in renewable energy



PHP1.1 billion

Invested in green bonds

Full divestment

of coal-related equity and fixed income investments in the General Account



Effective Governance

All members

of the Audit and Related Party Transactions (RPT) Committee are Independent Directors



Each of the three committees

- Audit & RPT, Board Risk and Corporate Governance Committees - is chaired by an Independent Director



OUR APPROACH

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OUR APPROACH

Material Topics

- Health and wellness
- Innovation and digitalization of products, services and processes
- Community engagement and investment

- Risk management
- Innovation and digitalization of products, services and processes
- Climate change

- Sustainable investment
- Climate change

- Employee development and management
- Diversity and inclusion
- Business ethics
- Selling practices

- Corporate governance
- Risk management
- Business ethics
- Selling practices
- Data privacy and cyber security

ESG Strategy Pillar

Health and Wellness



Sustainable Operations



Sustainable Investment



People and Culture



Effective Governance



Strategic Priorities

- Engage local communities to improve their physical, mental and environmental wellness while championing financial inclusion.
- Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation.
- Build on leading integrated health and wellness solutions and reward customers for behavioral improvements

- Ensure that all new buildings and any redevelopments adhere to industry recognized green building standards.
- Increase digitalization and automation to reduce the usage of paper.

- Deepen ESG engagement with investee companies.
- Augment knowledge and capacity among investment analysts through dedicated training initiatives.
- Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy, and infrastructure.
- Enhance portfolio exclusions in consideration of its objective to secure long-term investment outcomes.

- Foster a learning culture that supports the development of its people.
- Promote workplace diversity and advance a culture of innovation and inclusion.
- Embed a culture of ethical decision-making and strong risk management.
- Ensure fair, accountable, and equitable processes for employment, progression, and rewards.

- Foster business integrity and sound decision-making through a diverse and highly qualified Board.
- Effectively manage ESG risks and opportunities throughout the business.
- Lead the promotion of ESG best practice in the country.



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OUR APPROACH

About this Report

This report provides a summary of the ESG initiatives and performance, as well as key sustainability milestones achieved in 2021 by the AIA Philippines Group. For performance not available locally, readers are encouraged to refer to the full ESG Report of AIA Group.

Our Approach to ESG Reporting

The AIA Philippines Group has a responsibility to be transparent and accountable to all its stakeholders, and this includes reporting on how its Companies make a difference in the communities it serves, address sustainability challenges, and make a lasting and meaningful impact.

Report Content Scope

The information provided in this report covers the ESG-related activities of the AIA Philippines Group in 2021. While local data are disclosed, some that are measured and included in the AIA Group ESG Report 2021 are no longer incorporated into this local Annex Report. Readers are encouraged to refer to the AIA Group ESG Report 2021 for comprehensive data on performance and data measured by the AIA Group.



HEALTH AND WELLNESS

ENABLING BETTER HEALTH OUTCOMES

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Introduction

Environmental, health and social issues are closely interconnected. Regarding health and wellness holistically is key to helping Filipinos build resilient, sustainable and healthier futures for themselves and their families.

The AIA Philippines Group aims to address the needs of its customers by supporting their physical, mental and financial well-being, factors that have become increasingly important with the onset of COVID-19.

Helping Filipinos live Healthier, Longer, Better Lives and the insurance solutions its companies provide play a significant role in realizing this goal. Through its wide range of product propositions, improved access to healthcare and encouraging the adoption of healthier lifestyles and inclusive insurance solutions, the AIA Philippines Group aims to contribute to building more resilient communities for Filipinos to provide a better future for all.

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Our Approach: At A Glance

As one of the leading life and health and wellness provider in the Philippines, it is critically important for the AIA Philippines Group to be at the forefront of changing focus, from a reactive stance where people treat disease, to a proactive promotion of healthy lifestyle and illness prevention. At the same time, its Companies see the need to encourage a shift from wasteful to sustainable behaviors to help address its impact on climate change.



Strategic Priorities

1. Engaging Local Communities

Engage local communities to improve their physical, mental and environmental wellness while championing financial inclusion.

2. Improving Access to Quality Health Care

Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation.

3. Build Better Integrated Health and Wellness Outcomes

Build on leading integrated health and wellness solutions and reward customers for behavioral improvements.

2021 Progress

Thousands of Filipinos engaged in various wellness initiatives held throughout the year.

Almost 22,000 AIA Vitality members engaged and availing of My AIA services such as telemedicine, medicine order and delivery, and symptoms checker.

- 35% of members had their Vitality Health Check
- 77% of members with health improvements
- 83% with Improved Blood Pressure
- 63% with Improved Body Mass Index
- 90% with Improved Blood Glucose
- 71% with Improved Cholesterol

3

Health And Wellness: Approach in Action

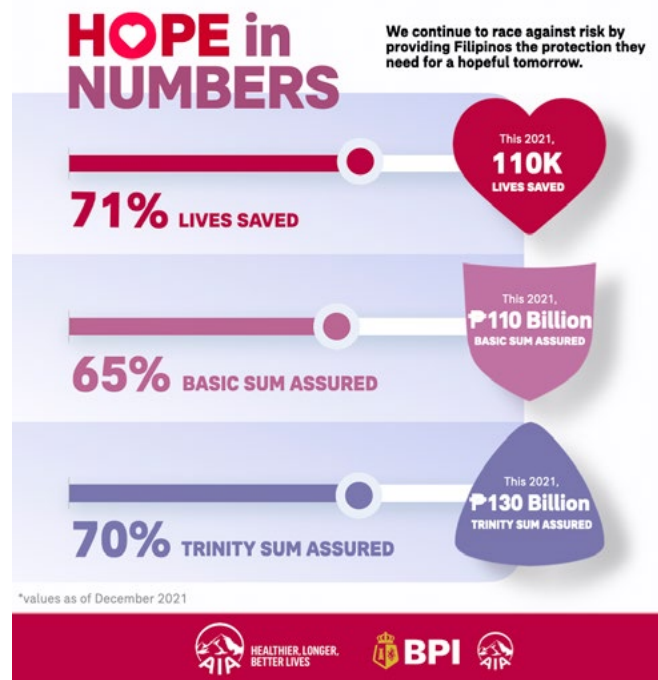
Strategic Priority 1

Engaging Local Communities

Engage local communities to improve their physical, mental and environmental wellness while championing financial inclusion.

The commitment to Save Lives continues

The AIA Philippines Group remains committed to saving lives through the innovative protection products it continues to develop, in fulfillment of its mission of racing against risk to protect every Filipino family. For 2021, the commitment was to save 110,000 lives through customers who avail of protection products, and PHP110 billion in basic sum assured, covering basic protection, critical illness and medical. For claims, the AIA Philippines Group paid out PHP4.2 billion worth of protection promises fulfilled in 2021, almost 50 per cent higher than the claims the previous year.



