

CORPORATE RESPONSIBILITY



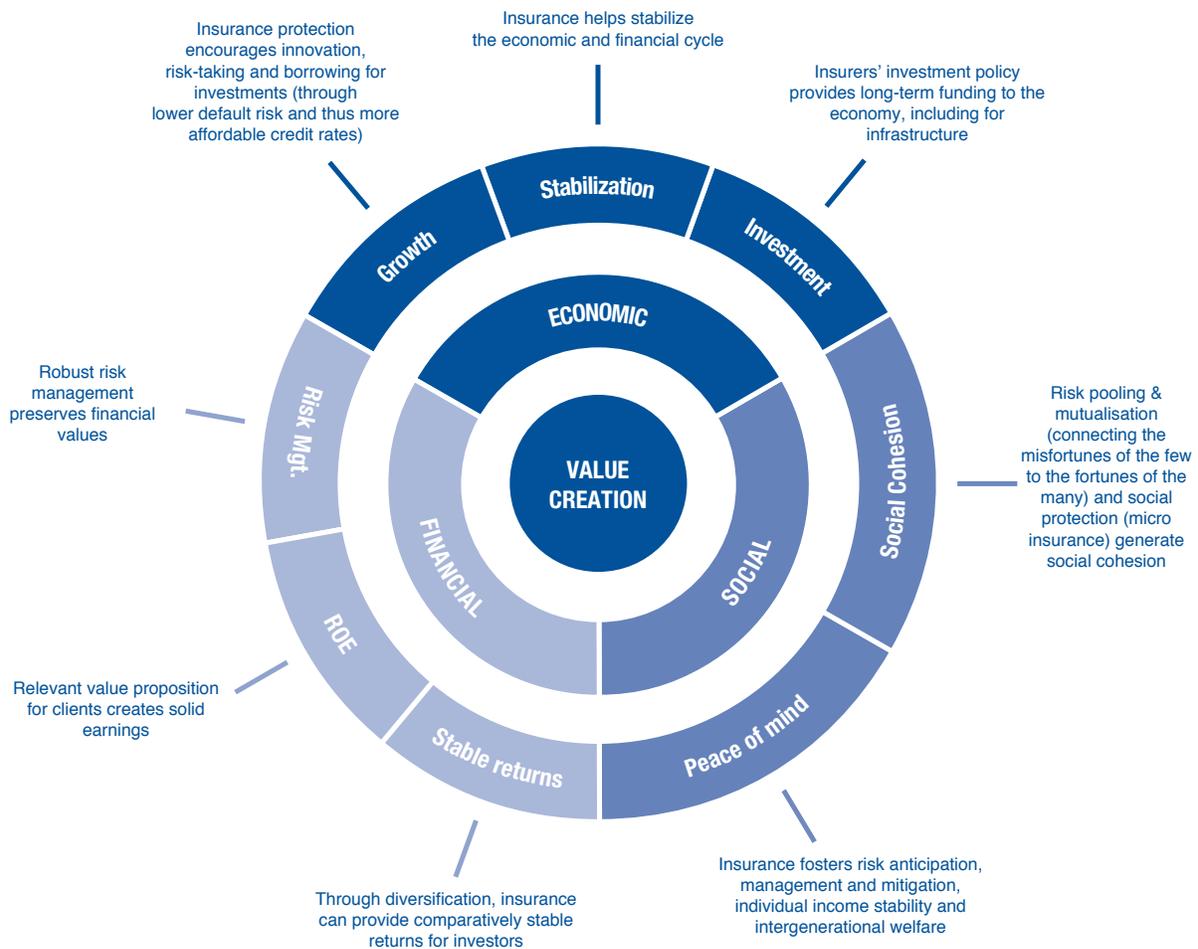
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7.1 INTRODUCTION

This chapter describes our Corporate Responsibility (CR) Strategy in accordance with the provisions of the EU Directive 2014/95 (“Non-Financial Reporting” directive). In-depth information on the AXA Group’s Corporate Responsibility-related policies and practices is also available in the “Integrated Report”, in the online “Social Data Report” and on the AXA Group’s website (www.axa.com), in particular in the “Corporate Responsibility Section”.

Sustainable Value Creation

AXA’s business is to protect people over the long-term, by better understanding, selecting, quantifying and managing risks. We do so by operating at the intersections of economy, finance and society. Insurance creates value along these three dimensions.



In doing so, we are not only contributing to global economic growth but also ensuring social stability, in line with our ambition to “Empower People to Live a Better Life”. This approach is inherent to our business and it also drives our CR strategy. For more information on AXA’s business model, please refer to Chapter 1 “Business overview” and Chapter 2 “Activity report and capital management.”

AXA's Corporate Responsibility Strategy

Our CR strategy is an essential driver of employee engagement, customer trust and brand image. CR is also a risk/opportunity management concern: it enables AXA to reduce certain costs and business and operational risks, while providing market opportunities in emerging or future commercial segments. Our CR strategy is focused on the core topics of climate change and environment, health risk prevention, social inequalities & inclusion and using data for social good, while continuing to address broader environmental, social and societal concerns.

- Climate Change and the environment: AXA reduces its own carbon footprint and leverages its core business of insurance and investment to help better face climate risks.
- Health risk and disease prevention: as a trusted partner of our clients and with our expertise as risk managers, we develop our health risk prevention efforts to achieve positive outcomes for public health.
- Social inequalities & inclusion: as an insurance company, we aim to provide protection and risk prevention to under-served populations, thereby contributing to global socio-economic development.
- Responsible data and Artificial Intelligence (AI): data and AI can be a force for good, especially when it gives us an opportunity to protect our customers' risk knowledge data by reinforcing cyber-security. We will notably "give back data" to our customers and society for public good.

In 2018, the Group also developed a new "CR Framework" to identify future topics for engagement which takes into account the "Sustainable Development Goals" (UN SDGs), a UN-level vision. The UN SDGs are a set of 17 global goals developed by the United Nations General Assembly in 2015, covering social and economic development issues including poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanization, environment and social justice. The full framework is described in the following website: sustainabledevelopment.un.org.

The UN SDG framework is also matched with internal expertise. The topics identified are then screened with the help of a "business case" filter which notably ensures AXA invests efforts on topics on which it can truly have an impact. This process enabled us to identify biodiversity loss and the twin epidemic of obesity and diabetes as key areas for action going forward. While the Group has not developed its sustainability strategy based on the UN SDG framework, and this work is still underway, the following pages highlight correlations between some CR initiatives and certain UN SDGs.

AXA is also committed to be a responsible employer, striving to maintain employee engagement at the core of our business strategy and to create a workplace inspired by our values, which fosters diversity and equal opportunities for all, promotes employee participation, encourages professional development and supports employee well-being.

CR governance & Stakeholder dialogue

AXA has established a robust governance framework to develop and implement its CR Strategy. Every year, the Board of Directors' Compensation and Governance Committee examines the Group's CR strategy. Moreover, the Group Management Committee reviews the CR strategy at least once a year. On a local entity level, a network of "Chief Corporate Responsibility Officers" is responsible for coordinating the CR strategy and promoting best practices. The CCROs are supported by local CR teams.

AXA also leverages its Stakeholder Advisory Panel to better evaluate future topics of interest. Indeed, in 2014, AXA created a Stakeholder Advisory Panel to advance the company's role as an insurer in building a stronger, safer and more sustainable society. Twice a year, it gathers senior external and influential figures who are collectively representative of AXA's stakeholder groups, as well as AXA's top management and members of our Board of Directors.

The Panel is designed to provide an informal forum for in-depth discussions on global trends shaping the world by addressing a mix of business and sustainability issues. For example, the topics reviewed in 2018 included the AXA Research Fund's strategy, the "Future of Learning", AXA's innovation strategy, the "Circular Economy", our new CR framework for engagement, with an in-depth discussion on biodiversity and the twin epidemic of obesity and diabetes, AXA's Health strategy in Africa, and the "Future of Trust". External panelists are encouraged to provide long term views on AXA business and challenge its strategy with a CR perspective. It enables AXA to maximize its positive impact on clients and on the communities in which it operates. Full information about the Stakeholder Panel is available here: www.axa.com/en/about-us/stakeholder-advisory-panel.

More generally, AXA has developed a culture of stakeholder dialogue by working closely with a number of civil society partners, with a view to strengthen its risk assessment (AXA's stakeholders being defined as individuals or groups affected

by its business operations, or who may affect the Group's performance or the environment in which it operates – such as our clients, shareholders and investors, employees, suppliers, as well as governments and community groups).

Sustainability Risk Assessment

As required by the EU Non-Financial Directive, AXA conducted an internal risk assessment to identify its main sustainability risks. These risks were grouped into the following main categories: social risks, human rights risks, environmental risks and risks related to business conduct.

These risks were correlated to the following impacts on AXA's business: financial (impacting our profit bearing capacity), employee (impacting our human resources), reputational (impacting our brand image), operational (impacting our capacity to carry out our daily business operations) and environmental (impacting our investments, insurance or operations on environmental concerns).

To identify these material risks, a risk assessment methodology was developed by a transversal working group featuring Group Legal, Group Corporate Responsibility, Group HR, Group Risk Management and Group Communications. The teams assessed the materiality of sustainability risks, based on their severity and frequency. These risks were compared to several impacts on AXA's business, notably financial, employee (e.g. talent attraction), reputation, operational (e.g. business continuity) and environmental impacts.

The results were then cross-referenced with the AXA Group Operational Risk Profile (for more information on operational risks, please refer to Section 4.7 "Operational risk") as well as AXA's Emerging Risks Survey, which outlines major emerging

risks for society at large (for more information on emerging risks, please refer to Section 4.8 "Other material risks"). The most material risks are also compared to the Dow Jones Sustainability Index' evaluation to integrate a third-party analyst view. Based on this methodology, the following risks were identified:

- social risks. The issues identified are: responsible employment practices, social dialogue and working conditions; employee development; talent attraction and retention. See Chapters 7.2 and 7.4 for further information;
- human rights risks-related issues identified are: "inclusive" insurance solutions; customer protection; customer data; and preventing human rights violations within our supply chain. More information on these risks can be found in Sections 7.4, 7.5 and 7.6;
- environmental risks relate to environmental and climate change-related issues, developed in Section 7.3;
- societal risks-related issues include addressing the UN Sustainable Development Goals; partnerships and philanthropy; stakeholder engagement practices. See Section 7.4 and CR governance & stakeholder dialogue for further information;
- fair business practices-related issues include ensuring our suppliers and contractors meet CR requirements; fighting bribery, corruption and tax evasion. See Sections 7.5 and 7.6.

AXA XL, our new Commercial lines entity

AXA acquired the XL Group in September 2018, and merged it with existing AXA teams to create AXA XL, a new entity focused on P&C Commercial lines. AXA XL was not included in the Sustainability Risk Assessment described above but is nonetheless gradually integrated into AXA's policies and processes, including our social and environmental reporting processes (the social and environmental data published in this report integrates XL Group data for the last quarter of 2018). AXA XL applies the Group's underwriting restrictions (coal, tobacco, etc.). Notable initiatives include the "Ocean Risk Initiative", launched in 2017 to highlight the implications of ocean-derived risks and develop cross-sectoral solutions that

help to build resilience at local, regional and global levels. It is underpinned by thought leadership projects, industry responses to ocean risk, and educational resources for schools. AXA XL has also implemented an environmental management system, and offsets its global travel emissions through the purchase of carbon credits with The Nature Conservancy. Finally, AXA XL employees are encouraged to invest in their local communities through employee volunteering and philanthropy programs. In 2018, over 5,000 employees (out of a total number of 7,500 employees) participated, and over \$4 million were donated to communities around the world.

Ratings

The Group's Environment, Social and Governance (ESG) performance is evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also

included in main international sustainability indices. These ratings are described in further detail under Chapter 1.

Reporting certification

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third party, presents in its report, featured in this Annual Report, their reasoned opinion on the compliance of the consolidated non-financial

information statement disclosed in the Company's management report prepared for the year ended December 31, 2018, with the French regulation, as well as on the fairness of the information.

Reporting methodology

An assessment of the social, environmental, societal, business conduct and human rights impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the French Commercial Code.

Scope of social indicators

The social data provided for in Section 7.1 are collected from 315 active entities of the AXA Group, all included in the consolidation scope of AXA (*i.e.* fully consolidated for the preparation of the consolidated financial statements as of December 31, 2018, in other words, the subsidiaries in which AXA holds, directly or indirectly, management control). Except for a few entities which may pre-consolidate data on a local level, the social indicators are consolidated at Group level.

The scope corresponds to legal entities (companies and/or organizations) which AXA owns, as of the end of year, directly or indirectly with at least 50% of the capital or voting rights. This scope is updated annually following potential acquisitions/mergers or business disposals. 315 active legal entities reported their 2018 social data. Therefore the subsidiaries that were financially consolidated during the reporting year or whose employees were incorporated during the reporting year are included in the 2018 scope (*e.g.* XL Group).

Scope of environmental indicators

The environmental data provided for in Section 7.3 "Own operations" are collected from 81 entities, in accordance with the same rules used to define the scope of the social indicators (*i.e.* subsidiaries that are consolidated using the full consolidation method as at December 31, 2018). AXA sites with fewer than

50FTEs are not included in the data collection, but are part of an extrapolation process. In 2018, environmental indicators were collected for 101,977 FTEs working on AXA sites (unless otherwise indicated) and were then extrapolated, continent by continent, to cover all 124,355 salaried FTEs (all types of contracts, including XL Group, for which FTE data was included on a pro-rata basis for Q4 2018) working at AXA Group in average in 2018.

Section 7.3 also describes the manner in which AXA strives to integrate environmental issues into our business, as an insurer and an investor. The perimeter of our responsible investment strategy (which includes climate finance) covers our General Accounts assets, while our climate-related insurance activities cover essentially our P&C Commercial lines business.

Scope of societal indicators

Our Community Investment Survey, as described under Chapter 7.4, covers 73% of AXA's FTEs.