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HEALTH AND WELLNESS

Fighting COVID-19 through vaccination

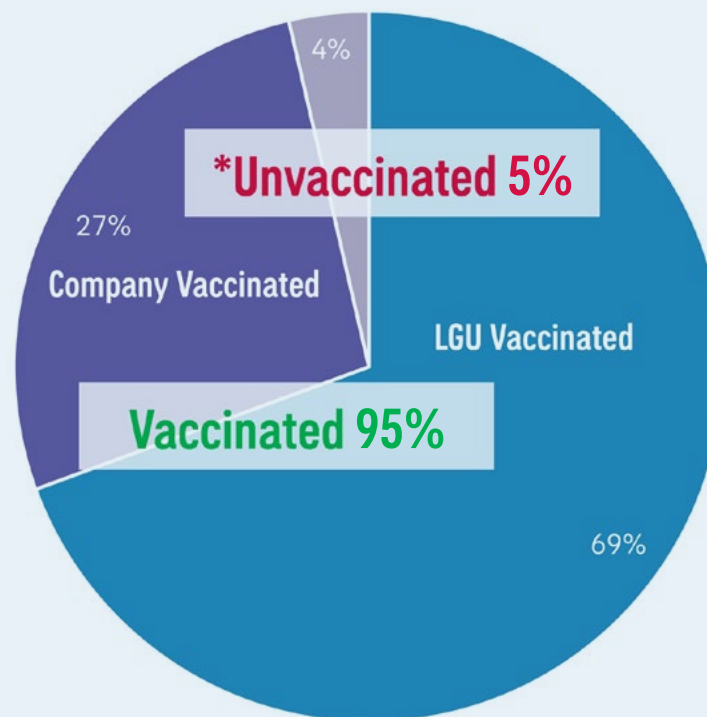
With the country heavily affected by COVID-19 throughout 2020, the possibility of vaccination starting in 2021 gave everyone hope that the pandemic would be under control soon. By the first quarter, vaccinations started in the Philippines.

To augment the government's efforts in fast-tracking its vaccination drive, AIA Philippines entered into an agreement with two consortium partners, Go Negosyo and ICTSI, which allowed the private sector to get access to the COVID-19 vaccines and commence its own vaccination program.

As of end-December, 95 per cent of employees have completed their first and second doses. Booster shots (third dose) also started in late November, providing enhanced protection for employees, their dependents, and partners.

Vaccination Status

AIA Philippines Group overall as of 31 December 2021



*Unvaccinated includes those who were not allowed and those who refused

Online channels as a way to promote health and wellness and financial inclusion

With the country on lockdown for much of the year, the AIA Philippines Group relied heavily on online channels to continue advocating healthy living and financial inclusion.

In mid-2021, AIA Philippines streamed via Facebook Live “BeLive”, its first live online event series. The objective was to educate the audience on the value of protection and long-term savings, as part of advocating financial inclusion.

AIA Philippines Brand Ambassadors Gary Valenciano, Nico Bolzico, Solenn Heussaff, Wil Dasovich, Mond Gutierrez and Anton del Rosario shared tips and insights on how Filipinos can live healthy everyday through two major online events held for the year: AIA Live together with other Brand Ambassadors from the other AIA Group Business Units, and Live Better, the local online event held in December.



My Peso and I: Financial inclusivity through education

My Peso and I is a program on basic financial education. It aims to equip college students with financial management skills and create a culture of financial literacy and wellness among the Filipino youth. With the support and guidance of government regulators within the financial services and education sectors, Bangko Sentral ng Pilipinas, Insurance Commission, National Economic Development Authority, Securities and Exchange Commission, Philippine Deposit Insurance Corporation and the Commission on Higher Education, and its partner, BPI Foundation, several focused group discussions (FGD) participated by both students and academicians were conducted to ensure that the program content will address the learning needs of the students.

Key insights from the FGD include identifying specific issues that need to be addressed. These include inequality, indebtedness, employment/unemployment, hand-to-mouth existence, poverty, and the importance of including a practical approach to Personal Finance as a General Education course among college students.

As Philam Foundation transitioned into the Marketing Team of AIA Philippines last December 2021, the program implementation is undergoing transfer to BPI Foundation, with the Company retaining participation as part of the Technical Working Group (TWG).

At the forefront of cancer-related advocacy through ALPHA

The Alliance for the Philippines' Health and Advocacy (ALPHA), is the health-based consortium of Philam Foundation, the Philippine College of Surgeons, and the Philippine College of Physicians. In 2021, the program supported various cancer advocacy activities and enhanced data gathering initiatives under the hospital-based cancer registry.

- ALPHA supported 12 multidisciplinary tumor board conferences, two cancer webinars and one mid-year convention of the Philippine College of Surgeons-Cancer Commission, with over a thousand surgeons in attendance.
- Provided assistance to the I Can Serve Foundation: Patient Powered Summit, a two-day conference attended by 80 breast cancer patient/advocate leaders, with the aim of building their capacities, sharing best practices, strengthening networks and collaborating, and sharing resources.
- Sponsored the Third Annual Philippine Society of Public Health Physicians Conference, the professional organization of physicians and public health professionals dedicated to uplifting the public health practice. The event was attended by 300 public health professionals from various sectors, including government agencies, non-government organizations, and civil society organizations.

Providing free coverage at a time when it's needed most

BPI AIA's free COVID-19 life insurance coverage campaign was launched in 2020 and extended well into 2021 to ensure the much-needed protection of its customers. The program also included new customers of its bank partner, the Bank of the Philippine Islands (BPI).

Policyholders and bank account holders were given a PHP200,000 life insurance coverage for three months. Over 35,000 lives have been insured and a total of PHP5 million (over US\$95,000) in claims paid out.

In parallel, AIA Philippines launched a similar campaign in the last quarter of 2021, providing protection for its existing customers.