CONSOLIDATION METHOD AND GUIDELINES

For the scopes defined above, indicators are 100% consolidated, unless otherwise indicated. In order to develop its CR Strategy and disclose its non-financial performance, AXA voluntarily complies with some international guidelines as specifically indicated in the relevant paragraphs of this Chapter 7. These guidelines include for example the Greenhouse Gas Protocol (ghgprotocol.org) for CO₂-related KPIs. Other guidelines are highlighted where appropriate.

PERIOD

The indicators cover the period from January 1 to December 31, 2018, unless mentioned otherwise (e.g. XL Group data were included on a pro-rata basis for Q4 2018). The data are collected at December 31 each year as a status report at the date or at the end of the period under consideration. To facilitate their collection and processing, some data may be collected earlier in the year. The data for any remaining months (maximum 6 months) is then estimated in accordance with the assumptions set out in the description of the indicators/pre-established assumptions.

DATA COLLECTION

The social data provided for in Section 7.2 are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. Social data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There is no estimation or extrapolation made on the data provided. Regarding data published in ratios and percentages, numerator and denominator are realigned for each calculation to exclude entities with empty data points. The social data from XL Group are integrated into the Group's headcount, compensation and new hires data, but not for absenteeism, accidents and training.

As explained above, environmental data is collected from AXA sites with more than 50 FTEs as well as AXA-owned data centers. Environmental data contributors are required to gather all the relevant data into a dedicated reporting tool. For each site, contributors specify whether data has been measured or estimated based on the calculation rules defined in the Group's reporting procedures. In 2018, environmental data was collected for 82% of our total FTEs, and the remaining 18% was extrapolated. For AXA-owned data centers, 100% of the data is reported on actual basis (no extrapolations). Please refer to Chapter 7.3 "Environmental reporting process and verification" as well as perimeter notes below our environmental data table for further information. Environmental data and more generally policies regarding our investments and insurance business is handled by various teams including Group Investments, Group Corporate Responsibility and Group Insurance Office.

Regarding societal data, please refer to Section 7.4 "Community investment". Notably, the number of unique volunteers is an estimate based on local entity knowledge of volunteering activities.

METHODOLOGICAL PRECISIONS AND LIMITATIONS

Reporting on certain indicators may have limitations due to:

- the absence of nationally and/or internationally recognized definitions, in particular concerning the different categories of employment contracts;
- the necessary estimates, the representativeness of the measurements made or the limited availability of external data required for calculations;
- the practical procedures for collecting and entering this information.

Therefore, whenever possible, definitions, methodologies and, where applicable, the associated margins of uncertainty are specified for the concerned indicators.

METHODOLOGY AND REPORTING SCOPE: BUSINESS BEHAVIOUR

Over the year 2018, AXA has provided in-depth information related to policy and governance of the main risk linked to business behavior. Specific to these, AXA has developed robust internal processes and has implemented necessary policies as well as Key Performance Indicators to measure their effectiveness.

However for some specific risks such as Corruption, Customer Protection, Human Rights and CR requirements related to Responsible Procurement, the current disclosure includes internal policies, framework and due-diligences measures implemented by AXA. These are described in Sections 7.5 "Business Behavior" and 7.6 "Vigilance Plan". In line with Non-Financial Directive requirements, the Group has been working towards the development of Key Performance Indicators for these specific topics as part of its 2019 non-financial disclosure.

7.2 SOCIAL INFORMATION ⁽¹⁾

Foreword

AXA strives to be a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this ambition has meant creating a workplace built on AXA's values, which foster diversity and equal opportunities for all, promote employee participation, encourage professional development and support employee well-being. For additional and more comprehensive information, refer to "About Us" and "Career" pages on www.axa.com.

It is generally known that social and economic changes will increase the share of diversity at work. Digital will enhance multiple customers interactions and provide more information upon which to make decisions. Technology and data advancements will allow machines to take over labor-intensive tasks so to improve working conditions and to shift people contribution to more value-added activities. Climate change will impose private corporations to adopt more environmentally friendly policies and continuous progresses in medical research will extend life expectations leading to a later retirement.

Therefore, AXA is committed to analyze those trends, to anticipate and adapt its employer proposition and practices accordingly and develop our people to new ways to perform our business.

To achieve our purpose ("we want to empower people to live a better life") and reveal the potential of our employees, we are committed to creating a workplace built on our values, a workplace which:

- fosters diversity as it breeds performance and innovation, promotes equal opportunities for all and creates the conditions for everybody to express his/her full potential at work;
- encourages employees' participation in the decision-making process and enable them to take risks;
- provides best in class solutions and opportunities to maintain employability and encourages continuous learning and professional development;
- promotes a generational mix at work;
- promotes the balance between work and life and safeguards health of people at work.

To confirm the relevance of our proposition and its adequate global execution, we have established a continuous dialogue with our people who have the responsibility to spot potential misalignments and suggest the management actions to repair. Regular employee engagement surveys are managed across the organization.

(1) *Methodology note: The social data communicated here are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. These indicators represent the data of 315 active entities of the AXA Group (few entities may pre-consolidate data on a local level). The perimeter is updated annually following potential acquisitions/mergers or business disposals. These indicators are reported for the period between January 1, 2018 and December 31, 2018, unless mentioned otherwise. Evolutions are measured with ratios between 2017 and 2018 end-of-year data. The data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There are no estimations nor extrapolations made on the data provided. Regarding data published in ratios and percentages: numerator and denominator are realigned for each calculation to exclude entities with empty data points.*

Workforce at a glance

AXA's overall salaried workforce on December 31, 2018, was 125,934 employees (open-ended and fixed-term contracts), which represents an increase of more than 8% compared to 2017. This increase is mainly due to the acquisition of the XL Group, which has a global footprint, representing some 7,400 employees.

HIGHLIGHT & KEY FIGURES: GENDER AND BUSINESS DISTRIBUTIONS (*)

	Non-sales	Sales	Total
Women	55,449	8,566	64,015
Men	47,394	8,371	55,765
TOTAL	102,843	16,937	119,780
Women Proportion	54%	51%	53%

(*) Open-ended contract headcount only.

In terms of geographies, the footprint of AXA's salaried workforce in 2018 was: 56.6% in Europe (-2.5 points compared to 2017), 22.5% in Asia-Pacific (+1 point compared to 2017), 15.5% in the Americas (+1 point compared to 2017) and 5.4% in Africa (+0.5 point compared to 2017).

HIGHLIGHT & KEY FIGURES: GEOGRAPHICAL FOOTPRINT DISTRIBUTIONS (*)

Continent	Headcount	Distribution
Europe	71,260	56.6%
Asia-Pacific	28,322	22.5%
Americas	19,580	15.5%
Africa	6,772	5.4%
TOTAL	125,934	

(*) Open-ended and fixed-term contract headcount.

AXA continued to recruit in 2018 and hired more than 17,400 employees on open-ended contracts (excluding entries due to mergers and acquisitions), of which more than 4,200 were sales employees.

For further details on the above figures and a comparison between 2017 and 2018, please refer to the tables at the end of Section 7.2.

Social challenges outlook

In accordance with the EU Non-Financial Reporting Directive, the AXA Group has identified three main potential social risks:

- not maintaining sustainable and responsible employer practices everywhere through an ambitious employer value proposition and continuous social dialogue;
- insufficient growth and development opportunities, limited internal and external employability and skills becoming obsolete in a disrupted business environment;
- not attracting, retaining and managing talents because of inability to build an inclusive and engaging environment.

Those have been identified through working groups with AXA Group experts from different departments and also on internal documentation that AXA, as a mature insurance company and an expert in the management of all kind of risks, has been improving over the past years. They consist of documents developed by Group Risk Management (Operational Risk Grid) and by Group Human Resources (HR) Departments (Pager on AXA HR ambition and roadmap, and AXA HR Group Standards). AXA's

human resources teams are regularly involved with Corporate Responsibility teams to answer to external stakeholders' (Non-Governmental Organizations, Rating Agencies, press, etc.) requests regarding the responsibility and sustainability of social practices.

The AXA Group globally, and AXA human resources professionals in particular, are all committed to mitigate those potential social risks.

Employee relations and work conditions

Maintaining sustainable and responsible employer practices and fostering social dialogue and work conditions are priorities at AXA. Over the past years, AXA, as a mature organization, implemented processes and instances that let the social dialogue and work conditions develop in its different entities globally.

A CONTINUOUS AND ESTABLISHED SOCIAL DIALOGUE

AXA is committed to building an environment where the voices of employees are heard (through employee engagement surveys amongst others), and actions are taken to ensure they remain engaged. AXA is a United Nations Global Compact signatory and is committed to uphold the right to freedom of association and collective bargaining. Labor-management communications and social dialogue pave the way for the stability required to implement the Group's business development strategy. Each AXA entity, therefore engages with staff or their representatives for communications on a regular basis. AXA has also set up a European Works Council (EWC), whose extensive role goes beyond regulatory requirements.

In Europe, a first labor agreement was signed at AXA in 1996. In June 2009, a Group EWC agreement (available at www.axa.com) was concluded to guarantee a high level of social dialogue and that cover the majority of Group's employees. AXA holds two EWC plenary meetings a year – gathering 50 employee representatives from European countries, and chaired by AXA's CEO – as well as monthly sessions, held by 12 members of the EWC, to stay abreast of labor and economic developments in each country.

Other affiliates outside the scope of the EWC have also developed social dialogue agreements, but these are not monitored at Group level. More generally, beyond Europe, the Group strives to ensure that employees are fairly represented in all major countries where it is present. Sessions of exchange are planned regularly during the year between the Group and local Heads of Social Relations.

RESPONSIBLE WORK CONDITIONS RESPECTING WORK-LIFE BALANCE

AXA is committed to helping its clients and its employees to live a better life, which includes a better life at work and work-life balance.

Work conditions form a significant part of AXA's overall employee value proposition. It is part of the Group's responsibility to build an inclusive work environment hence operating as a source of personal fulfillment. AXA has implemented programs on preventing stress at work, and promoting mental health and wellbeing. The Group is also working on building an inclusive workplace environment through the New Way of Working (NWOW) approach: an environment that sustains different forms of flexible work arrangements (teleworking, part-time work, hot desking, desk sharing, flexible hours, compressed work week) and respects the work-life balance. 8 countries have deployed all or part of the NWOW approach across several campuses. As of end 2018, at AXA France, 3,706 employees were practicing teleworking while 2,200 employees were experiencing other aspects of NWOW. In Belgium, 3,155 employees are encouraged to do 2 days teleworking per week. In Spain, at AXA Spain, 63% of employees (more than 1,700 individuals) benefit from a "smart working" model.

Also, in terms of work-life balance, AXA is committed to supporting working parents globally. In January 2017, AXA launched a Global Parental Policy which gives all AXA employees across all countries where AXA operates the same rights and opportunities when expanding their family: a minimum of 16 weeks fully paid maternity/primary parent leave and 4 weeks fully paid paternity/co-parent leave, respectively. The number of maternity/paternity-absence-related days has globally increased by 8% compared to 2016 with a more significant impact on sales population (+17%) compared to 2016. The Global Parent Policy had a major impact in some countries where local benefits were not as generous as in Europe. For illustration, in India, in the AXA Business Services entity, the number of maternity/paternity-absence-related days tripled in 2 years (from 5,100 days in 2016 to 15,600 days in 2018) and in US at AXA Equitable, the number increased by more than 60% over the same period.

SECURED AND PROCESSED WORK CONDITIONS

As a responsible insurer and employer, it is in AXA's DNA to protect all its personnel as per international best practices, under the legal requirements of "duty of care" and "duty of vigilance" and in three major dimensions:

- "Physical security": protection of employees from intentional threats (crime, terrorism, political and social instability);
- "Health & safety": protection of personnel from hazard and accidents (fire, pandemics, natural disasters, etc.);
- "Crisis management": when an incident requires extraordinary processes to be managed.

In that context, the "Physical security" Group Standard is implemented across AXA since 2014, enabling to create a consistent approach for physical security in all entities, based on the locally identified risks, which are rated by external providers. The framework focuses on the operational procedures to mitigate risks for personnel during working hours, when travelling, or during an expatriation. It also enables to limit the

impact of incidents and crises, when they occur. This Standard is applicable in the whole AXA Group and CEOs of entities are accountable for applying it.

Maturity improvements are being monitored every quarter based on 20 points of control, in line with the objectives set by Group Management Committee.

These objectives cover the entire AXA Group and are the followings:

- implementing a minimum baseline for physical security;
- having a particular focus where risks are the highest.

All improvements are controlled through evidences and on-site visits from the AXA Group central teams.

The baseline defined by Group Security has been implemented in 90% of the Group as of end 2018 – in line with Group Management Committees objectives. The objective is to have 100% of the Group aligned and to reach higher maturity levels according to risk levels. The management of physical security is reflected through the global absenteeism rate of 5% in 2018 for salaried workforce and with the low proportion of absences due to work-related accidents, stable at 2%.

Learning environment and skills management

In an unpredictable business environment, with the emergence of new risks and competitors, AXA needs to ensure that its business, organization and people are ready to face new challenges. The insurance sector is changing fast as technologies and customers' expectations disrupt the market. Therefore, business and support functions need to constantly adapt to the environment, which opens plenty of opportunities for AXA people to enhance their skills-set. Learning is more than a key lever to enable employees to grow and develop the skills of the future. A lack of career, skills and talent management, in a highly-competitive environment, could impact AXA's competitiveness.

TALENT AND SKILLS MANAGEMENT FRAMEWORKS AIMING AT ATTRACTING KEY TALENTS

A standard performance management process has been set up and must be used by each AXA entity to cover 100% of its employees, at least once a year.

This process is tightly linked to AXA's remuneration policy that aims to support the Group's long-term business strategy (incorporating AXA's Dow Jones Sustainability Index "DJSI" results in the calculation of AXA's Long-Term Incentives for 10% of the grant weight) and to align the interests of its employees and other stakeholders.

The remuneration policy approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA's leadership. Besides, benefits form a significant part of AXA's overall employee value proposition. AXA's policy is to target benefits coverage at a minimum level of the median of the relevant market. Benefits should include pension, healthcare and protection covers.