Strategic Priority 2

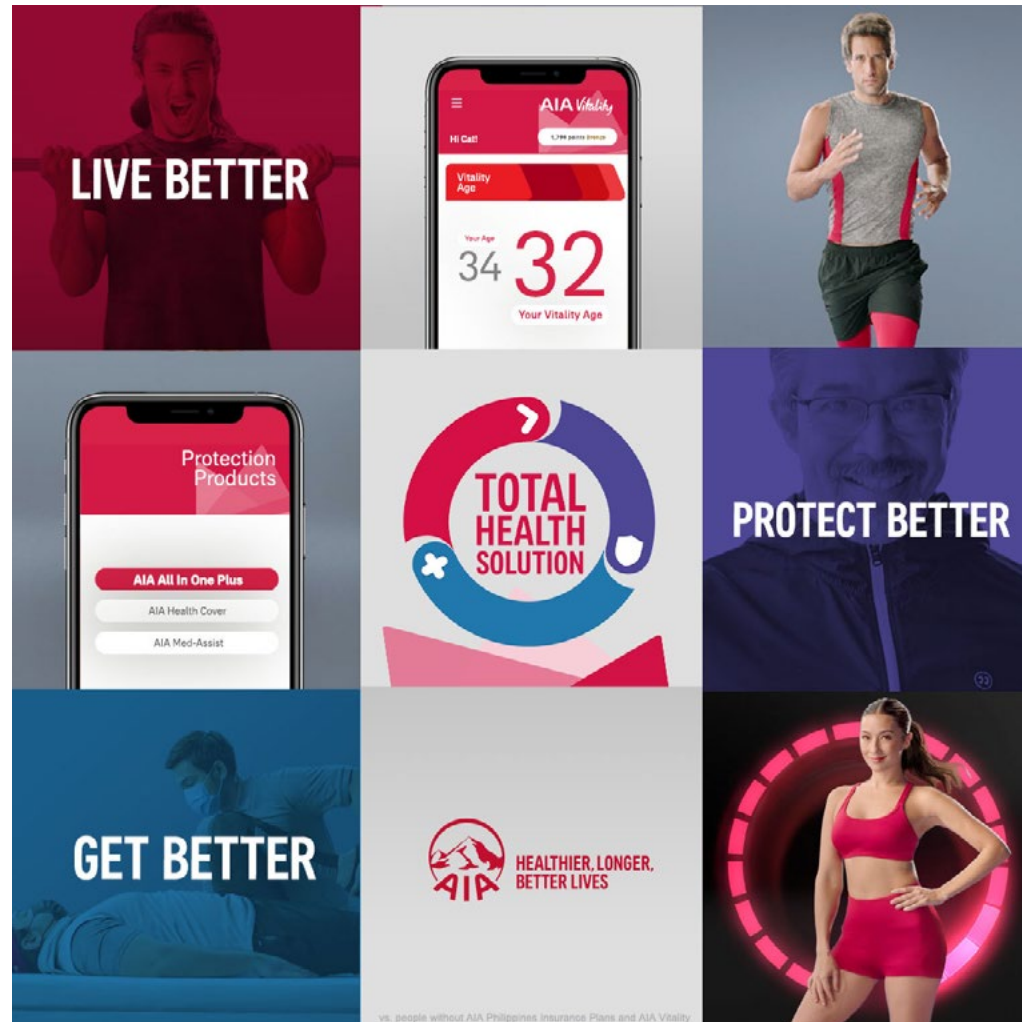
Improving Access to Quality Health Care

Provide greater access to quality care, relevant and timely information, diagnoses, treatment and rehabilitation.

Giving customers access to quality care through technology

AIA Philippines recently launched Total Health Solution, its ecosystem accessible through My AIA, the single touchpoint platform that allows customers to access all of its services that can help them Live Better, Protect Better and Get Better.

My AIA, through the Total Health Solution ecosystem, will help customers be the healthiest they can be, regardless of their health starting point. With Total Health Solution, customers can live better so they are able to maintain a healthy lifestyle, protect better so they have peace of mind that they are prepared for life's uncertainties, and get better, giving them access to healthcare needs should they find themselves unwell.



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HEALTH AND WELLNESS

Strategic Priority 3**Build Better Integrated Health and Wellness Outcomes**

Build on leading integrated health and wellness solutions and reward customers for behavioral improvements

Health Improvement Through AIA Vitality

Amassing over 100,000 members since its introduction in the Philippines in 2015, AIA Vitality has quickly established itself as the total wellness program that made an actual difference in members' lives.

By driving healthy behavior among customers, AIA Vitality has improved the health numbers of members who have earlier reported unhealthy Vitality Health Check biometrics. Key to its success is the overall program design that considers a member's complete wellness journey: from knowing their health to provide baseline data on where they are; to improving their health by

encouraging healthy lifestyle choices that include not just physical activities but also diet, checkups, and more; to enjoying rewards as constant motivation to live healthy.

AIA Vitality has evolved over the years as people's needs and interests changed. To maintain the program's relevance in the lives of its members, it has increased the number of partners from which members can enjoy perks, the breadth of rewards that encourage healthy living, the points-earning activities to increase member status, and the insurance benefits the program afforded its members.

With AIA Vitality, members are genuinely moved towards the path of Healthier, Longer, Better Lives.



SUSTAINABLE OPERATIONS

IMPROVING ENVIRONMENTAL PERFORMANCE

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22 SUSTAINABLE OPERATIONS

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Introduction

The AIA Philippines Group contributes toward helping people live Healthier, Longer, Better Lives by sustainably managing its operations, adopting internationally recognized green best practices in the buildings that its companies occupy, and maximizing the use of technology for efficiency.

This strategic pillar has been renamed from 'Green Operations' to consider social and governance issues in its operations in addition to environmental concerns.



2

Our Approach: At A Glance

The Sustainable Operations pillar takes a critical look at reducing the AIA Philippines Group's carbon footprint across its buildings and offices, and seeks to leverage technology to improve efficiency as it continues in its sustainability journey.

Strategic Priorities

1. Ensuring Greener Buildings

Ensure that all new buildings and any redevelopments adhere to industry recognized green building standards.

2. Advancing Digital Transformation

Increase digitalization and automation to reduce the usage of paper.

2021 Progress

Philam Life Center in Cebu in transition to fully shift to renewable energy source by end of the year.

53% of buy, service, and claims transactions were submitted digitally.

3

Sustainable Investment:
Approach In Action

Strategic Priority 1

Ensuring Greener Buildings

Ensure that all new buildings and any redevelopments adhere to industry-recognized green building standards.

Green Buildings

The AIA Philippines Group is firmly committed to maintaining a high level of ESG standards, with sustainability being at the forefront of its operations. Projects are implemented and changes in processes are explored to find new ways to improve the properties’ sustainable operations.

Various approaches to improve energy efficiency, waste reduction, and the use of renewable energy have been adopted as ESG is further incorporated into building operations. The AIA Philippines Group’s key asset, the Philam Life Tower, has set in

motion initiatives to achieve green building status. Another major property, Philam Life Center Cebu which is already a LEED Silver-certified building, is taking it one step further by shifting to the use of 100 per cent renewable energy for its electricity. This is targeted for completion by end of 2022.

The AIA Philippines Group acknowledges the role of ESG as a value driver for its Real Estate investments. Opportunities for continuous improvement will be sought to further contribute to the sustainability agenda towards the fulfillment of its purpose of helping Filipinos live Healthier, Longer, Better Lives.

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SUSTAINABLE OPERATIONS

Strategic Priority 2**Advancing Digital Transformation**

Increase digitalization and automation to reduce the usage of paper.

Reducing Paper Consumption with Digitalized Processes

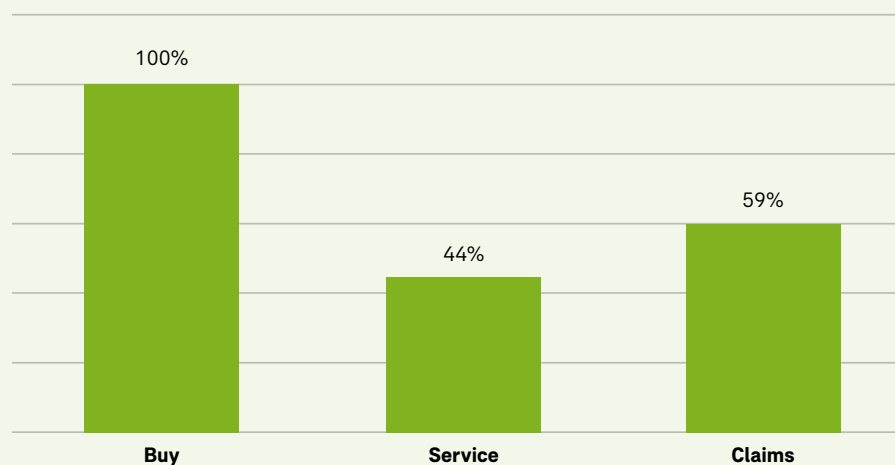
For the AIA Philippines Group, the road to transforming processes to digital began before the pandemic for its insurance processes. The goal is to transition 95 per cent of all buy, service and claims processes to digital by 2023, making it green and more efficient. In 2020, the buy e-submission was already at 100 per cent, and continued at this level until 2021.

Service e-submission saw a significant increase in 2021 at almost 50 per cent, which can be attributed to the continuous push for digital submissions. By the third quarter, paper-based transactions for specific policy related activities that are already available online like updating contact information, credit-to-account/ pick up anywhere enrollment and auto debit/ auto charge enrollments fully transitioned to digital, with paper submissions no longer accepted.

To further push claims toward digital, submissions were diverted through Claims 24/7 facility in the corporate website.

E-Submission Adoption

AIA Philippines Group



*E-submission rate for Claims only covers minor claims (excludes critical illness and death claims)



SUSTAINABLE INVESTMENT

GENERATING SUSTAINABLE VALUE FOR POLICYHOLDERS

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26 SUSTAINABLE INVESTMENT

1

Introduction

Delivering Value Through Long-Term ESG Considerations

As an insurer, AIA Philippines is committed to supporting the protection needs of its customers over many years. Its investment strategy reflects its belief that ESG principles underpin proactive risk management, and help deliver sustainable risk-adjusted returns.

AIA Philippines believes that sound governance underpins good corporate behavior, which contributes to good results for stakeholders and reinforces AIA Philippines' ability to achieve sustainable, long-term outcomes.

2

Our Approach: At A Glance

Strategic Priorities

1. Deepening ESG Engagement

Deepen ESG engagement with investee companies.

2. Augmenting ESG Training and Capacity

Augment knowledge and capacity among investment analysts through dedicated training initiatives.

3. Broadening Portfolio Inclusions

Broaden portfolio inclusions by specific considerations of green bonds, sustainability bonds, renewable and alternative energy, and infrastructure.

4. Enhancing Portfolio Exclusions

Enhance portfolio exclusions in consideration of its objective to secure long-term investment outcomes.

2021 Progress

- 83% of companies engaged in 2021 provided responses.
- 100% of proxy votes that were presented to AIA Philippines have been properly studied and acted upon with special attention to potential votes that run counter to the AIA Group's ESG philosophy.

Utilization of in-house ESG Scorecard began in November 2021, and is being implemented to cover all General Account directly managed assets by July 2022.

- Over PHP5.5 billion invested in a combination of renewable energy, green bonds, utilities and infrastructure as of end 2021:
 - Water Utilities PHP408 million
 - Road and Rail Infrastructure PHP2.43 billion
 - Renewable Energy PHP1.53 billion
 - Green Bonds PHP1.11 billion
- For Listed Equity, about 25% of its portfolio weightings for ESG cleanup have been divested. However, given the infancy of ESG in the Philippines and Philippines being a developing country still very much reliant on coal as a source of fuel, there is a dearth of ESG supportive investments. Nonetheless, below are other ventures supportive of "green" investments:
 - 3.5% of the portfolio invested into Monde Nissin Corporation where meat-alternatives account for 20% of its revenue.
 - 1% of the portfolio invested in First Gen Corporation where 65% of revenue is natural gas power-based.

For Listed Equity, all stocks falling under the ESG exclusion list have been divested as at February 2021 and AIA-managed Investment-Linked Policies (ILPs) were in full compliance as of the end of December 2021. At present, the Fixed Income and Listed Equity General Account and AIA-managed ILPs are fully compliant with AIA Group's ESG Standards.

Sustainable Investment

In 2021, AIA Philippines continued to build on the achievements from the previous year with respect to sustainable investment in the Company's efforts to embed Environment, Social, and Governance (ESG) factors in the investment management process.

Improvements in policies, processes, and procedures in all areas of operations were implemented, in accordance with the AIA Group Investment Governance Framework (IGF). The IGF serves as the foundation supporting the operations of investment teams across the AIA Group, and evolves continually to adapt to a dynamic market environment and remain on a par with global best practice.

On the Fixed Income side, the divestment of AIA Philippines' coal-related investments has been successfully completed. Subsequently, engagement with both public and private institutions remains a continuing exercise, as it seeks opportunities to provide financing for renewable energy and other sustainability-related endeavors.

On the Listed Equity side, all portfolios in its General Account (GA) have fully exited from exclusion sectors and stocks. While AIA Philippines recognizes that ESG-investing in the country in general remains in its developmental stages, the Company believes that pursuing this early on will enhance the quality of its Listed Equity portfolios and position them for long-term outperformance. While the full benefits of ESG investing may be expected to emerge

over a longer-term horizon, some near-term outperformance has already been observed.

On proxy voting, proposed corporate actions continue to be carefully reviewed to avoid granting consent on actions deemed inconsistent with the AIA Group ESG Standards. Portfolio managers and equity research analysts study all corporate actions submitted to AIA for consent, prior to putting forward a vote. The Company also participated in an AIA Group-wide corporate governance scoring initiative, which involved engaging covered companies and establishing corporate governance scores based on the information received.

Key to the investment decision-making process is the research conducted by its analysts on both current and prospective investee companies. In this area, ESG has been integrated through the inclusion of multiple factors across the Environmental, Social, and Governance pillars. Given the increasing importance of ESG scores, representing best practice, and the insights that these can provide, AIA Group has developed internal ESG scores through the ESG Rating Scorecard. In designing this, AIA Group has reviewed and considered ESG assessment methodologies from leading international ESG ratings agencies and external investment managers. The ESG Rating Scorecard quantifies the assessment by AIA research analysts of ESG risks and opportunities in its investee companies, and scores these across the individual Environmental, Social and Governance pillars. The methodology is based on a number of

Supporting Sustainable Development



INVESTMENTS IN RENEWABLE ENERGY

PHP 1.5 billion

as of 31 December 2021



INVESTMENTS IN GREEN BONDS

PHP 1.1 billion

Full divestment of coal-related Listed Equity and Fixed Income investments in the General Account

weighted factors and material themes, together with a number of industry-specific factors, and with independent points of reference provided by external data providers. The overall ESG assessment is then mapped to a five-grade scale from A to E, with A being the highest grade. This scorecard will be employed starting 2022. Research analysts will likewise undergo continuing training to maximize the resources and tools available to them. All these ensure that each research report contains a thorough assessment of a company's ESG-related risks and opportunities.



PEOPLE AND CULTURE

EMPOWERING OUR WORKFORCE

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30 PEOPLE AND CULTURE

1

Introduction

Across the entire AIA organization is the firm belief that its greatest asset is its people. The people who make up the AIA Philippines Group are the ones who bring to life its Purpose of helping people live Healthier, Longer, Better Lives as it fulfills its mission of racing against risk to protect every Filipino family.

Its companies' culture is anchored on two principles: the AIA Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People...the Right Results will Come" and the Leadership Essentials of Clarity, Courage and Humanity. Together, these underpin everything its companies do and serve as the compass that guide every decision made, and every product and solution created.

2

Our Approach: At A Glance

The AIA Philippines Group focuses on strengthening the right culture built on the firm foundation of the Operating Philosophy and Leadership Essentials. This enables its companies to embed ESG fully into its operations so that it

Strategic Priorities

1. Supporting Development and Career Progression

Foster a learning culture that supports the development of its people.