Through the Organization and Talent Review (OTR) that is in place since 2005, AXA performs a systematic review of the organization structure required by its current business and its future needs. OTR is the review of the senior leadership roles in all AXA markets and functions. Commitments, embedded in recruitment, talent, performance and learning and development processes, have been taken to guide the way AXA employees work and interact with each other and take the management of their career in their own hands. AXA ambitions to act on 5 key dimensions of the employee lifecycle:

- employer brand, to continue attracting the workforce of tomorrow, and integrate candidate satisfaction in our recruitment strategy, both internally and externally;
- resourcing, where qualified professionals are enablers of the decision making in the business;
- manage the performance of our employees and grow high potentials, by putting in place systemic performance and

talent reviews and by understanding the competencies and skills needed for today and tomorrow;

- employee development, to offer differentiating learning and development actions to employees; and
- leadership management, to ensure current and future leaders, as well as High Potential profiles get the continuous support they need to lead and transform our business and culture.

AN AMBITIOUS AND GLOBAL LEARNING AND DEVELOPMENT OFFER

AXA's talent, performance, learning and development objectives focus on building the organization of tomorrow and transforming AXA into a self-learning organization in which people learn continuously in the flow of work, individually and collectively, from mistakes, feedback, setbacks and challenges, and are able to not only learn, but also unlearn and relearn continuously. One of the pillars of this transformation is a seamless digital ecosystem with the Global Learning Management System being its backbone and its accessibility to approximately 154,000 employees and distributors worldwide across 55 business units as of the end of 2018. AXA is also committed to developing its managers in the areas of leadership, integrity, collaboration and empowerment of their teams.

AXA focuses on delivering new digital learning experiences to foster a self-learning organization, leveraging on the latest approaches and technologies:

- the partnership signature with Coursera offers over 550 courses on critical skills to all AXA employees with university certificates recognized on the market. In 2018, more than 7,800 employees have started a course and 2,400 have been certified. Overall, we have reached a total level of 19,000 courses started, *i.e.* more than 85,000 training hours delivered,
 - after only one year of partnership with Coursera, this provider represents more than 80% of AXA's total digital learning time, doubling from 2017,
 - we also note that around 50% of learners on Coursera have more than one certificate;
- the sharing of a common virtual off-the-shelf learning offer, called "Click & Learn". AXA Employees can select courses according to the time they can allocate, through more than 600 modules covering Leadership, Management, Workplace and Personal excellence topics. Around 48,000 "Click & Learn" courses have been launched and more than 30,000 are completed;
- the effort made by AXA to develop the skills of the future for its people is a reality, as 50% of digital learning time was spent on hard skills such as Data science (30%), Artificial Intelligence and Machine learning (7%) and other hard skills (14%). More

than 10,000 courses, representing 30% of digital learning time was spent on personal development and soft skills topics (communication, interpersonal relationships and resilience, leadership, empathy, dealing with stress, productivity, and others);

- AXA's competencies development is now impacting almost all employees. The number of training days of salaried workforce remained stable (327,000 days in 2018 vs. 330,000 days in 2017). However, with 97% of its employees trained at least once a year, it is a very significant increase compared to last year (+13 points compared to 2017);
- in 2018, more than 25,000 people worldwide downloaded the supporting application and took part to the AXA Learning Games, which consisted of several challenges and events to make AXA's people more sensitive to learning topics. The time spent on learning during the AXA Learning Games went up by 100% and we saw an impressive increase in time spent on courses that were promoted during the Learning Games. This result confirmed the Group's hypothesis that proper marketing of our learning offer can have a large impact on the learners.

AXA'S PEOPLE, EMPOWERED TO MANAGE THEIR CAREER

AXA established Group-wide mobility policies and processes and enabled Group-wide posting of internally and externally available jobs. All vacant jobs are advertised internally, within one global recruitment platform adopted by AXA's entities representing 80% of AXA's Full-time equivalents. This makes the mobility opportunities for our employees immediately visible, thereby helping AXA better source the right people for its business needs. International mobility, governed by a globally consistent International Mobility framework and the Centers of Expertise for International Mobility (CEMI), is another important enabler of the organization transformation, as AXA wants to improve the visibility of international offers and allow fuller access to a culture of trust and achievement through direct exposure to new environments.

In 2018, international mobility slowed down, although in the second half of the year the usual dynamic returned. As the result of 2018 the overall volume of employees supported by the CEMI in relations with their international moves remained stable (785 employees supported vs. 788 in 2017). For the third year in a row we keep observing a change in the range of assignments and transfer types. Traditionally, long-term assignments have always been popular, but the declining trend of the previous years continued in 2018 which decreased the portion of this population among active assignees 44% (vs. 50% in 2017). On the contrary, a trend on the rise is Cross-border commuting assignments, which reached an all-time high of 13% of international assignments (vs. 5% in 2016 and 8% in 2017).

Diversity and Inclusion breeding talent and innovation

To tackle tomorrow's challenges, AXA aims at setting and enriching an environment and culture, which values diversity and inclusion, for its entire people, whatever their profiles are. AXA's workforce should reflect the diversity of the world in which AXA operates, and the middle and top management need to play a central role in reaching those objectives. Indeed, the AXA Group is convinced that diversity and inclusion management are key levers to breed talent and innovation within the organization and to remain a top player of the market.

DIVERSITY AND INCLUSION AMBITION AND FOCUS ON GENDER BALANCE

As diversity and inclusion are important drivers to breed talent and innovation, attract and retain the best talents and remain the preferred employer of the market, AXA promotes diversity through its recruitment, learning and development and talent management processes. AXA Group has developed a Diversity and Inclusion (D&I) Policy and ambitious commitments to drive initiatives, including public commitments, linked to our Group D&I priorities. AXA's leaders act as advocates for those commitments and are committed to support the Group to: reach gender balance across all levels of the organization; raise awareness on disability; maintain the momentum on the inclusion of LGBT community and embark our senior executives as advocates for D&I.

As of end of 2018, women made up over 53.4% of AXA's sales and non-sales workforce and held 29% of all Executives sales and non-sales positions. Since 2009, AXA has been tracking representation of women among its Top Senior Executives' population.

In March 2018, AXA reaffirmed its priority to reach gender parity by 2023 among Top Senior Executives' population and focused on several actions:

- ask top management to play a more active role to foster gender diversity – diversity objectives are set to all Top Senior Executives with a clear focus on gender diversity. Diversity in teams is a shared goal for AXA's 150 Top Senior Executives. Management Committee and Partners members are involved in a sponsorship initiative launched in December 2018 targeting 30 talents: 23 women (among them 83% are in operational roles) and 7 men (among them 86% are in operational roles).

This sponsorship initiative is a component of two different programs feeding the pipeline of future leaders:

- launched in 2014, the "Group Sponsorship Tandem" program was designed to develop female talent across the Group. 42% of the women who have participated in the program from the first three waves got promoted to Top Senior Executive position as of end-2018,
- launched in 2017, the "Global Executive Development" program was a 2-year program built for executives, women and men, that the management believes have the potential to grow into key global leadership positions. 36% of participants of the 2017 wave were promoted to Top Senior Executive positions in 2018, after only 1 year of involvement;
- strengthen gender balanced talent pipelines and succession plans – AXA entities have been requested to set up local targets of female representation at Executive Committee level (roughly 300 people) and executive level (roughly 3,000 people);
- in addition, AXA has focused on designing an innovative learning solution to support 10,000 managers worldwide in the transformation journey, with the aim to equip them with key collaboration skills and modern networking leadership skills. The AXELERATE program combines a customized pulse survey (team barometer), mobile learning (pocket coach), large workshops facilitated by AXA managers, peer coaching and online courses. Core topics include AXA transformation strategy, networking leadership, empowerment and agile practices, as well as how to be inspiring as a leader. At the end of 2018, 4,500 managers have already participated in the AXELERATE journey worldwide and AXA targets to train 5,000 more managers in the AXELERATE program in 2019;
- hire and promote talented women at leadership levels – AXA applies gender equality in recruitment processes. For each opened Senior position, the shortlisted applicants are at least one man and one woman. Recruiter managers are key players in that domain. In 2018, 200 Recruiters have received the Resourcing Academy training across seven major countries but also in International New Markets and in two of AXA major transversal operations (AXA Investment Managers and AXA Partners) which operate in up to 36 countries. D&I are some of the topics that are covered in that program;
- the Resourcing Academy, available to entities subject to their needs, encourages best practice in terms of culture, diversity and inclusion in the selection process.

As of the end of 2018, the gender diversity within leadership teams was the following:

HIGHLIGHT & KEY FIGURES: AXA'S LEADERSHIP TEAMS GENDER DIVERSITY

	Management Committee	Partners Group	Top Senior Executives
Women	9%	17%	32%
Men	91%	83%	68%
Pool	11	36	150

The Management Committee assists the Chief Executive Officer in the operational management of the Group.

The Partners Group is composed of the members of the Management Committee and approximately thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in the definition and implementation of key strategic initiatives.

The Top Senior Executives are AXA's most senior leaders accountable for AXA's long-term strategy, sustainable results and culture. A key strategic initiative has been defined by the Management Committee with the support of the Partners Group: Reach gender parity on Top Senior Executive Population by 2023.

For more information on AXA's D&I Policy in top management, please refer to www.axa.com.

AXA, GLOBALLY COMMITTED WITH CIVIL SOCIETY ABOUT DIVERSITY AND INCLUSION

AXA is also committed with civil society in many dimensions.

In January 2018, AXA made public its support to the United Nations LGBTI Standards of Conduct for Business. AXA reinforced its partnerships with LGBT organizations to raise

awareness across the Group and extend our network in those communities. Entities have continued to engage employees through participation to several LGBT events: sponsorship (or participation in) Pride marches and events. Entities have made significant progress in embedding LGBT as a business priority, with inclusive policies supporting same-sex couples named as beneficiaries.

On December 3, 2018, on the International Day of People with Disabilities, a global webinar was offered to all AXA employees to raise awareness on the topic.

On December 10, 2018, AXA's CEO Thomas Buberl committed to support the United Nations Women's Empowerment Principles, in the name of all AXA entities.

Finally, for the sixth time, in 2018, 140 people, mainly senior executives, gathered to work and reflect on "Inclusive Leadership: how can we act as catalysts for change?" to demonstrate that diversity and inclusion remains a priority at AXA and discuss on areas for progress.

WORKFORCE ^(a)

Headcount (number of persons) as of December 31	2018		Evolution	2017	
Total headcount of salaried workforce (open-ended and fixed-term contract)	125,934	emp.	+8.1%	116,514	emp.
Headcount of salaried workforce with open-ended contract	119,780	emp.	+7.3%	111,588	emp.
■ Proportion of men	46.6	%		46.6	%
■ Proportion of women	53.4	%		53.4	%
Headcount of salaried non-sales force	102,843	emp.	+7.7%	95,447	emp.
All Executives	3,583	emp.		3,255	emp.
■ Proportion of men	71.0	%		70.6	%
■ Proportion of women	29.0	%	-0.4pt	29.4	%
All Professionals	48,504	emp.		14,828	emp.
■ Proportion of men	54.9	%		57.4	%
■ Proportion of women	45.1	%	+2.5pts	42.6	%
Associates	50,756	emp.		77,364	emp.
■ Proportion of men	36.0	%		42.7	%
■ Proportion of women	64.0	%		57.3	%
Headcount of salaried sales force	16,937	emp.	+4.9%	16,141	emp.
■ Proportion of men	49.4	%		50.8	%
■ Proportion of women	50.6	%	+1.4pts	49.2	%
Headcount of salaried workforce with fixed-term contract	6,154	emp.		4,926	emp.
■ Non-sales force	4,752	emp.		4,282	emp.
■ Sales force	1,402	emp.		644	emp.

Full-Time Equivalents (headcount converted into full-time equivalents)	2018		Evolution	2017	
Average FTE of salaried workforce	115,768.5	fte	+8.3%	106,928.6	fte
Average FTE of salaried non-sales force	99,134.4	fte		91,109.7	fte
■ All Executives	3,657.6	fte		3,203.2	fte
■ All Professionals	46,263.1	fte		14,804.2	fte
■ Associates	49,213.7	fte		73,102.3	fte
Average FTE of salaried sales force	16,634.1	fte		15,818.9	fte
Average FTE of temporary non-salaried staff	8,586.9	fte		8,399.9	fte
■ Non salaried temporary staff and contingent workers	5,768.1	fte		5,784.9	fte
■ Trainees/Apprentices	2,818.8	fte		2,615.0	fte

Profile of employees	2018		Evolution	2017	
Average age of salaried workforce	40.8	yrs		40.9	yrs
■ Non-sales force	40.7	yrs		40.8	yrs
■ Sales force	41.4	yrs		41.4	yrs
Average length of service of salaried workforce	10.4	yrs		10.8	yrs
■ Non-sales force	10.7	yrs		11.3	yrs
■ Sales force	8.2	yrs		8.3	yrs
Disability (open-ended and fixed-term contract)					
Number of employees with disabilities – concerns entities operating in France only	743	emp.		770	emp.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

WORKFORCE DYNAMICS ⁽¹⁾

Movements	2018		Evolution	2017	
Movements of salaried workforce					
Net headcount evolution (entries versus departures)	707	emp.		-2,176	emp.
■ Entries	19,533	emp.	+16.5%	16,766	emp.
■ Departures	18,826	emp.	-0.6%	18,942	emp.
Movements of salaried non-sales force					
Net headcount evolution (entries versus departures)	234	emp.		-1,729	emp.
Entries	15,165	emp.	+14.0%	13,302	emp.
■ Number of external recruitments (including re-hires)	13,218	emp.		11,467	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,915	emp.		1,637	emp.
■ Number of entries following mergers and acquisitions	32	emp.		198	emp.
Departures	14,931	emp.	-0.7%	15,031	emp.
■ Number of resignations	9,460	emp.		8,332	emp.
■ Number of economic/collective layoffs	1,352	emp.		1,894	emp.
■ Number of individual layoffs	2,028	emp.		1,847	emp.
■ Number of retirements/pre-retirements	1,769	emp.		1,538	emp.
■ Number of departures due to external transfers ^(a)	129	emp.		1,252	emp.
■ Number of other departures	193	emp.		168	emp.
Movements of salaried sales force					
Net headcount evolution (entries versus departures)	473	emp.		-447	emp.
Entries	4,368	emp.	+26.1%	3,464	emp.
■ Number of external recruitments (including re-hires)	4,265	emp.		3,336	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	98	emp.		94	emp.
■ Number of entries following mergers and acquisitions	5	emp.		34	emp.
Departures	3,895	emp.	-0.4%	3,911	emp.
■ Number of resignations	2,913	emp.		2,752	emp.
■ Number of economic/collective layoffs	122	emp.		82	emp.
■ Number of individual layoffs	500	emp.		490	emp.
■ Number of retirements/pre-retirements	264	emp.		240	emp.
■ Number of departures due to external transfers ^(a)	77	emp.		321	emp.
■ Number of other departures	19	emp.		26	emp.
Movements of salaried workforce with fixed-term contract					
Net headcount evolution of salaried non-sales force (entries versus departures)	2,212	emp.		1,828	emp.
■ Number of external recruitments	5,531	emp.		5,337	emp.
■ Number of fixed-term contracts ended	3,319	emp.		3,509	emp.
Net headcount evolution of salaried sales force (entries versus departures)	376	emp.		172	emp.
■ Number of external recruitments	585	emp.		335	emp.
■ Number of fixed-term contracts ended	209	emp.		163	emp.