2. Accelerating Progress in Diversity and Inclusion

Promote workplace diversity and advance its culture of innovation and inclusion.

3. Strengthening Risk Awareness

Embed a culture of ethical decision-making and strong risk management.

4. Enriching and Rewarding Opportunities for All

Ensure fair, accountable and equitable processes for employment, progression and rewards.

2021 Progress

- 83.54% of Individual Contributors and 16.46% Managers in the Dual Career Stream
- 56% of women in Agile tribes
- 14.6 Learning hours per employee
- 100% took part in at least one training program

- 35.5% of men and 64.5% of women in the workforce
- 51.8% of women new hires
- 43% of women leaders in the organization
- 60% of promoted employees are women
- 50% of women in programs for leadership development – SPARK, LAB, VOYAGE

100% completion of AIA Code of Conduct

- 18.11% Turnover in 2021
- 97% participation in the Gallup Engagement Survey

becomes a fundamental expression of who they are. The success of its ESG strategy depends on tapping into the reach and influence of its people.

3

People and Culture: Approach In Action

Strategic Priority 1

Supporting Development and Career Progression

Foster a learning culture that supports the development of its people.

Developing a Future-ready Workforce and Skills of the Future

AIA Philippines believes that the effective way of building a future-ready workforce is a combination of learning on the job, learning from others, and structured learning. Amidst the challenge of strict lockdowns in the country, the opportunity to emphasize the 70-20-10 approach to capability uplift was observed.

As part of building the foundation for agile ways of working, opportunities made available for employees across different functions and different levels comprised the Agile Frontrunner Tribes. To equip them in championing the change, eight Agile team members participated in the Agile Academy—Agile Practitioner Learning Path, a program designed by the Group Agile COE which provides different learning paths that enable the participants to support and run their own Agile tribes and teams.

In parallel, communities of practice with specific domains – Program Management, Data & Analytics, Artificial Intelligence, Human Centered Design, and Business Process Engineering – were formed as an avenue to learn from others. Employees

were given access to brown bag sessions and a myriad of online learning platforms that help widen Technology, Digital and Analytics, as well as Agile knowledge.

Udemy, Dot Native, and LinkedIn Learning accounted for 5,212.8 hours of completed online learning in 2021. In addition, 7,600 learning hours were invested in business and leadership capability programs.

In Q3, the Dual Career Stream framework was launched to provide an avenue to pursue journeys to success. The framework provides alternative career paths and expands the potential and diversity of talents. Career Conversations training was implemented as an initial program to support managers in developing their people. Further capability programs for 2022 are being designed to support the career progression within the two career streams.

The annual Organization and People Review (OPR) continues to create a succession pipeline of potential successors for key roles, reduce transition risks, and mitigate gaps in leadership role readiness.

Strategic Priority 2**Accelerating Progress in Diversity and Inclusion**

Promote workplace diversity and advances its culture of innovation and inclusion.

Diversity and Inclusion in Practice

Providing equal employment opportunity for all means that discrimination based on gender, age, race, nationality, religion, disability, and sexual orientation does not exist. There is diversity in the workforce, with a mix of 35.5 per cent men and 64.5 per cent women. This is also reflected in the

leadership team of AIA Philippines wherein 43 per cent of its leaders are women.

Shaping the organization's diversity also starts during the hiring process. In 2021, of the 139 new hires across different age groups, 51.8 per cent were women. All employees joining the AIA Philippines Group are required to complete training on the

Code of Conduct, which includes the approach to inclusion and non-discrimination, as part of their orientation. In addition, an anti-harassment policy and e-learning modules for all employees outline expected workplace conduct and professionalism, including channels for escalation.

Strategic Priority 3**Strengthening Risk Awareness**

Embed a culture of ethical decision making and strong risk management.

Strengthening the Risk Aware Culture

A strong and resilient culture is the key to effective risk management as it guides the organization in navigating the challenges and opportunities posed to its business.

To embed a risk-aware culture within the AIA Philippines Group, risk awareness and advocating early identification, reporting, and management

of risks are integrated within the employees' performance management goals as mandatory metrics.

To strengthen risk awareness at a grassroots level, a forum called Functional Unit Risk Management Meeting (FuRMM) was established. Chaired by the Risk Owner of each of the functional units, these meetings follow a framework to ensure that risk and compliance matters are regularly identified, assessed and mitigated.

Risk management representatives known as Risk and Compliance Champions (RICOs) are identified in each functional unit to drive awareness of risk exposures and to provide guidance on the Risk Management Framework so that the risks can be managed effectively. The RICOs run regular FuRMMs in order to properly document and discuss risk incidents, outstanding risks and measures taken, as well as identify new or emerging factors for risks such as upcoming regulations and changes in market environment, among others.

Strategic Priority 4

Enriching and Rewarding Opportunities for All

Ensure fair, accountable, and equitable processes for employment, progression, and rewards.

The AIA Philippines Group is committed to creating and nurturing an organization in which its people can thrive, both individually and collectively. Great importance is placed on ensuring that its employees are engaged, enabled, and empowered to meet their goals and realize their ambitions.

People Engagement

With the lockdowns forcing everyone to work from home, AIA Philippines ensured that it is able to maintain workforce connectedness and engagement in the virtual workspace.

Communication on the state of the business and its transformation journey was sustained through regular organization-wide and functional townhalls. The Companies adopted a top-down and bottom-up approach to ensure that input is solicited across the different levels of the organization through the Coffee and Conversations and Speak Up initiatives.

Activities such as Fun o'Clock and Workplace by Facebook interest groups were launched as part of its holistic approach to employee wellbeing and reinforcing social connections while in a remote work arrangement .

To appreciate the contributions of its people and give an opportunity for them to take a break and mentally recharge, non-working Gratitude Days were accorded in December. Recognizing the importance of mental health, a mental wellness program is also planned for 2022.

The AIA Annual Employee Engagement Survey is conducted every September and covers the Gallup Q12 Elements of Engagement and custom questions about Brand Ambassadorship, Customer Centricity, Ethical Culture, Agility, Leadership and Wellbeing. In 2021, 97 per cent of employees participated in the survey and the results served as the basis to shape the enterprise and functional impact plans for 2022.

Voluntary turnover, which is closely monitored by the AIA Philippines Group, ended the year at 18.11 per cent . The exit process, combined with the Gallup Survey results, provided insights that help its Companies shape employee engagement initiatives for 2022.

AIA Philippines Academy: Continued Upskilling for Agency Distribution

In 2021, the biggest shift in learning development was the use both qualitative and quantitative data to drive changes in processes, training curriculum and design. At the heart of all the changes, enhancing learner experiences to drive business outcome was always top of mind.

Using an agile approach to training design, AIA Philippines piloted new ways of learning including vlog and reaction type videos that appeal more to learners versus the traditional slides and video materials.

AIA Philippines continued to help advisors and leaders transform their businesses from Start Up to Expansion through effective and proven training programs based on both local and global best practices from Life Insurance Marketing and Research Association (LIMRA) and GAMA Global. The Leader Development curriculum was also revised using a Transformative Learning Approach. Performance Coaching was also embedded in the new leader development to promote a greater sense of ownership and to build a culture of high performance.

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PEOPLE AND CULTURE

Becoming a Simpler, Faster, More Connected Organization

The AIA Philippines Group understands the need to evolve as an organization to better serve the needs of its customers in today's rapidly changing consumer landscape. This called for major changes, including institutionalizing simple, sustainable and flexible organizational structures, introducing agile ways of working, and fostering synergies within the organization supported by technology, digital, and analytics.

An official kick-off signified the start of our transformation journey in Q2 of 2021. This was followed by the launch of Agile Frontrunner Tribes to set the foundations of agile ways of working in the organization.

In 2022, the Companies will embark on an enterprise-wide process optimization journey to make the processes more efficient, enabling it to drive impactful results faster.

Safe, Healthy and Secure Workplace

The AIA Philippines Group conducts its business in a manner that protects the health, safety, and security of employees and customers. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment.

During the pandemic, the premises occupied by the AIA Philippines Group operated in compliance with the mandated minimum public health standards and guidelines implemented by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID). To bolster protection against the COVID-19 virus, a company-sponsored vaccination drive was implemented for employees and their dependents.

Towards the end of 2021, the Companies initiated its Return to Office (RTO) campaign in a phased approach to acclimatize employees to onsite reporting .



EFFECTIVE GOVERNANCE

BUILDING THE FOUNDATION OF TRUST

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36 EFFECTIVE GOVERNANCE

1

Introduction

Effective Governance ensures that the AIA Philippines operates to the highest standards. It provides the necessary board and management oversight, employee incentives, organizational accountability, data governance systems and transparent reporting to enable it to succeed.

For 75 years, the AIA Philippines Group has built its legacy of trust, establishing its reputation for responsible business practices and long history of maintaining robust governance processes. The AIA Philippines Group is committed to upholding high standards of governance essential to delivering sustainable, long-term value creation to its stakeholders.

2

Our Approach: At A Glance

The collective weight of the AIA Philippines Group behind its Purpose to help Filipinos live Healthier, Longer, Better Lives requires a sophisticated operating framework to effectively guide decisions and resource allocation.

The Effective Governance pillar looks inward and outward to maintain existing high corporate governance standards while allowing for flexibility

to respond to emerging risks that are material to its business and stakeholders. Leveraging the advantages of its long-standing governance framework amid change, the AIA Philippines Group can prudently manage risk and capture opportunity. This drives sustainable, long-term value as a purpose-driven company.

This approach to Effective Governance focuses the ESG effort on two strategic priorities. Coupled with the following KPIs and proof points, these ensure the integrity and relevance of its program for the realization of its long-term ESG Strategy.

Strategic Priorities

1. Board Governance

Foster business integrity and sound decision making through a diverse and highly qualified Board.

2. Ensuring Effective Risk Management and Responsible Business Practice

Effectively manage ESG risks and opportunities throughout the business.

2021 Progress

- The Boards of the companies under the AIA Philippines Group is currently comprised of a majority of independent members with requisite experience.
- All Board committees are composed of a majority of independent directors and each are chaired by an Independent Non-Executive Director (INED)
- The Boards receive annual training on emerging regulation and governance best practice relevant to the business and operations, including quarterly updates on ESG best practice and progress against the ESG strategic pillars and KPIs.

At least once a year, identify and/or refresh key ESG risks and risk tolerances for the company, as well as related risk and control owners.

3

Effective Governance: Approach in Action

The AIA Philippines Group continued to uphold the highest standards of corporate governance and responsible business practices in 2021. This included maintaining, among other things, engagement with stakeholders on ESG issues, transparent reporting processes, and building on the existing culture of business integrity.

Iterative improvements have also been made to best ensure that the capacity and capabilities to meet the evolving needs of The AIA Philippines Group's sustainability strategy and business. These important developments will also ensure the highest standards of adherence for addressing and integrating ESG issues within the business.

Strategic Priority 1

Board Governance

Foster business integrity and sound decision making through a diverse and highly qualified Board.

Corporate Governance

The AIA Philippines Group is in full compliance with the [Code of Corporate Governance](#), with the commitment to the highest standards of corporate governance rooted in the belief that a culture of integrity and transparency is essential to the consistent achievement of its goals. Creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, steers the Board of its various companies towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

Corporate Governance Policy

AIA Philippines' Corporate Governance Policy placed on the Board of its companies the ultimate responsibility for their sustainable performance, including the consistent achievement of business plans and compliance with statutory and corporate obligations. To fulfil such responsibility, the Board adopted a policy of adherence to all legislations, regulations, and statutory standards as may be applicable and relevant to these companies and mandates all directors, senior management and employees to abide by the principles of good governance and the [Code of Conduct](#).

The AIA Philippines Group's corporate governance framework, applicable to all its companies, underpins its commitment to corporate governance principles and leading practices.

Corporate Governance Framework



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EFFECTIVE GOVERNANCE

Board Independence & Diversity

The Board of Directors has a balanced composition of executive and non-executive directors, such that, no individual or small group of individuals can dominate the Board's decision making. The Board will determine whether a director is independent in character and judgment, or there are relationships or circumstances which are likely to affect the director's judgment.

The Board also recognizes the benefits of having a diverse Board as an essential element in maintaining a competitive advantage and achieving optimal decision-making. The Board considers diversity in age, gender, ethnicity, culture, race, skills, regional and industry experience and background, and other distinctions in determining the composition of the Board of Directors.

The Board also ensures that each director does not have, directly or indirectly, a financial, legal or other relationship with any of the companies under the AIA Philippines Group that would reasonably interfere with the exercise of independent judgment in carrying out his or her responsibilities.

Board Committee Composition

Each of the three Board Committees - the Audit and Related Party Transactions (RPT) Committee, the Corporate Governance Committee (formerly: Governance, Nomination and Compensation Committee), and the Board Risk Committee, is chaired by an Independent Director. The Audit and RPT Committees are composed exclusively of independent directors. The Corporate Governance Committee is composed of majority Independent Directors and Non-Executive Director. The Board Risk Committee includes the Chief Executive Officer as its only Executive Director while majority members are Independent Director. The inclusion of the Executive Director is to ensure that the Risk Committee has the benefit of detailed financial and operational information to ensure appropriate oversight in support of ensuring the sustainability of the operations of the companies under the AIA Philippines Group.

ESG Governance

The Board's membership includes expertise in the management of ESG matters, with various members demonstrating deep fluency in ESG issues and trends, while bringing valuable experience and perspectives gained from their previous positions serving on ESG or sustainability committees of various companies, locally or abroad.

Strategic Priority 2**Ensuring Effective Risk Management and Responsible Business Practice**

Effectively manage ESG risks and opportunities throughout the business.

Effective Risk Management and Responsible Business Practices

A commitment to responsible business practices and effective risk management are essential to create an environment where issues can be addressed promptly as they arise. The AIA Philippines Group is also committed to the fair treatment of its customers, protecting their information, and always striving to understand their needs and wants while developing its customer propositions.

Effective Risk Management

AIA Philippines believes that sound risk management relies on 1) a strong corporate culture supported by the 'Tone from The Top' where accountability for risks and effective controls is taken with seriousness across all levels of employees and operating areas of its various companies, 2) a clear and effective Risk Management Framework (RMF) that promulgates how risks are defined, measured, and mitigated.