(a) Salaried workforce who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses, the employee is no longer under a contract with AXA.

(1) The XL Group, Kamet and AllianceBernstein businesses only partially reported the movement indicators.

Mobility	2018		Evolution	2017	
Internal mobility rate of salaried workforce	8.9	%	-1.6pts	10.5	%
■ Non-sales force	9.6	%		11.3	%
■ Sales force	5.0	%		6.1	%

Employee turnover	2018		Evolution	2017	
Turnover rate of salaried workforce	15.6	%	+0.2pt	15.4	%
■ Involuntary (layoffs/dismissals)	3.6	%		3.8	%
■ Voluntary (resignations)	10.4	%		9.8	%
■ Other reasons (pre/retirements and miscellaneous)	1.9	%		1.8	%
Turnover rate of salaried non-sales force	14.4	%	+0.1pt	14.3	%
■ Involuntary (layoffs/dismissals)	3.6	%		3.9	%
■ Voluntary (resignations)	9.2	%		8.6	%
■ Other reasons (pre/retirements and miscellaneous)	1.9	%		1.8	%
Turnover rate of salaried sales force	22.8	%	+0.5pt	22.3	%
■ Involuntary (layoffs/dismissals)	3.7	%		3.6	%
■ Voluntary (resignations)	17.4	%		17.0	%
■ Other reasons (pre/retirements and miscellaneous)	1.7	%		1.7	%

LABOUR RELATIONS ⁽¹⁾

Working time	2018		Evolution	2017	
Average number of working days	229.1	days	+0.6%	227.7	days
Average number of working hours per week	36.8	hrs	-0.3%	36.9	hrs
■ Full-time employees	38.6	hrs		38.0	hrs
■ Part-time employees	25.9	hrs		26.6	hrs
Part-time salaried workforce					
■ Proportion of part-time salaried non-sales force	10.0	%		11.1	%
■ Proportion of part-time salaried sales force	3.1	%		2.7	%

Absenteeism	2018		Evolution	2017	
Absenteeism rate of salaried workforce	4.7	%	0,0pt	4.7	%
■ Proportion of absences due to sickness	69.7	%		69.9	%
■ Proportion of absences due to work related accidents	1.9	%		2.0	%
■ Proportion of absences linked to maternity/paternity leave	28.4	%		28.1	%
Absenteeism rate of salaried non-sales force	4.9	%		4.9	%
■ Proportion of absences due to sickness	69.7	%		69.5	%
■ Proportion of absences due to work related accidents	1.7	%		1.9	%
■ Proportion of absences linked to maternity/paternity leave	28.6	%		28.6	%
Absenteeism rate of salaried sales force	3.5	%		3.7	%
■ Proportion of absences due to sickness	69.4	%		72.5	%
■ Proportion of absences due to work related accidents	3.4	%		2.9	%
■ Proportion of absences linked to maternity/paternity leave	27.1	%		24.6	%

(1) The XL Group and Kamet entities did not report the labour indicators.

COMPENSATION

Compensation cost	2018		Evolution	2017	
Compensation cost of salaried workforce ^(a)	9,275	M€	+9.1%	8,501	M€
■ Proportion of fixed pay (related to wages)	77.2	%		76.2	%
■ Proportion of variable pay (related to wages)	22.8	%		23.8	%
Annual gross payroll of salaried non-sales force					
■ Proportion of fixed pay (related to wages)	83.1	%		83.1	%
■ Proportion of variable pay (related to wages)	16.9	%		16.9	%
Annual gross payroll of salaried sales force					
■ Proportion of fixed pay (related to wages)	45.0	%		44.9	%
■ Proportion of variable pay (related to wages)	55.0	%		55.1	%

(a) As per the definition of compensation, it includes the individual fixed pay, the individual variable pay, employer social contribution and collective profit sharing (if any) and excludes equity based compensation (stocks options, performance shares, AXA Miles). On a constant exchange rate basis, total compensation cost increased by 11.2%.

TRAINING ⁽¹⁾

Training days	2018		Evolution	2017	
Number of training days of salaried workforce	327,011.4	days	-1.0%	330,248.7	days
■ Non-sales force	224,034.3	days		226,600.0	days
■ Sales force	102,977.1	days		103,648.7	days
Training attendees	2018	Evolution	2017		
Percentage of salaried workforce having received at least one training course	97.8	%	+13.6pts	84.2	%
■ Non-sales force	97.6	%		83.5	%
■ Sales force	99.2	%		88.6	%
Average number of training days per salaried workforce	2.7	days		3.1	days
■ Non-sales force	2.2	days		2.5	days
■ Sales force	6.1	days		6.6	days

(1) The XL Group and Kamet entities did not report the training indicators.

7.3 CLIMATE CHANGE AND THE ENVIRONMENT

As described above in the “Sustainability Risk Assessment” section, environmental protection, including the interconnected issues related to climate change and biodiversity loss, is a key concern for the AXA Group as an insurer, investor and a

large multinational corporation. This chapter covers all three dimensions. The initiatives described below are in line with the UN Sustainable Development Goals (SDG) #12 (Responsible Consumption and Production) and #13 (Climate Action).

AXA’s position on climate change and the environment

AXA’s position regarding climate change and environmental risks is not only to adapt, but also to take advantage of its expertise to provide solutions. Indeed insurers are well equipped to address climate-related risks. They can fund and promote research. They possess claims loss data, as well as models and tools to analyze and project this data. They have a duty to disseminate knowledge about new risks. Insurers, through their significant investments, are also well positioned to send the right signals to the investment community and to the specific companies they invest in.

AXA’s work focuses on enhancing knowledge on climate risk, and developing adequate insurance products and investment policies. This strategy addresses both the “carbon emissions *mitigation*” and the “*adaptation/resilience*” dimensions of climate change. To be effective, it requires both collective efforts and more competitive initiatives.

More specifically, our strategy currently includes the following initiatives:

- investments: investing in green assets, divesting from certain carbon-intensive industries (coal and oil sands), climate-related shareholder engagement, climate risk analysis with a long-term view to align investments with a “+2°C” target;
- insurance: underwriting restrictions on the coal and oil sands industries, “green/sustainable” products in both Property & Casualty and Life & Savings ranges;
- operations: direct environmental footprint targets covering energy & carbon emissions, water and paper across all three Greenhouse Gas Protocol “scopes”;
- thought leadership, NGO partnerships, academic research (AXA Research Fund);
- in 2018, the Group has also decided to start addressing the issue of biodiversity loss through a comprehensive strategy that will be gradually rolled out.

These initiatives are detailed in the following pages. See also “Risk factors” Section 4.1.

Investments

This section describes our Responsible Investment (RI) initiatives in line with the voluntary disclosure requirements of the Taskforce on Climate-related Financial Disclosures (TCFD ⁽¹⁾) and the compulsory framework provided for by the French decree implementing Article 173 VI of the law n°2015-992 of August 15, 2015 for Energy Transition for Green Growth Act (which also considers social and governance issues in addition

to environmental issues). This is why the text below occasionally extends beyond purely environmental factors. Furthermore, this text is an overview of our full “2019 Climate Risk report”, to be published on www.axa.com in the spring of 2019, based on the TCFD’s general guidance for the financial sector, and supplemental guidance for Insurance companies and asset owners.

(1) Recommendations from the TaskForce on Climate-related Financial Disclosures: www.fsb-tcdf.org.

DEFINITIONS AND GOVERNANCE

AXA defines RI as the integration of Environmental, Social and Governance (ESG) considerations into investment processes, including ownership practices. Our conviction is that ESG integration may impact long-term investment performance by offering an enhanced understanding of risk drivers. This conviction is derived from academic research and empirical market data. It is also a way to strive for alignment between our investments and broader CR commitments. AXA developed a comprehensive RI strategy covering the Group's General Account assets and is gradually extending it to its Unit-Linked investments. The process of ESG integration is coordinated centrally, with an active input from our asset managers that include ESG metrics in their investment analysis across asset classes and regions.

AXA created a Group-level Responsible Investment Committee (RIC), chaired by the Group Chief Investment Officer, and including representatives from AXA Asset Management entities, Corporate Responsibility, Risk Management and Communications. The RIC reports to the Group Investment Committee, chaired by the Group Chief Financial Officer. In addition, the "ESG Footprint Committee" reviews risks posed by companies or sectors presenting a low ESG performance and/or serious and persistent controversies. AXA's RI policy is supported by the RI Center of Expertise, a transversal working group from AXA's local investment teams interacting with the CR network and the Group's Asset Management entities. In addition, as mentioned in Section 7.1, the Board of Directors and Stakeholder Advisory Panel provide input into the Group's CR strategy.

RESPONSIBLE INVESTMENT STRATEGY

AXA's RI strategy is based on four main pillars:

- integrating ESG and carbon metrics into investment processes and decision-making, using KPIs and qualitative research across most of our assets;
- excluding sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions (which apply both to investments and insurance) currently include: controversial weapons, coal mining/coal-based power generation, oil sands and associated pipelines, palm oil, food commodity derivatives, and tobacco. These policies are disclosed on axa.com;
- promoting "Green" investments across different asset classes, based on proprietary criteria derived from a recognized market standard. This includes "impact investments" delivering positive environmental or social as well as financial returns which are actively tracked;
- active stewardship through voting and engagement on a range of ESG or sustainability issues.

The AXA Group as well as its two Asset Management entities (AXA IM and AB Global) are signatories of the UN-backed principles for

Responsible Investment (UN PRI). The Group's global RI Policy (public on www.axa.com) will be revamped to better reflect our current RI strategy.

ESG TOOLS AND METHODOLOGY

AXA tracks its investments' ESG performance with accuracy by leveraging AXA IM's "RI Search" tool (and MSCI ESG data at AB), where cross-asset ESG scores and "impact-type" metrics are engineered and stored. They help monitor ESG risks, identify areas of improvement, set targets or guide shareholder engagement. The RI Search tool is also the dedicated recipient to manage ESG scores for non-listed assets, such as buildings properties, commercial real estate loans and infrastructure debt. This analysis process covers AXA's General Account assets (Sovereign and corporate bonds, equity, property, infrastructure and Commercial Real Estate debt). RI Search is also used to develop dedicated Responsible Investment funds and can guide shareholder engagement targets. AXA IM's RI team regularly trains portfolio managers in order for them to use RI Search optimally. In 2019, this tool will gradually be replaced by a new more comprehensive "ESG solution engine" enabling a better screening of investment universes, scores & KPI computation and reporting.

The ESG methodology is adapted to different asset classes:

- **corporates issuers (equity and debt):** the ESG assessment consists in focusing on the most material and impactful key ESG issues at sector level, with a thorough selection of best data sources and most accurate ESG criteria. E, S and G factors are weighted differently in the overall ESG scores engineering depending on the sector. The overall score computation process also includes a monitoring of "core ESG" risks with the treatment of most severe basic principles violations, resulting in a systematic score discount for the most material controversies. Finally, ESG scores take into account the performance of each company within its peer group, considering issuers' specificities (in particular regional) in the assessment of the ESG quality;
- **sovereign issuers:** AXA's ESG scoring framework for countries is based on public data sources such as the World Bank, the OECD, and the UN (e.g. environment, social and political risks). The criteria are adapted to the development levels of all countries;
- **Real Assets:** AXA's ESG scoring frameworks for Real Assets covers 3 asset classes: direct property, commercial real estate loans and infrastructure debt. The ESG scoring for these assets is based on proprietary questionnaires covering criteria such as energy efficiency, environmental certificates, and accessibility;
- finally, a "carbon footprinting", which is applied to our equities, corporate Fixed Income and Sovereign Debt assets, complements the ESG metrics.

CLIMATE RISK METHODOLOGY

Converting international climate objectives (such as those derived from the COP21 Paris Agreement, French or EU energy mix targets) into quantitative investment targets is a new and complex risk modelling exercise. AXA is testing different approaches since 2016. Building on previous efforts, in 2018 AXA has decided to deepen its work based on the methodology provided by an external climate risk partner (Carbon Delta, also used in 2017), while also extending its use of internal “NatCat” models to cover a wider spectrum of our Real Assets investments. This work covers two broad areas: “transition risk” and “physical risks”, as defined by the TCFD and explained in more details below.

“Transition” risks: financial risks and “2°C” portfolio alignment

Modelling the extent to which investors may be impacted by shifting market and regulatory trends related to the transition to a low-carbon economy is termed “transition risk”. It can be measured in financial or purely “climate” terms.