The RMF is implemented by the Group Risk Management Committee (GRMC), which reviews all aspects of risk including financial, product and

operational risks, and ensures that appropriate risk policies and mitigation measures are in place. The GRMC reports to the Board Risk Committee (BRC) which is responsible for oversight of risk management activities. The BRC determines the Risk Appetite, the Risk Management Strategy, and the Risk Management Framework, and advises and assists the Board of Directors in the review and approval of risk related matters.

The Company operates under a "Three Lines of Defense" governance model. An important characteristic of the model is to define primary risk ownership by the business areas to drive a strong culture of ethics and accountability in the day to day conduct of business. In this way, risks are identified and mitigated immediately as they emerge.

The First Line is made up of Risk Owners who underwrite risks through product development, investment of asset portfolios, structural allocations and other key business operations. The First Line is responsible for operating within the RMF proposed by the Second Line and approved by the BRC and Board, ensuring that risk and returns are well understood and optimized throughout the decision-making process. The

First Line also has the responsibility to operate a robust control environment for their functional areas, including ownership and management of operational and compliance risks.

The Risk and Compliance Function acts as the Second Line of Defense as it implements the RMF, a method to identify, quantify, and mitigate risks within the Company; and ensuring it remains effective. While the First Line is empowered with decision-making authority, including for exception procedures and approvals, the Second Line endorses these decisions and provides independent oversight, challenge and advice.

An independent Audit Function acts as the Third Line of Defense to provide the Board of Directors with insights on risk control effectiveness. Group Internal Audit (GIA) is responsible for providing independent assurance over the effectiveness of the RMF, including key internal controls, and makes recommendations based on audit findings.

Further details on the Risk Management Practices of the various companies within the AIA Philippines Group are available in their respective 2021 Annual Reports.

Responsible Business Practices

The customers of the AIA Philippines Group place a high degree of trust in its business, and in its ability to provide protection and financial security over time to millions across the region. The AIA Philippines Group takes pride in its long history of successful operation and value the reputation it has earned of being reliable and trustworthy that acts with integrity.

AIA Code of Conduct

At AIA and in its subsidiaries, employees hold themselves to the highest standards of integrity and ethics in everything they do. In doing so, the trust placed by customers are protected, maintaining and enhancing the foundation of long-term sustainability and success. AIA's Code of Conduct defines how this trust is maintained and reflects the Operating Philosophy of doing the right thing, in the right way, with the right people and the right results will come.

The AIA Code of Conduct is designed to give AIA officers and employees a practical understanding of how to make the right decisions in their day-to-day work. It provides clear guidance on important issues and outlines how employees should behave and conduct business at AIA at all times and under all circumstances.

As part of the AIA Group, AIA Philippines Group employees adhere to the same Code of Conduct. To ensure that all AIA employees are aware of the

provisions of the AIA Code of Conduct, an annual certification program is conducted where all employees confirm their knowledge, understanding, and practice of the rules and guidelines written in the Code.

Anti-Corruption and Bribery

The AIA Philippines Group implements a robust Anti-Corruption Program supported by an Anti-Corruption Policy. The Policy provides guidance on giving and accepting gifts and entertainment and is applied alongside the AIA Code of Conduct.

A zero-tolerance approach on Bribery and Corruption is adopted by the AIA Philippines Group. Employees and other persons representing its various companies are prohibited from offering, paying, promising or authorizing (directly or indirectly) any bribery, kickback or anything of value (as defined in the Policy), with corrupt intent or in violation of anti-corruption laws.

Members of the AIA Philippines Group are not allowed to use improper means to influence another person's business judgement. All employees and officers are required to report and seek approval, when necessary, to the Compliance Office any gift/ entertainment provided to Government organizations and/or any of its officials.

Anti-Fraud Policy

The AIA Philippines Group adopts a zero-tolerance approach to fraud and expects all employees, agents, and third parties to act with honesty and integrity. The policy is intended to reinforce management procedures designed to aid in the prevention, detection, and investigation of fraud, thereby safeguarding its various companies' assets and providing protection from the legal and reputational consequences of fraudulent activity. All suspected cases of fraud are investigated, and disciplinary procedures enforced, including prosecution and termination.

This policy was submitted to the Insurance Commission following the requirements of IC Circular 2016-50, which directs insurance companies to be prepared and ready to combat insurance fraud for its own protection and for the welfare of its stakeholders or the insuring public.

Whistleblower Protection Program

The companies within the AIA Philippines Group conduct business with integrity and follows the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and the AIA Philippines Group that can activate an investigation to fix any problems. The Whistleblower Protection Policy applies to all employees of the AIA Group, including all the companies that are part of the AIA Philippines Group. This Policy guides all employees on how to raise ethical concerns, and guides

managers on how they should respond when this happens.

‘Whistleblower’ refers to someone (an AIA employee, business partner, agent, consultant, vendor, customer, or other party) who informs AIA or any of the companies within the AIA Philippines Group of suspected illegal or improper ways of doing business involving violation of laws, regulations, AIA or AIA Philippines Group policies, and other unethical actions that might negatively impact AIA’s and the companies under AIA Philippines Group’s reputation.

Employees who are aware of possible wrongdoing within AIA and the AIA Philippines Group have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. Employees or other individuals will not suffer retaliation for reporting suspected wrongdoing in good faith.

Speak up culture is being encouraged and widely promoted. Posters are displayed, brochures are distributed to promote reporting whenever employees see or suspect potential misconduct or fraud. A hotline and a link is made available and the employee may choose to be anonymous.

An AIA Ethics line (<https://www.aiaethicsline.com>) was developed to support the program. It is an independently managed website and hotline (telephone) service, receiving reports in local language, 24 hours a day, and seven days a week. AIA and the companies within the AIA Philippines Group can communicate with anonymous

whistleblowers through a secure platform using the AIA website. The report may also be made by using the AIA Group Ethics and Compliance Hotline +852 2832 1200, via email to compliance@aia.com or via (PLDT) 1010-5511-00-800-245-4179 or 105-11-800-245-4179.

Anti-Money Laundering and Counter Terrorist Financing Program

AIA does not permit the use of its products and service for Money Laundering and Terrorist Financing purposes. Pursuant to Section 18 of Republic Act (RA) No. 9160, also known as the “Anti-Money Laundering Act of 2001”, as amended by RA No. 9194, RA No. 10167, RA No. 10168 and RA No. 10365, all covered institutions which include insurance companies supervised or regulated by the Insurance Commission are mandated to formulate their respective money laundering prevention program in accordance with the said law.

The Anti-Money Laundering (AML) Program of the companies under the AIA Philippines Group establishes the governing principles and business standards to its companies and business operations from becoming an unwitting tool of money launderers. The management, officers, and staff remain vigilant in the fight against money laundering and financing of terrorism and collectively oppose any effort to violate or flaunt the anti-money laundering laws.

In 2020, the AIA Philippines Group revisited and revised many of its processes to comply with new regulations and to support the country’s efforts not to be gray listed. eLearning sessions were rolled out for employees and agents to ensure strong awareness with local regulations. The AIA Philippines Group continues to improve its processes and systems to support the implementation of its AML Program.