- For equity and corporate bonds assets, AXA uses a framework that models transition risk based on “policy-related” risks arising from regulatory efforts to curb carbon emissions and comply with the 2015 Paris Agreement to contain global warming below 2°C. Our top down approach first identifies emissions reductions targets by country (according to the “Nationally Determined Contributions”/NDCs of the Paris Agreement), then splits them into sector-level targets based on policy research and eventually into company-level targets based on their individual assets/facilities after which a carbon price assumption is applied to any budgetary exceedance of actual carbon intensity. It also factors a separate future “green revenue” estimate derived from an analysis of current green patents filings. This approach enables us to project companies’ potential costs or gains associated with reaching the 2°C scenario per sector and country. These results are translated into a forward-looking set of climate cost and revenue metrics per security, which represents the proportion of a company’s revenues that may decrease or increase due to climate change-related constraints. For our sovereign portfolios, we also use another methodology (developed by another service provider) to approximate a comparable “transition risk” metric based on the allocation of carbon budget by countries supporting various warming scenarios depending on various macroeconomic variables such as GDP growth, population growth and energy efficiency.
- In addition to this financial risk indicator, AXA is exploring ways to measure the “temperature” of its investments by positioning its corporate bonds and equity and sovereign debt assets *versus* the “2°C” target enshrined in the Paris Agreement. This

approach captures the climate-related aspects of a company’s activities, including its direct and indirect greenhouse gas emissions, technology developments, and “green revenue” opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed for each sector to make its contribution to reach the global 2°C target. This produces a “warming potential” per company and sector, and ultimately for AXA’s investments, for which long-term targets may be set. This is likely to become a key dimension of the “climate finance” narrative going forward.

Further explanations will be developed in our full “2019 Climate Risk” report (www.axa.com).

“Physical” risks: climate impacts on AXA’S real assets portfolio

In addition to the aforementioned “transition” risks, climate change, and in particular, extreme weather events, may impact “Real assets” such as real estate. This is termed “physical” risks according to the TCFD guidelines. As an insurer, AXA has a significant amount of claims-related data that it can leverage to conduct a “physical risks” analysis on its Real Estate portfolio. Indeed AXA’s Investments and Group Risk Management teams collaborate to evaluate the financial impact of floods and windstorms on the buildings and infrastructure of these portfolios.

Our physical risk assessment for Real Estate uses “NatCat” models – generally only used to assess the impact of natural catastrophes on insured exposure – combining stochastic events (windstorms, floods, hurricanes) and a geolocalised portfolio of Real assets. Specific “destruction rates”, which factor location, building/infrastructure type and construction materials are then used to determine potential damage rates and derive a loss for each and every building/infrastructure. Again, the results of this innovative work will be disclosed in more detail in our full report.

Moreover, for corporate bonds and equities, we assess the costs of “physical risks” by modeling the expected financial impacts of extreme weather events on companies’ facilities. The physical risk cost estimates factor in vulnerability to business interruption risk and asset damage, based on the exposure of facility locations to extreme weather events.

ESG AND CLIMATE-RELATED EXCLUSIONS

AXA’s Responsible Investment strategy includes several sector-level divestments. Indeed, certain activities and products are deemed to be inconsistent with our climate strategy and broader CR goals of protecting people over the long term. In this context, AXA has developed specific “sector guidelines” which apply both

to investments ⁽¹⁾ and insurance (see following section). These currently include the following sectors:

- coal and oil sands: developed below;
- “controversial weapons” manufacturers that are banned by international conventions (antipersonnel landmines, cluster munitions/cluster bombs chemical, biological and depleted uranium weapons, nuclear weapons proliferation);
- tobacco manufacturers, whose products conflict with our role as one of the world’s largest health insurers;
- palm oil producers which do not adhere to this industry’s best sustainability practices (notably regarding deforestation, land and labor rights);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities.

In 2018, the Group extended its investment restrictions to the XL Group’s assets, representing an extra €660 million divested. In total, AXA’s divestments represent approximately €7.15 billion (coal, tobacco, oil sands, controversial weapons and palm oil, in decreasing order of magnitude, and including XL Group assets).

More specifically, regarding climate change, in 2015, AXA was the first global investor to initiate divestment from coal. Ahead of COP21, we signaled that while climate finance is a complex issue, it can nonetheless be tackled. This helped AXA and some peers to overcome paralysis by analysis and shift into “action” mode. In 2017, AXA strengthened its climate-related divestment strategy.

Carbon emissions will require significant curbing in order to reduce the risk of climate change, which may place business constraints on carbon-intensive industries, leaving some assets “stranded”, which in turn may lead to reduced valuations. This is why AXA decided to divest from the coal industry, by targeting coal mining and coal-based electric utilities based on 3 criteria:

- electric utilities with coal share of power production (energy mix) over 30%; mining companies with coal share of revenues over 30%. This captures long term financial risks related to “stranded assets”;
- companies that are actively developing new coal-based power capacity (with coal-based power “expansion plans” exceeding 3 gigaWatts. This approach captures “real” climate impact, beyond pure financial risks;
- mining companies with annual coal production over 20 million tons.

Because oil sands are also an extremely carbon-intensive form of energy, their production generates significant human rights concerns, and is a serious cause of local environmental pollution,

AXA also divested from the main oil sands producers, defined as producers with at least 30% of their reserves based on oil sands. The production volumes of oil sands is largely influenced by the development of certain pipelines. As a result, AXA also divests from the main associated pipelines players.

GREEN INVESTMENTS

AXA has a target to invest €12 billion in “green” assets by 2020, which doubles the recommendations by Christiana Figueres, one of the main architects of the COP21, to dedicate 1% of institutional investments to green assets. This target includes notably green infrastructures, green bonds, Impact Investments, property and commercial real-estate loans with stringent environmental standards. AXA’s definition of “green” infrastructure is derived from an accepted and demanding market-based approach: the “Climate Bonds Initiative” classification. In addition, in the case of Real Estate assets and Commercial Real Estate loans (CRE), AXA applies the strictest environmental certifications & standards to classify the property or underlying asset of the CRE loan as Green. In December 2018, AXA’s green investments reached €11.3 billion.

In addition, AXA and the IFC, a member of the World Bank Group focused on the private sector, launched a \$500 million partnership supporting an infrastructure fund that will notably finance green infrastructures in emerging countries, including renewable energy, water, green transport and telecoms. Coal and oil-sands related projects are explicitly excluded.

CLIMATE AND ESG “OUTREACH” AND ENGAGEMENT

Shareholder engagement

AXA’s divestments are complemented by an active engagement strategy. Indeed, as a shareholder and bondholder, AXA has the possibility to engage with the management of companies in which it invests in order to help catalyze positive change on certain issues (such as climate change, health, governance, market practices, etc.). This is undertaken directly by the Group and via AXA IM’s engagement team. In addition, AXA and AXA IM joined several shareholder coalitions, notably:

- Climate Action 100+, a five-year investor initiative to engage with the world’s largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change;

(1) Equity assets are divested immediately; debt assets are run-off (except for controversial weapons, for which debt assets are also divested immediately).

- the UN PRI ESG Engagement Advisory Committee, providing strategic direction and feedback on themes for future collaborative engagements;
- various other initiatives related to plastic pollution, the TCFD guidelines, arctic drilling, palm oil, the automotive industry, etc.

Outreach, memberships and partnerships

AXA supports various initiatives related to climate change and environmental protection. These include the following:

- Climate Finance Leadership Initiative: the CFLI, which was launched in September 2018 by the UN Secretary General, and is presided by Michael Bloomberg, seeks to develop standardized and securitized investments at scale to tackle climate change;
- Alliance of CEO Climate Leaders: a group of 50 CEOs set up by the World Economic Forum (Davos) to actively engage in global efforts to create market opportunities for tackling climate change. Its goals are to promote strong climate action including a commitment to reduce carbon emissions, support the TCFD, support low-carbon solutions and finance, and promote adequate regulation. AXA joined in 2018;
- IDF: AXA's Chairman presides over the Insurance Development Forum since 2018. The IDF is a public-private partnership that brings together insurers, reinsurers and brokers, together with the World Bank and the United Nations Development Program. By optimising and extending the use of insurance and Risk Management capabilities, the IDF aims to support the G20 "InsuResilience" objective of insuring 400 million more people in emerging countries by 2020 against climate-related disasters and of improving their climate resilience. The organisation is made up of 500 experts, including specialists from AXA, that focus on i) improving catastrophe risk modelling by developing models in emerging countries where they don't yet exist as well as enhancing their interoperability; ii) addressing the critical role that the proper legal, regulatory environment and supportive government policies play in closing the protection gap; iii) launching new and improving existing insurance programmes at the sovereign and sub-sovereign level, building on successful models such as the African, Caribbean and Pacific Islands risk pools; iv) driving new inclusive insurance schemes for individuals in emerging countries aligned with the work of AXA's Emerging Customers; and v) closing the gap between funding needed for climate-resilient infrastructure in emerging countries and insurers' role as institutional investors with the ability to invest in these assets. The IDF has already catalogued all existing catastrophe models, published a catalogue of laws, regulations and policies that enhance or impede insurance sector resources in an economy and is working on two sovereign insurance pilots in Sri Lanka and Pakistan. Since AXA's chairmanship, the IDF has also set up a permanent Secretariat in London and co-hosted a seminal event with the Bank of England on infrastructure investment;
- TCFD: AXA co-presided (2015-2017) the global industry-led Task Force on Climate Related Financial Disclosures (TCFD), set up by the Financial Stability Board (FSB) as well as Michael Bloomberg. The TCFD provides guidance on how to disclose climate change risk and opportunities;
- EU High-Level Expert Group on Sustainable Finance: a senior AXA executive presided (2016-2018) the EU High Level Expert Group on Sustainable Finance, developing recommendations on sustainable finance which formed the basis for the European Commission's "Action Plan on Financing Sustainable Growth".

The Group has signed several NGO partnerships:

- C40: in October 2018 AXA partnered with C40 to produce a public report on how cities' understanding of infrastructure interdependencies informs their climate adaptation planning. The aim of the report is to help cities better manage climate risk;
- UN Habitat: our 2016-2019 partnership with the UN agency for human settlements and sustainable urban development focuses on supporting housing reconstruction after disasters and implementing technical assistance at scale, to help communities to "build back better", and to reduce fatalities and limit economic losses as a result of disasters. These (re) building guidelines will be published by Q2 2019;
- UNISDR: AXA partnered (2015-2018) with the UN Office for Disaster Risk Reduction to support the "Private Sector Commitment for Disaster Risk Reduction". These principles cover 5 key areas around the role that the private sector can take to further encourage Disaster Prevention, Resilience and Risk Reduction;
- CARE: AXA's partnership (launched in 2009) with CARE International (major international humanitarian agency delivering emergency relief and long-term international development projects) to work on both disaster risk reduction and climate change adaptation (notably better mapping climate refugee dynamics).

AXA has also joined or supported many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and CR: UN PRI, UN PSI, IIGCC, Montreal Carbon Pledge, Science Based Targets, RE100, Caring for Climate Carbon Pricing Leadership Coalition, UN Global Compact, CDP, ORSE, EpE, BSR, Finance for Tomorrow, "Kyoto statement" of the Geneva Association, etc. Finally, AXA also supports climate-related academic research via the AXA Research Fund (see Chapter 7.4).

Insurance

GOVERNANCE

Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee, which defines underwriting restrictions. The Group CR team provides a bridge with the RI-related governance. In addition, a dedicated team with Group Risk Management analyses Emerging Risks *via* a specific framework, tools and local network. These risks, which often relate to long term ESG issues, are monitored and their potential impact assessed within a risk mapping framework (regulatory & legal, environmental, socio & political, economic & financial, medical and technological).

UNDERWRITING RESTRICTIONS

It is inconsistent to commercially support industries that the Group has divested from. Therefore, AXA also restricts insurance coverage for coal and oil sands-related assets (as well as for the other industries mentioned in the previous section, and arctic drilling). The exclusions cover the following:

- the development of new coal capacity is strictly banned by not providing Construction covers (both Direct Insurance and Facultative Reinsurance) for any new coal plant and new coal mine. This applies whichever the region or client (regardless of our investment exclusion list);
- property covers for existing coal power plants and coal mines are also banned. This does not apply to the least developed countries in the world, according to UN classification;
- oil sands extraction business: both Property and Construction covers are banned (both Direct Insurance and Facultative Reinsurance);
- oil sands transportation business, in particular *via* pipelines: both Property and Construction covers are banned (both Direct Insurance and Facultative Reinsurance);

- oil & gas extraction in Arctic Region: both Property and Construction covers are banned (Direct Insurance and Facultative Reinsurance).

More detailed internal rules apply for complex cases such as “mixed risks” packages, etc. These restrictions were initiated in 2017; we believe AXA to be the first large insurer to have implemented such restrictions, which represent a significant commercial commitment. Indeed, in 2018, AXA extended its underwriting restrictions (coal, oils sands, tobacco, controversial weapons, palm oil, arctic drilling) to the XL Group’s operations, representing a significant commercial effort (premium impact in excess of €100 million).

OUR PRODUCTS

In addition to reorienting its investment strategy, the Group seeks to minimize its “indirect” impact on the environment by offering insurance solutions that promote environmentally-friendly behavior. In the Commercial lines business, AXA XL underwriters have significant expertise and capacity for insuring clients in the energy industry, with a strong focus on renewable energy, and an explicit exclusion of coal and oil sands-related business (above). Some local entities also develop motor and car fleet insurance policies encouraging low CO₂ emission vehicles, home insurance policies encouraging energy efficiency, renewable energy installations, and environmentally friendly claims strategies. As described in Section 7.4, AXA France has developed the comprehensive “Assurance Citoyenne” label, and AXA Global Parametrics offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding).

Own operations

As part of AXA's Sustainability Risk Assessment, the environmental impacts of our operations has been identified as one of the risks to mitigate. This mainly includes carbon emissions as well as water and paper consumption. In response to this risk, AXA has developed an environmental policy and strategy which covers both business and operational issues. AXA's environmental footprint management also contributes to improving our operational eco-efficiency, notably through cost savings on energy, fuel, travel, paper and water.

AXA's Environmental Policy describes our key focus areas and expected practices to reduce our direct and indirect environmental impacts. As part of this policy, AXA has:

- established an environmental reporting process to measure and reduce the environmental impact of our business operations;
- developed a due-diligence process to ensure an adequate governance is implemented at entity level;
- set 2020 environmental performance targets.

Through its environmental policy and strategy, AXA, as an insurer, investor and global corporation, can play an important role in raising awareness about environmental protection amongst its stakeholders, contributing to improve the understanding of global and local environmental risks, and committing to address climate change. Through our strategy, we contribute to UN SDG #12 "Responsible Production and Consumption" (sub-target 12.6 "encouraging companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle").