Customer Engagement

Treating Customers Fairly

The AIA Philippines Group's Customer Commitment Standard demands that customers are treated fairly at all times. This ensures that customers' needs and reasonable expectations have been considered in the business activities. Appropriate standards of business practice to promote customer outcomes that are consistent with reasonable expectations are in place. The companies within the AIA Philippines Group also monitors customer experience and manages the risk of unfair treatment or poor outcome for customers.

Marketing, advertising and sales-related materials and services are truthful and accurate, and misrepresenting or attempting to mislead or deceive customers by use of unsupported or fictitious claims about its products or those of its competitors are not acceptable.

The AIA Philippines Group adopts a structured framework in handling complaints related to market misconduct. The Customer Complaints Handling Process defines the step-by-step approach to ensure that all customer grievances and complaints of misconducts are immediately addressed. Misconduct includes but is not limited to misrepresentation of product features, mis-selling, policy replacement, misappropriation of client monies, and any other infringement of the Market Conduct Guidelines.

Market Conduct Guidelines

AIA Philippines envisions itself as having one of the highest sales standards in the Philippine life insurance industry. All agents and agency leaders are expected to conduct their business with the highest level of professionalism, ethical conduct, and personal integrity to protect the policyholders and the insuring public. AIA Philippines will not tolerate any less.

The Market Conduct Guidelines is used as a guide by all agents and agency leaders in the conduct of their business and aid in the determination of what would be deemed proper conduct and behavior. It will apply equally and consistently to the conduct of life insurance business practices and the sale of all financial products. Any breach of the Market Conduct Guidelines may result in the imposition of a penalty on offender or violator. Compliance with these guidelines does not ensure a continued contractual relationship with AIA Philippines. The Company reserves the right at all times to terminate the contract of any agent in accordance with the terms of the contract entered into between AIA Philippines and that of the agent.

The Market Conduct Committee evaluates all complaints and determines whether an agent has committed any wrongdoing. Any agent found guilty of any market conduct-related offense is subjected to appropriate sanctions. This Committee administers the rules of the Market Conduct Guidelines, company policies and other

guidelines, and provides assistance to the Board of Directors and Company's management to enable AIA Philippines to continue operating according to the highest ethical business standards and the applicable laws and regulations.

The Sales Code of Discipline

In pursuit of building and promoting professionalism and having one of the highest sales ethical standards in the life insurance industry, it is the policy of AIA Philippines to set up measures of conduct and standards of behavior to instill a strong sense of discipline among its sales force.

The AIA Philippines Sales Code of Discipline contains penalties associated with the breach of company policy, the market conduct guidelines, employment contract, laws, and regulations.

The objective is to establish uniform disciplinary sanctions amongst all sales personnel and adopt a systematic and equitable procedure in administering corrective measures. The sanctions, which may range from Written Reprimand to Termination of Contract, are applied accordingly depending on the gravity of the offense and as deemed appropriate by the Company.

Securing Customer Information

Data Privacy

The AIA Philippines Group recognizes its responsibilities in protecting the personal data and sensitive information of all its stakeholders including employees, customers, intermediaries, business partners, and third-party service providers. The Board of Directors, management, and employees of the companies within the AIA Philippines Group commit themselves to adopt and adhere to the Policy provisions to ensure protection of personal information and sensitive data collected by and shared.

The Data Privacy Program of the AIA Philippines Group is aligned with RA 10173, the local Data Privacy law. It contains 11 Data Privacy Principles aimed to guide and establish the necessary controls to safeguard the privacy of the personal information in the hands of the companies within the AIA Philippines Group and its employees.

To strengthen corporate governance, the AIA Philippines Board of Directors appointed a Data Protection Officer for the AIA Philippines Group who is tasked to oversee the implementation of its Data Privacy Program based on the issued Implementing Rules and Regulations of the local law, and ensure that appropriate operational controls are implemented across all units or departments.

The AIA Philippines Group's Data Privacy Policy provides guidance to all employees, intermediaries,

and third parties on how personal data should be collected, used, stored, transferred, and disposed. It further clarifies the roles and responsibilities of the employees and intermediaries about the relevant standards and procedural controls expected to be observed to secure and protect personal data.

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EFFECTIVE GOVERNANCE

Supply Chain Management**Sourcing Policy/Vendor Management**

Business partners serve as extensions of the companies within the AIA Philippines Group, to the extent that they operate within contractual relationships. Business partners are expected to adhere to the spirit of the AIA Code of Conduct and to any applicable contractual provisions.

Business partners must not act in a way that is prohibited or considered improper for any AIA Philippines Group employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with the companies within the AIA Philippines Group or use its name in connection with any fraudulent, unethical or dishonest transaction.

Suppliers and vendors are selected on the basis of performance and merit in accordance with a fair and transparent process. Requirements for suppliers and vendors to follow the standards in the Code are part of the vendor management program.

The total expenditure on goods and services from third party suppliers form a significant part of the operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure that it is able to maximize the value and manage risks associated with use of external suppliers.

The local Sourcing Policy sets out the framework within which the AIA Philippines Group companies must engage external suppliers for goods/ services, and is supplemented by the Sourcing Practice Guide. This provides the standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The local Sourcing Policy, with the AIA Group Sourcing Policy as a model, was defined with the primary objective of establishing a standardized sourcing procedures.

As set out in the AIA Group Sourcing Policy, a Local Sourcing Lead (LSL) or a designate is appointed and will be responsible for ensuring implementation, execution, update and compliance of the local policy. This person should closely work with the AIA Group Sourcing (GS) team.

Supplier Selection

Suppliers and vendors of the AIA Philippines Group are selected on the basis of performance and merit in accordance with a fair and transparent process. Appropriate due diligence is performed regarding potential agents, consultants, and independent contractors prior to engaging their services.

The companies within the AIA Philippines Group seek supplier partnerships with diverse businesses, and values suppliers that share their dedication and commitment to diversity and social responsibility.

The AIA Philippines Group ESG Policy

The AIA Philippines Group officially confirmed its Environmental, Social, and Governance Disclosure Policy (the “Policy”) in 2020, which sets out its approach to disclosure of non-financial information and management of the economic, environmental, social and governance (ESG) aspects of its business for sustainability and growth.

Mindful of contributing to the sustainability of its communities, the Company in all its undertakings will strive to make a positive difference by empowering Filipinos to live Healthier, Longer, Better Lives.

Aligned with the ESG direction of its parent company, AIA Group Limited (“Group”), it will monitor environmental regulation and opportunities in the area of green and sustainable finance. The AIA Philippines Group will also develop suitable local strategies and/or initiatives in line with the Group’s ESG direction. This will include identifying and reporting on progress against suitable KPIs that will allow it to communicate how it is making meaningful progress against local sustainability challenges, in line with the Group’s ESG approach.

The AIA Philippines Group likewise recognizes that strong corporate governance sets the foundation upon which it is able to grow its business and realize its Purpose. Because of this, its approach towards strong governance culture is based on its Operating Philosophy of “Doing the Right Thing,

in the Right Way, with the Right People and the Results will come.” This approach will be embedded within its governance practices and culture program.

To attain a cohesive and collective effort towards sustainability for the entire organization, it has aligned its ESG disclosure policy with the AIA Group and has committed to produce a local ESG Annex Report, supplementing the report from its parent company with details on the initiatives being done in the Philippines.