ENVIRONMENTAL REPORTING PROCESS AND VERIFICATION

AXA has implemented an environmental reporting process and related policies since 2002. Managing our environmental footprint, in line with EU Directive on Non-Financial Reporting, is one of the pillars of our CR strategy.

This process is based on an internal reporting tool and involves collecting information on power consumption, business travel, AXA-owned vehicle fleets and paper consumption, with their related CO₂ emissions, as well as waste and water. To measure our environmental footprint, the Group CR team coordinates a network of around 300 dedicated environmental managers in local entities. This network monitors our annual progress on reduction targets, which helps local entities evaluate their own action plans and targets. The final results of this annual reporting process are disclosed in our Annual Reference Document.

AXA's environmental reporting is part of its broader management system which includes internal controls, processes, and progress on target deployment. The data collected and reported *via* the reporting is validated locally by the Chief Financial Officer of the entities. Further, AXA conducts group and entity level audits to ensure data quality as well as measures the efficiency of the local environmental management systems. The accuracy of the data and indicators reported is measured by conducting the following steps:

- review of Environmental Protocol and reporting procedures at Group and entity levels;
- data review and detailed tests on selected entities, which includes testing data accuracy, verifying local reporting processes and feedback on reported data;
- data review consolidation covering all indicators, as well as consistency and control tests carried out by the Group and our auditors;
- audit review of the qualitative information (organization, policies and actions), as well as quantitative information (indicators, using sampling techniques). The audit covers all the entity data that is used to feed the environmental information published in this report. Please refer to Statutory Audit statement at the end of Chapter 7.

PERFORMANCE TARGETS

AXA has a target to reduce its carbon emissions covering all greenhouse gas emissions "Scopes ⁽¹⁾":

- Scope 1: emissions from fuel consumed on AXA sites as well as by AXA-owned car fleet;
- Scope 2: emissions from purchased energy (essentially electricity consumed by AXA buildings);
- Scope 3: emissions from business travel and paper consumption. Note: investment-related "indirect" Scope 3 emissions are analyzed in Section 7.3 "Investments".

AXA's target for the 2012-2020 period is to reduce CO₂ emissions per Full-Time Employee (FTE) by 25%, broken-down into the following sub-targets:

- -35% power consumption (kwh/FTE) – Scopes 1&2;
- -15% business travel: vehicle fleet (km/FTE) – Scope 1;
- -5% business travel: air and train (km/FTE) – Scope 3;
- -45% office paper (kg/FTE) – Scope 3;

(1) As defined by the Greenhouse Gas Protocol www.ghgprotocol.org.

- -50% marketing and distribution paper consumption (kg/client) – Scope 3.

The Group has also set two environmental targets that are unrelated to carbon emissions:

- -15% water consumption;
- 95% of paper must originate from recycled or sustainable sources.

In addition, the Group has set a target to source 100% of its electricity consumed (office sites and AXA-owned data centers) from renewable energy sources by 2025, in line with our “RE100” commitment (RE100 is a coalition of companies pledging to buy 100% of their electricity from renewable sources).

Progress on these targets is described below.

2018 PERFORMANCE OVERVIEW

CO₂ emissions

AXA's CO₂ emissions per FTE related to energy, paper and business travel (air, rail and car fleet) decreased by 14% between 2017 and 2018 and by 38% between 2012 and 2018 (our global 2020 target has thus been achieved ahead of schedule). 43% of the Group's CO₂ emissions are related to energy consumption, 35% from business travel (air and train), 15% from AXA's vehicle fleet and 7% from paper.

SCOPE 1 CO₂ EMISSIONS

AXA's Scope 1 emissions include CO₂ emissions generated from gas and heating oil burned onsite, as well as fuel used by AXA's car fleets. Scope 1 emissions per FTE decreased by 15% between 2017 and 2018 and by 37% since 2012. Concerning gas consumption, some entities (Switzerland, Germany) have largely replaced gas by steam, which has a lower carbon intensity per kWh. In 2018, AXA's car fleet-related CO₂ emissions decreased by 14% compared to 2017.

SCOPE 2 CO₂ EMISSIONS

AXA's Scope 2 emissions per FTE decreased by 14% between 2017 and 2018 and by 52% since 2012. This performance is notably related to the purchase of renewable electricity. In order to calculate our CO₂ emissions from purchased electricity, AXA uses both market-based (electricity supplier energy mix) and location-based (average country energy mix) approaches. For the entities buying renewable electricity and which have electricity consumption data by technology (such as hydro, solar, wind, biomass and geothermal or others based on power generation mix used by their providers), AXA uses a more precise “market-based” approach, thus attributing the corresponding emissions factors to each source type. For entities which do not have information about their energy provider's energy mix, AXA uses a “location-based” approach (with emissions factors provided by the French Environmental Regulatory body ADEME).

SCOPE 3 CO₂ EMISSIONS

AXA's Scope 3 emissions include CO₂ emissions from business travel and paper consumption. In 2018, our Scope 3 CO₂ emissions per FTE have decreased by 17% compared to 2012 and slightly increased by 4% between 2017 and 2018. To reduce their carbon footprint, some AXA entities also purchased carbon offsets.

In addition, AXA also measures the carbon emissions related to its employee commuting, even though such indirect emissions may be considered to be outside of the scope of the Group's responsibilities. In 2018, based on responses collected from 32 countries where AXA employees commuted a total of 920 million kilometers, out of which 50% were travelled by public transport, 6% by company cars, and 38% by personal vehicles and the rest by foot or bicycle. Employee commuting-related CO₂ emissions per FTE increased by 16% compared to 2017 (representing 0.88 tons eq. CO₂ per FTE). This increase in emissions is linked to a higher participation and response rate from AXA employees as well as more employees using personal transportation for commuting.

Power consumption

AXA's power consumption includes the total energy consumed by our corporate sites and data centers during the reporting year. This includes on-site energy consumption for heating and cooling as well as electricity for daily operational activities. In 2018, our total energy mix consisted of electricity (74%), gas (14%), fuel/steam (9%) and chilled water (3%). We have achieved a 5% decrease in total power consumption between 2017 and 2018, and a 25% decrease compared to 2012. Our power consumption per FTE decreased by 12% between 2017 and 2018, and by 37% between 2012 and 2018. 53 AXA sites benefit from an environmental certificate from building certification programs such as Building Research Establishment Environmental Assessment Methodology (BREEAM), Leadership in Energy and Environmental Design (LEED), HQE (*Haute Qualité Environnementale*), etc.

In 2018, 55% of the electricity consumed by AXA originated from renewable energy sources (hydro, wind, solar, geothermal, biomass). AXA's “RE100” target is to reach 100% by 2025.

Business travel

Business travel per FTE decreased by 5% between 2017 and 2018, but increased by 13% between 2012 and 2018. Business travel trends are closely correlated to our business dynamics, despite the implementation of online collaborative tools which help to reduce business travel.

Vehicle fleet

AXA's car fleet consists of sales vehicles and benefits-related vehicles. In 2018, the total distance travelled by the Group's car fleet has decreased by 16% compared to 2017. Further, in terms of per FTE usage, there has been a decrease of 29% compared to 2012. The Group has implemented car fleet guidelines which

define carbon emission limits for all types of vehicles regardless of employee contributions. The guidelines also feature vehicle security standards and promote employee access to “safe and green driving” courses. In 2018, AXA owned 27% of vehicles emitting equal to or less than 100 g of CO₂/km (and 24% in 2017), 41% of vehicles emitting equal or less than 101g and 120g (46% in 2017) and an average emissions rate of 120 g of CO₂/km (119 g in 2017). Employees are also incentivized to opt for hybrid or electric cars.

Paper

AXA's use of paper concerns office (printing, measured per employee) and marketing & distribution (leaflets, etc., measured per customer). Our office paper consumption per FTE has decreased by 17% between 2017 and 2018, and by 54% between 2012 and 2018. Many entities have implemented a printing policy which includes reducing the number of printers per person and installing an employee badging system to collect all printed documents. In 2018, AXA's marketing and distribution paper consumption per customer increased by 18% *versus* 2017 (but only increased by 6% between 2012 and 2018). This recent additional increase is linked to significant documentation requirements related to the AXA Equitable Holdings, Inc. IPO. We are aware that our 2020 Marketing & distribution paper target will prove challenging; the Group CR team will investigate more options to reverse this trend notably through further dematerialization.

In 2018, AXA also procured 58% of office paper and 41% of marketing and distribution paper from recycled sources.

Water consumption

AXA's water consumption per FTE has remained stable between 2017 and 2018, and decreased by 19% between 2012 and 2018. This decrease in our water consumption is linked to better water management initiatives led by our local entities.

Waste management

In 2018, AXA's sorted paper for recycling decreased by 10% compared to 2017, and decreased by 39% between 2012 and 2018. This decrease in the total recycling rate is due to the overall decrease in office paper consumption (see paragraph above). 66% of ink cartridges and toners were recycled. AXA's IT business unit, AXA Services, for which electronic waste is of particular relevance, is a key contributor to this effort, as it ensures compliance with the Waste Electronic and Electrical Equipment (WEEE) Directive. Unsorted waste has increased from 5% compared between 2017 and 2018, and decreased by 29% between 2012 and 2018. This is mainly due to better waste measurement processes in local entities as well as integration of new entities such as AXA Brazil, AXA Partners Malaysia and AXA XL. Finally, over 75 canteens in the Group collect and recycle organic waste from their restaurants.

2018 GROUP ENVIRONMENTAL PERFORMANCE

AXA Group environmental indicators ^(a)	Unit	2017	2018
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	115,328	124,355
Net internal area (sites)	m ²	1,777,687	1,705,774
POWER (SITES)			
Power consumption ^(b)	MWh	363,283	344,684
KPI: Power consumption per person	kWh/FTE	3,150	2,772
<i>Evolution compared to previous year</i>			-12%
TRANSPORTATION			
Business travel: airplane and train ^(c)	Thousands of km	328,523	336,918
Business travel: AXA vehicle fleet	Thousands of km	266,242	223,577
Home/workplace commute (round trip) ^(d)	Thousands of km	932,534	920,155
CO₂ EMISSIONS ^(e)			
CO ₂ emissions: onsite power consumption	T. eq CO ₂	94,756	80,652
CO ₂ emissions: business travel: airplane and train	T. eq CO ₂	63,494	64,948
CO ₂ emissions: business travel: AXA vehicle fleet ^(f)	T. eq CO ₂	31,799	27,287
CO ₂ emissions: paper	T. eq CO ₂	11,446	13,056
KPI: CO₂ emissions resulting from onsite power consumption, paper and business travel (airplane, train, AXA vehicle fleet) per person	T. eq CO₂/FTE	1,75	1,50
<i>Evolution compared to previous year</i>			-14%
CO ₂ emissions: home/workplace commute ^(g)	T. eq CO ₂	87,116	109,389
WATER			
Water consumption ^(h)	m ³	927,017	1,003,964
KPI: Water consumption per person	m³/FTE	8,04	8,07
<i>Evolution compared to previous year</i>			0%
PAPER ⁽ⁱ⁾			
Office paper consumption	T	1,815	1,616
KPI: Office paper consumption per person	kg/FTE	16	13
<i>Evolution compared to previous year</i>			-17%
Paper recycled and/or guaranteeing sustainable management: office	%	58	58
Marketing and distribution paper consumption	T	10,220	12,078
KPI: Marketing and distribution paper consumption per customer ^(j)	kg/customer	0,10	0,12
<i>Evolution compared to previous year</i>			18%
Paper recycled and/or guaranteeing sustainable management: marketing & distribution	%	51	41
WASTE			
Unsorted waste ^(k)	T	4,301	4,512
Sorted paper for recycling	T	3,588	3,223
Cartridge and/or toners for recycling	%	55	66

Data collected from 81 entities, including XL Group (XL Group environmental data was included on a pro-rata basis for Q4 2018). Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in our data collection, but are part of our extrapolation process.

(a) In 2018, environmental indicators were collected for 101,977 FTEs working on AXA sites (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 124,355 salaried FTEs (all types of contracts, including XL Group FTEs) working at the AXA Group in average in 2018.

(b) Includes electricity, natural gas, heating oil, steam, chilled water data collected from entities representing 93,740 FTEs.

(c) This data has been collected from entities representing 86,364 FTEs.

(d) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. This data has been collected from survey answers by 15,084 FTEs and then extrapolated. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(e) The emissions factors specific to each country used for energy, train and air were revised in 2017. Source: the International Energy Agency (IEA) and ADEME.

(f) The AXA vehicle fleet data is collected from entities representing 93,497 FTEs.

(g) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(h) This data has been collected from entities representing 91,339 FTEs. Some sites are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation.

(i) Paper data collected from entities representing 93,854 FTEs.

(j) The Group had 111 million customers in 2018.

(k) Unsorted waste data collected from entities representing 91,928 FTEs.

7.4 INCLUSIVE INSURER

As described under the Sustainability Risk Assessment section, doing business sustainably while adhering to United Nation Sustainable Development Goals (SDGs) is identified as an important topic for AXA. As an insurer, it is inherent to our business that we create and develop products that add value to society. Through our products, we encourage and reward healthy and socially responsible behavior, as well as help reduce social exclusion.

In addition, as part of its commitment to Health and disease prevention (one of the four pillars of its CR strategy), AXA decided in 2018 to tackle the rising incidence of obesity and type 2 Diabetes. Acknowledging the link between diet and lifestyle factors and this disease, AXA's initiatives will be guided by health risk education and the promotion of healthy lifestyles.

The initiatives described below are in line with the UN SDG #1 (No poverty), #3 (Good health & wellbeing), and #10 (reduced inequalities).

Business-related societal initiatives

By sharing our knowledge about protection and Risk Management with those who need it the most, AXA contributes to the inclusive economic growth and mirroring our own internal commitments in terms of inclusion. As AXA pools risks and premiums to share the good fortunes of the majority with the difficulties of the few, insurance protects individuals and reinforces a sense of community. In addition, insurance solutions provide a sense of protection and peace of mind. These include:

- integrating societal issues in our product range through dedicated product labels such as Assurance Citoyenne;
- focusing on clients in emerging countries with few financial resources, AXA is actively engaged in the financial inclusion space to better serve the middle class of tomorrow;
- providing insurance solution and opportunities for women;
- developing parametric insurance solutions to protect vulnerable populations from the effects of climate change;
- divesting from the tobacco industry.

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

In addition to the green products described in the previous section, AXA develops products with social/societal added value. For example:

- in France, demand for responsible products from our clients continues to increase. AXA France thus created, in 2015, the "Assurance Citoyenne" label that ensures all insurance contracts benefit clients as well as positively impact society. This label is based on an assessment toolkit built in collaboration with a panel of external stakeholders and audited by an independent third party. Our engagements are communicated through the label's four key pillars, which are the following: "Trust" (e.g. simple contracts), "Prevention" (e.g. preventive services to minimize the risks our clients are facing), "Environment" (e.g. paperless contract), and "Fairness" (e.g. product accessibility for populations usually excluded from insurance mechanisms). In 2018, AXA France commercialized 52 labeled products and now builds all its new insurance offers around these engagements. Since 2015, 3.3 million such contracts have been sold;
- in 2018, AXA France launched the Perspectiv'Allegro offer. This product enables clients to invest in companies that are at the heart of social and environmental challenges, such as climate change, longevity, well-being, or changes in lifestyles. All the underlying funds are evaluated on their financial performance and ESG practices, and include labelled platforms (based on official French savings labels). Perspectiv'Allegro accounts for 55% of these funds in Unit-Linked accounts, invested in

equities and debt (including green bonds). The remaining 45% is invested in euros funds which integrate AXA's responsible investment screening (see 7.3). Finally, a tree is planted in France for each deposit, to promote reforestation.

EMERGING CUSTOMERS

Through the development of its "Emerging Customer" insurance offer across high-growth markets, AXA addresses social exclusion by enabling vulnerable segments of the population to access insurance services that accompany them in their economic progression and that provide a safety net that prevents them from falling back into poverty. Our approach is to design products that are simple, fair and accessible. A dedicated team based in Paris along with employees either fully or partially dedicated to the business locally provide expert support to AXA entities to drive growth. In 2018, AXA's Emerging Customers business covered almost 9.3 million unique customers and has continued to develop various partnerships:

- **India:** Bharti AXA General Insurance (BAGI) partners since 2017 with Airtel Payment Bank (APB) to insure APB clients with free personal accident insurance. The insurance is subsequently renewed for active clients, covering approx. 1 million customers every month in 2018. BAGI covers 1.8 million travellers on the national railways. In addition, BAGI also covers (with the support of the Indian government) more than 360,000 farmers through an agriculture insurance scheme across different departments in India;
- **Indonesia:** to address the lower middle-class customers asking for a loan, Mandiri-AXA General Insurance leverages its partnership with Mandiri Bank to propose Credit life, Personal Accident, and collateral insurance to all of Mandiri's microbusiness clients;
- **Thailand:** AXA GI launched a pilot to provide Personal Accident and Hospital Cash products in partnership with AIS, the first mobile network operator in Thailand, to reward loyal AIS prepaid customers. Alongside the Thai government, AXA GI is also insuring 2.6 million rice farmers;
- **Malaysia:** In partnership with the Malaysian Post Office, AXA Malaysia is providing accessible accident and two-wheeler insurance to 110,000 customers. AXA Malaysia has also launched (in partnership with Merchantrade, the largest money transfer operator in the country) the first migrant insurance product for workers sending money back home;
- **Philippines:** AXA Philippines works with TSKI, a leading Microfinance Institution (MFI), as well as several digital players to distribute insurance to emerging customers. AXA Philippines also participates to the Overseas Filipino Workers scheme, which provides protection to working migrants;

- **Morocco:** AXA Morocco partners since 2012 with a MFI, Albaraka, to provide nearly 150,000 micro-entrepreneurs with credit life, property and hospital cash ("hospicash") coverages;
- **local AXA entities** have also established distribution partnerships in Nigeria (*via* a MFI), Egypt (MFI for credit and Health products), Brazil (*via* a leading retailer) and Mexico (MFI for P&C and credit life insurance to micro-entrepreneurs).

Finally, AXA has started to develop an internal approach to measure the effects insurance can have within communities. The first step has been to work on a methodology to assess the customer centricity of our existing products, and in 2019 the full Emerging Customers portfolio will be evaluated for the first time. The objective is to design an improvement plan that keeps the client at the heart of the business and improves our offer.

WOMEN IN INSURANCE

Women, particularly in emerging countries, are less well insured than men, despite being a powerful force in the economy. In 2014, AXA commissioned a special report, "SheForShield", which looked at women's attitudes towards insurance, as well as their needs and expectations. As a result, we developed the "Women in Insurance" initiative aimed at increasing women's access to insurance products and services that respond to their needs and expectations, in line with our "Payer-to-Partner" vision.

The 3 main focus areas are: women as retail clients, as entrepreneurs and in the distribution force. AXA has developed a dual approach: in mature markets, AXA will empower women to be financially independent, and in emerging markets the objective is to empower women to "live better lives". In 2018, 12 entities included "Women in Insurance" as a strategic priority and 18 products have been developed. This strategy is implemented through our "2020 Women Insurer of Choice" targets:

- 45% of women retail clients;
- 30% of SME clients to be women (mirroring the global market opportunity);
- 25% of women in distribution and sales management;
- 40% of women amongst recruits and promotions.

Further, through AXA Research Fund, we are dedicating €1 million to research to better understand and prevent health and entrepreneurial barriers for women.

In 2017, AXA also partnered with "Global Invest Her" (GIH), a platform that makes it easier for women entrepreneurs to access capital and expertise to grow their business; 260 applications were received from 57 countries and 5 women entrepreneurs were included in the mentorship program. Together with Sparknews, a social business start-up specialized in media operations, and Makesense, an international community helping social entrepreneurs solve problems, in 2018, AXA launched "Women in Business for Good", a media and mentoring

program that highlights and accelerates women businesses addressing social challenges around the world. As part of this collaboration, 100 women entrepreneurs were identified, 6 were chosen to participate in exploration workshops with AXA teams to overcome business challenges, and 3 finalists were selected to partake in a 4 month acceleration program to design and prototype solutions.

The partnership gives us a chance to share our expertise, change and challenge perceptions, and stimulate innovative investment in tech *via* a mentoring program pairing women entrepreneurs with senior AXA executives. Currently running in Mexico, the US and Nigeria, the program is successfully accelerating women-led businesses, empowering them to develop professionally and co-innovate products with AXA, and become part of our international network.

PARAMETRIC INSURANCE

AXA is leveraging the latest advancements in data science and technology to support populations in emerging markets that are vulnerable to climate change. AXA Global Parametrics creates parametric insurance that triggers payouts based on satellite and other weather data just days after a natural disaster or extreme weather event has struck. This allows governments to receive fast funding for emergency response or affected populations to receive food or cash distributions which stops them from falling into poverty traps. The weather data can also be used as an early warning system to kickstart contingency planning before an extreme event hits.

- Africa: AXA Global Parametrics is a lead reinsurer and technical advisor to the African Risk Capacity, a mutual risk pool of African governments that purchase parametric drought insurance. The drought model, that uses satellite rainfall data, allows governments to already anticipate potential droughts in the middle of the relevant crop season;
- Pacific Islands: The Pacific Catastrophe Risk Insurance Company is a risk pool for Pacific Islands that provides parametric typhoon and earthquake coverage to four governments. AXA Global Parametrics is also a lead reinsurer, having contributed to the \$3.5 million payout to Tonga last year after it was struck by Cyclone Gita;
- Caribbean Islands and Central America: AXA Global Parametrics reinsures the Caribbean Catastrophe Risk Insurance Facility which parametrically covers 21 countries in the region against cyclones, earthquakes and excess rainfall. A number

of governments struck by disasters last year received payouts within 14 days;

- Philippines: The World Bank facilitated a major \$390 million coverage for the Philippines protecting 25 municipalities against typhoon and earthquake. AXA Global Parametrics is supporting the deal for the second year;
- Senegal: with support of the West African Development Bank and in partnership with the Senegalese national agriculture insurer and bank as well as the major cotton and maize associations has covered thousands of farmers against drought. The parametric coverage was triggered at the end of 2018 with the President of Senegal himself offering the payout to the farmers' cooperative;
- Cameroon and Côte d'Ivoire: AXA partners with the World Bank Group's Global Index Insurance Facility to develop parametric drought coverage for cotton and maize farmers. AXA Global Parametrics works with AXA Cameroon and AXA Cote d'Ivoire as well as key cooperatives to build these new products.

TOBACCO INVESTMENT AND INSURANCE RESTRICTIONS

As announced publicly in May 2016, AXA decided to divest from and end insurance covers for the Tobacco industry. AXA believes supporting an industry which is the main cause of long-term non-communicable diseases, including cancer, heart disease and chronic respiratory illnesses, is not compatible with our role as one of the world's largest health insurers, and our strategy to become our clients' health risk prevention partner. We also believe that sending such a signal to markets and regulators reinforces the development of tobacco controls, which ultimately contribute to improving our customers' health, and it is aligned with our broader CR strategy to promote a stronger and safer society. Our divestment covers €2.05 billion (including XL Group assets added in 2018): equity assets have been divested immediately, while debt assets are run off gradually.

AXA supports the "Tobacco-Free Portfolios" and supported the launch of the Tobacco-Free Finance Pledge at the UN General Assembly in September 2018. This initiative, co-founded by AXA, BNP Paribas, Natixis and AMP Capital, aims to "denormalize" relationships between the financial community and the tobacco industry. It is now supported by more than 130 investors representing \$6.8 trillion in assets under management: the strong momentum launched with our divestment continues.

Our divestments are also mirrored on the underwriting side: AXA no longer covers the operations of tobacco manufacturers.

Corporate Philanthropy and engagement

In line with our Sustainability Risk Assessment (described under Chapter 7.1), we have identified community involvement and corporate philanthropy as key enablers of AXA's role as a responsible corporate citizen. As a result, AXA has developed and implemented various policies and initiatives designed to address certain societal concerns, as described below. These can be correlated to the following UN SDGs: #17 "Partnerships for the goals", #4 "Quality Education" and #10 "Reduced inequalities".

COMMUNITY INVESTMENT

As a responsible corporate citizen, AXA strives to play a positive role in society, by sharing our business expertise by helping to build better understanding of the risks faced by individuals and society at large, and by building a culture that promotes employee volunteering to support the communities in which we operate. AXA's Community Investment program promotes "risk research and prevention" and assistance to those who need it most. This approach is included in the Group's Community Investment Guidelines encouraging AXA entities to focus their community investments on 4 main pillars: health, environment, social inclusion and new technologies and data.

In 2018, 71% of the €25.8 million donated by AXA business entities and the Group (including the AXA Research Fund) were dedicated to community projects addressing these themes. In addition, AXA also provided support for other good causes, including road safety, education and humanitarian aid.

As an extension of its activities, AXA also financially supports several NGOs notably on climate change (CARE) and resilient cities (UN Habitat and C40) as well as cultural institutions to preserve and protect cultural heritage.

As the program tackling child obesity in Mexico (mentioned in our previous Annual Report) was not implemented due to local circumstances, the partnership with UNICEF was terminated.

AXA RESEARCH FUND

The AXA Research Fund supports academic projects led by top-tier researchers all over the world in the fields of Health, Climate and Environment, New Technology and Socio-Economic issues. The Fund provides researchers with the means and freedom to complete their work successfully. The awarding of grants is based on strict academic criteria through a transparent and rigorous selection process which is overseen by an independent Scientific

Board. AXA's support to scientific research goes beyond funding: to better inform decision making and build a platform for science, the AXA Research Fund provides grantees with communication resources, media and engagement opportunities and encourages exchanges and discussion around supported areas through conferences and events.

In 2018, through the Fund, AXA selected 13 Post-Doctoral Fellowships, 2 AXA Chairs, and 9 Joint Research Initiatives (AXA business/Academic partnerships) and among other strategic projects, supported a joint Chair on women's entrepreneurship with partner private companies. As of December 31, 2018, the AXA Research Fund supported a total of 597 research projects led by researchers of 58 nationalities in 36 countries and a total project funding of €146.6 million.

In 2018, for its 10th anniversary, the AXA Research Fund announced a renewed commitment of €50M over the next five years during an event bringing together grantees, academic partners, public decision makers and AXA management and employees.

More information on the AXA Research Fund is available at axa-research.org.

EMPLOYEE VOLUNTEERING

AXA Hearts in Action is an international program for AXA employees, through which they carry out volunteering activities addressing various issues (for example disability, education, environment, health and social welfare). In 2018, more than 34,000 employees (estimate) volunteered their time, mainly through AXA Hearts in Action local programs set up in 38 AXA entities (73% of FTEs), making their skills and time available to conduct community investment projects. Their engagement represented approx. 97,000 hours (93,000 hours in 2017), dedicated by AXA employees to volunteering activities (during working hours).

Every year, AXA entities organize a "CR Week" for employees to volunteer time in favor of the community and increasingly putting the AXA Hearts in Action Program at the forefront. In 2018, more than 36,000 volunteering acts during this event, representing 67,000 hours in support of local communities.

In addition, in 2018 through the 'AXA Expérience Solidaire' skill-based volunteering program (AXA Hearts in Action France), 47 employees performed volunteering missions at partner charities. In total, the salary expenditures paid over the 60,000 hours dedicated to these skill-based volunteering missions represent the equivalent of a €4.5 million donation.

7.5 BUSINESS BEHAVIOUR

AXA is committed to conducting its business according to the high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where we operate, to earn the continued trust of our clients, shareholders, employees and business partners, but

also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

The initiatives described below are notably in line with the UN SDG Goal #16 (Peace, justice and strong institutions).

Business ethics

COMPLIANCE & ETHICS GUIDE

AXA's Group Compliance and Ethics Guide seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, transactions involving AXA securities confidentiality, control of sensitive information and record keeping. The Guide is available on the Group's website (www.axa.com). In 2019, a new AXA Group Compliance & Ethics Code was launched. The Code includes some subjects that have become increasingly important in recent years; these include Health & Safety at work, Protection and Responsible use of Customer Data, Engagement with Social Media, Prevention of Discrimination and Harassment and Fair and Professional Treatment of customers. The content and style of the Code has also been revised to make it more accessible and easier to reference.

ANTI-BRIBERY & CORRUPTION (ABC)

To prevent this risk of bribery and corruption, AXA Group has introduced a Group ABC Policy that establishes minimum standards for ABC that must be implemented by AXA entities. This Policy has been regularly updated to take account of new regulations and most notably the recent French law known as "Sapin II". A Group Anti-Bribery Officer has been designated to

design and reinforce the global ABC program at Group level and to guide its implementation across AXA. AXA entities have designated local Anti-Bribery Officers to implement their ABC programs in accordance with AXA's Policy. Processes and procedures are in place to monitor compliance with AXA ABC standards across the Group.

BUSINESS CONDUCT

The Group's insurance, banking and Asset Management operations are subject to an increasing number of legislative and regulatory initiatives designed to increase customer protection in the financial services sector. In the European Union, initiatives related to financial service include the Insurance Distribution Directive, MiFID II and the regulation on Key Information Documents for Packaged Retail and Insurance based Investment Products (PRIIPs regulations).

As a result, consumer protection regulations have become an increasingly important area for the financial services sector and AXA has taken significant action to comply with these requirements in each of its businesses operating in the EU. Similar regulatory developments regarding business conduct are also taking place in many other parts of the world in which AXA operates and similar measures are in place to respond to those and to share experience between businesses facing similar challenges. Compliance risks, including business conduct risks, are assessed on an annual basis and the results and any necessary mitigation actions are developed and shared with senior management.

Responsible data use and data privacy

In line with AXA's sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure client data is protected.

DATA PRIVACY

AXA has implemented a Group Data Privacy Policy with the following objectives:

- to ensure that AXA entities adequately protect the personal and sensitive data of customers and other persons obtained during their business activities;
- to minimize the risk of AXA entities breaching applicable data privacy and protection laws (e.g. EU General Data Protection Regulation – GDPR).

AXA has created a Data Privacy team at Group level and a network of over 100 Data Privacy Officers (DPOs) whose mandate is to ensure that personal and sensitive data is protected across the Group.

AXA is the first insurance group to have adopted Binding Corporate Rules (BCR), an internationally recognized standard for the protection of personal data. They were approved by the French Data Protection Authority (CNIL) and 15 other EU Data Protection Authorities (Germany, Austria, Belgium, Spain, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Czech Republic, Romania, United Kingdom, Slovakia, and Sweden). Today, 315 AXA entities have signed up to the BCR. AXA has also published a "Data Privacy Declaration" with a clear commitment to not sell client data to third parties.

AXA has established an Advisory Board of independent experts on data privacy and the ethics of Artificial Intelligence (AI): the "Data Protection and Ethics Panel". The panel provides critical input to the Group's teams in the area of data privacy and responsible use of AI. This panel meets twice a year and is an important forum to ensure that in a field that is developing very quickly, AXA's strategy around the use of data receives input from independent experts.

The information related to AXA's policy and control mechanisms to address data privacy risks are explained in the "Personal Data Protection" section in Chapter 7.6. Information related to why AXA considers data privacy as a key risk topic is detailed in the "EU Data Protection Reform" sections under Chapters 4.1 and 6.3.

In addition to our data privacy policies, AXA has developed cybersecurity capabilities. Indeed, security is a business imperative. A key success factor for AXA's "payer to partner" strategy is that customers trust AXA to keep them and their data safe and secure. While social unrest, terrorism, disruptive technologies, unpredictable natural disasters, cyber risk and misuse of information are a reality, it is critical for AXA to remain operational in case of crisis, to protect its customers' data, employees, reputation, and assets. Security at AXA is managed by Group Security and based on three disciplines: Information Security, Operational Resilience and Physical Security & Safety. Data hacking, identity theft, and trading of sensitive information are daily threats, in a context where cyber criminals are becoming more and more professional. AXA has developed and strengthened its capabilities to protect, detect and react to cyber threats. AXA employees have a key role to play and are fully part of our Security strategy, and Group Security implements worldwide Security awareness campaigns and training.

DATA FOR GOOD

In addition to protecting data, AXA can leverage it to address certain societal issues, for example as follows:

- **Give Data Back** – AXA has created the "Give data back" website in 2017, one of the first concrete illustrations of our "Payer to Partner" strategy. Its objective is to share information with our customers and non-customers to better protect their homes by understanding and preventing the two most frequent risks (water damage and theft). We opted for data sharing by publicizing the anonymized analysis and consolidation of our claims and policy data for seven European countries (Germany, Belgium, Spain, France, UK, Italy and Switzerland) on these risks. In Mexico, we also share our data about car accidents and identify the most dangerous roadways to alert drivers where they should take precautions to avoid accidents. Since 2017, the website counted 190,000 unique visitors. In Singapore, the website was adapted for its users to better manage and understand motor-related risks. It was launched in conjunction with the AXA Mobility Survey 2018 which seeks to understand public sentiment and perceptions of road safety, and in particular, opinions regarding the more vulnerable road users like the elderly. By sharing these insights and data with society, we hope to not only encourage safer road habits but also to help people in Singapore to understand real risks on the road.

- **Responsible AI** – AXA is one of the founding member (2018) of the French association Impact AI (artificial intelligence), where we are contributed to the creation of an online library of tools for a responsible use of Artificial Intelligence within the working group “Responsible AI”. The library includes trainings, technical and governance tools. Impact AI is a “think and do tank” composed of companies, consulting firms, startups, schools and actors working on Responsible AI with 5 programs of actions, such as analyzing the perception of AI and the development of a “trusted AI”, sharing tools for a responsible use of AI, helping people adapt to the digital era, and creating partnerships to foster responsible AI among all types of actors (companies, schools, associations, etc.).
- **High Level Expert Group on Artificial Intelligence** – In 2018, AXA joined the High Level Expert Group (HLEG) on Artificial Intelligence whose mandate is to support the implementation of the European strategy on Artificial Intelligence. This includes developing recommendations on future-related policy development and on ethical, legal and societal issues related to AI, including socio-economic challenges. The AI HLEG will serve as the steering group for the European AI Alliance’s work, interact with other initiatives, help stimulate a multi-stakeholder dialogue, gather participants’ views and reflect them in its analysis and reports. As part of this High Level Expert Group, AXA has contributed to its first report on Responsible AI.

Responsible Procurement

AXA is a major buyer of products and services, both for its internal operating needs and for services to its insured customers. As part of our Sustainability Risk Assessment, we have identified “responsible procurement” as an important topic for AXA. AXA’s responsible procurement strategy is based on three pillars:

- **responsible buyer:** AXA strives to ensure that our supply-chain practices are fair. Each AXA buyer is required to sign and adhere to the Group’s Code of Ethics, which promotes fairness, neutrality, confidentiality and transparency. The Code aims to ensure that financial, operational and reputational risks linked to suppliers selection are mitigated;
- **responsible suppliers:** AXA ensures that its suppliers follow responsible practices by requiring them to sign our “Corporate Responsibility Clause” which includes complying with the principles of the International Labor Organization (prohibiting the resort to child/forced labor, promoting employee health & safety and freedom of expression, and non-discrimination).

In addition, AXA implemented a CR Risk assessment of its suppliers based on a third party platform (EcoVadis) and a risk categorization. Suppliers are classified into procurement risk categories and evaluated against five CR criteria (environment, social, product & services end-use impact, suppliers’ supply chain, and business integrity), then evaluated using the EcoVadis platform scores. An awareness training pack is available for all the procurement community *via* a network of AXA CR “Champions”;

- **responsible goods and products:** AXA encourages the procurement of environmentally and socially friendly products and services wherever relevant.

Detailed information on our responsible procurement policy and standard is elaborated in AXA’s Group Procurement Guidelines. The document is used for supplier selection and management purposes.

Tax policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues. Please refer to Chapter 6 for further information on AXA’s tax policy.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the Group management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31st, 2018

To the shareholders

In our capacity as Statutory Auditor of AXA SA (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31st, 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and Risk Management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, which are AXA Belgium, AXA Bank Belgium, AXA France VIE, AXA France IARD, AXA Partners Holding SA, 1001 Vies Habitat, AXA Investment Managers Paris, AXA Konzern AG, AXA Business Services, AXA Insurance DAC, AXA Assicurazioni S.p.A, AXA ITALIA Servizi S.c.p.A, AXA MPS Ass.Vita S.p.A, AXA MPS Ass. Danni S.p.A, AXA Partners CLP Operaciones S. de R.L.de C.V., AXA Assistance Mexico S.A. de C.V., AXA Seguros S.A. de C.V., AXA Assurance Maroc, AXA France IARD Maroc, AXA France Vie Maroc, Philippine AXA Life Insurance Corporation, Charter Ping An Insurance Corp, AXA Versicherungen AG and AXA Services Switzerland AG, and covers between 18% and 77% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESSOURCES

Our work was carried out by a team of 10 people between September 2018 and March 2019 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about fifteen interviews with the people responsible for preparing the Statement, representing Group Public Affairs and Corporate Responsibility, Risk Management, Compliance, Tax, Legal, Procurement and Human Resources.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

COMMENTS

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comments:

- for some principal risks, including non-compliance by suppliers with the principles of the International Labor Organization and non-compliance with consumer protection regulatory requirements, the entity is currently working on the presentation of key performance indicators (see the “Methodology and Reporting Scope, : Business Behaviour” section of the Statement);
- the XL entity, representing 6% of the Group’s workforce, is not always included in the consolidation of certain indicators given the integration date in the fourth quarter of 2018 (see “Reporting Scope, Methodology and Perimeter“ and “AXA XL” sections of the Statement).

Neuilly-sur-Seine, March 11, 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Xavier Crépon

Partner

Sylvain Lambert

Sustainable Development Partner

Appendix: List of the information we considered most important**QUANTITATIVE INFORMATION (AMONG WHICH KEY PERFORMANCE INDICATORS):**

- environment: energy consumption, distance covered by business travel and vehicle fleet, CO₂ emission by scope, water consumption, office and marketing paper consumption, waste production, “green” investments;
- human resources: headcounts and distribution, number of external recruitments, number of resignations, number of dismissals, annual gross payroll (fixed and variable), number of training days, absenteeism rate;
- human rights: number of emerging customers, number of entities which adhered to “Binding Corporate Rules”;
- social: number of Stakeholder Advisory Panels, cash donations for community investment projects, number of employees who participated to volunteering acts, total hours contributed to volunteering acts;
- corruption and tax evasion: tax expense of the consolidated financial statements.

QUALITATIVE INFORMATION (ACTIONS AND RESULTS):

- environment: information relative to environment and climate change;
- human resources: information relative to employee relations and work conditions, learning environment and skills management, diversity and inclusion;
- human rights: information relative to women in insurance, emerging customers, parametric insurance, business behaviour, responsible data use, responsible procurement;
- social: information relative to the Sustainable Development Goals, stakeholder dialogue, corporate philanthropy and engagement;
- corruption and tax evasion: information relative to corruption and tax policy.

7.6 VIGILANCE PLAN

AXA Group is committed to promoting and protecting internationally-recognized human rights, fundamental freedoms, health and safety, as well as the environment in the course of its business activities.

To comply with the requirements of French law ⁽¹⁾, AXA has adopted a vigilance plan (the “Vigilance Plan”) that sets out how AXA has established and implemented safeguards to identify and prevent serious violations of human rights and environmental abuses, and submits its report on the implementation of the Vigilance Plan over the year 2018.

Scope of the Vigilance Plan

The Vigilance Plan applies to AXA Group companies and their respective activities, including intra-group activities and operations, and all AXA employees, worldwide.

It sets out, subject to local law and regulation, certain guiding principles and Group-wide policies designed to ensure that the AXA Group companies and their employees have a common vision of the AXA Group’s standards related to human rights and the environment and operate accordingly.

The Vigilance Plan extends to the activities of service providers and suppliers to AXA Group companies with whom there is an established business relationship.

As legally required, the AXA Group conducted an analysis to measure how the AXA Group’s activities and operations as defined by applicable laws potentially impact the environment and each of human rights, with a view to ensuring each identified potential risk is covered by an AXA Group policy; it being specified that according to AXA and pursuant to the United Nations’ principles, the definition of human rights includes the fundamental freedoms, health and safety.

IDENTIFICATION AND EVALUATION OF RISKS TO HUMAN RIGHTS AND THE ENVIRONMENT

The AXA Group considers its activities do not generate major (high) risks of human rights violations. The Group does estimate however that it may have potential direct and indirect impacts on the human rights of its employees and customers as well potential indirect impacts on the human rights of others through relations with corporate customers that are active in, or through

investments in companies which are active in, sectors and/or countries with increased risk of human rights violations.

Consequently, with the support of KPMG, the AXA Group developed a human rights risk assessment that identified the most relevant risks to human rights that the AXA Group should consider in conducting its business. These were identified as risks to the principles of equality before the law and non-discrimination (with respect to minorities), freedom from all forms of forced or compulsory labour, child protection, freedom of association, collective bargaining, the right to just and favorable working conditions, liberty and security of the person, the right to health and an adequate standard of living, and the right to privacy.

AXA’s direct operations, focusing on financial services, do not generate major impacts on the environment. As a result, AXA’s environmental reporting and management processes focus on energy, water and paper consumption, as well as related CO₂ emissions. AXA’s comprehensive environmental reporting process, which is verified by an independent third-party, allows AXA to evaluate its impact on and identify risks to the environment from its activities.

Please refer to Section 7.3 “Climate Change and the Environment – Own Operations – Environmental reporting process and verification” of this Annual Report for further information on AXA’s environmental reporting process.

As an investor, AXA had proactively implemented a Global Responsible Investment Policy, available on the AXA Group’s website (www.axa.com), and built an analysis framework in order to identify potential indirect impacts on human rights and the environment. Please refer to Section 7.3 “Climate Change and the Environment – Investments” of this Annual Report for further information on AXA’s investment strategy.

(1) Law No. 2017-399 of March 27, 2017 relating to the duty of vigilance of parent companies and instructing companies (“devoir de vigilance des sociétés mères et des entreprises donneuses d’ordre”) and Article L. 225-102-4 of the French Commercial Code.