



redefining / standards

## AXA Group Progress Report Principles for Sustainable Insurance

<b>Company Name</b>	AXA Group	<b>Date</b>	May 2017
<b>Address</b>	25, avenue Matignon, 75008 Paris, France.	<b>Membership date</b>	2012
<b>Country</b>	France	<b>Number of employees</b>	118.000 (year end 2016)
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See [The AXA Essentials 2017](#) for an overview of our key figures and activity.

See also our latest [Annual Report](#) ("Reference Document"), Chapter 7 (Sustainability)

### PSI support

On 19 June 2012 in Rio de Janeiro, just before the Rio +20 United Nations Conference on Sustainable Development, the AXA Group and 26 insurance companies from all around the world sign the Principles for Sustainable Insurance (PSI).

The signing is the culmination of a project launched in 2006 among insurance industry leaders and coordinated by the United Nations Environment Programme (UNEP). The AXA Group has since the beginning been strongly involved in the design of these principles with the UNEP FI, and was notably Chair of the working group from 2006 until 2010.

The four main principles (see below) describe how corporate responsibility should be incorporated by insurers in their business. By signing the PSI, the AXA Group is committing to address environmental, social and governance (ESG) issues in the way it conducts its business as an insurer and in its relations with all of the industry's stakeholders, including customers, suppliers and government agencies.



**Principle #1**

We will embed in our decision-making environmental, social and governance issues, relevant to our insurance business.

**Company strategy**

Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations

- Environmental, Social and Governance (ESG) issues monitored through regular reporting by Group Corporate Responsibility department to the senior management (Executive Committee, Board of Directors, Group Corporate Responsibility Committee).
- AXA Sustainability Index / related strategy framework enabling identification of ESG strengths and weaknesses. and Local Corporate Responsibility strategic plans integrated in Group Strategic Planning process
- Chief Corporate Responsibility Officer network coordinating local ESG initiatives at executive level.

References:

- [AXA Integrated Report 2016 p44-49](#)
- [2016 Annual Report \(“Reference Document”\) Chapter 7 \(Sustainability\)](#)
- [AXA Sustainability Index](#)

Dialogue with company owners on the relevance of ESG issues to company strategy

- Annual presentation of CR strategy progress to Board of Directors
- Ongoing meetings with SRI analysts
- SRI roadshows
- ESG information included in Annual General Meeting

References:

- [SRI ratings](#)
- [Investor relations](#)
- [Annual General Meetings](#)
- [Contributor to the International Integrated Reporting Insurance Network](#)
- [AXA publishes its First Integrated Report](#)

Integrate ESG issues into recruitment, training and employee engagement programmes

- AXA Learning & Development Induction program for new hires
- AXA Learning & Development training modules incorporating elements of CR for the different professional families.
- E-learning for compliance & ethical conduct training developed at Group level.

References:

- [Compliance & Ethics](#)
- [AXA Group human capital - 2016 Social data report](#) Chapter XVII



Risk management and underwriting	
<p>Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions</p>	<ul style="list-style-type: none"> <li>▪ Group Risk and Compliance Committee identification of ESG-related reputation risks &amp; mitigation (controversial / sensitive business sectors with impact on investment and insurance business).</li> <li>▪ Member of UN Principles for Sustainable Insurance (UN PSI) and UN Principles for Responsible Investment (UN PRI)</li> <li>▪ AXA Group Responsible Investment Committee.</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Emerging risks</a></li> <li>▪ <a href="#">2016 Annual Report ("Reference Document") Chapter 4 / Risk Factors and Risk Management and chapter 7 (Sustainability)</a></li> <li>▪ <a href="#">Responsible Investment</a></li> <li>▪ <a href="#">Commitments</a></li> </ul>
<p>Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics</p>	<ul style="list-style-type: none"> <li>▪ ESG issues integrated in P&amp;C Commercial underwriting guidelines and Product Approval Processes.</li> <li>▪ ESG issues (climate change, nanotech, etc.) integrated into Group Risk Management modeling tools and emerging risks "radar".</li> <li>▪ Group tools (e.g., PERILS to analyze climate-related risks).</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Emerging risks</a></li> <li>▪ 2016 Annual Report ("Reference Document") Chapter 7 (Sustainability)</li> </ul>

Product and service development	
<p>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</p>	<ul style="list-style-type: none"> <li>▪ Green commercial offers.</li> <li>▪ "Responsible" products</li> <li>▪ Risk prevention services</li> <li>▪ Microinsurance.</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">2016 Annual Report ("Reference Document") Chapter 7 (Sustainability)</a></li> <li>▪ <a href="#">P&amp;C CR Products</a></li> <li>▪ <a href="#">Microinsurance / Emerging customers</a></li> <li>▪ <a href="#">AXA Integrated Report 2016 p44-49 p80-83</a></li> </ul>
<p>Develop or support literacy programs on risk, insurance and ESG issues</p>	<p>"Risk Research and Education" program:</p> <ul style="list-style-type: none"> <li>▪ CARE program (including "Where the Rain Falls" research paper).</li> <li>▪ AXA Research Fund: climate change research.</li> <li>▪ AXA &amp; Climate Risks.</li> <li>▪ Junior Achievement partnership.</li> </ul>



	<p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Risk Research &amp; Education</a></li> <li>▪ <a href="#">CARE partnership</a></li> <li>▪ <a href="#">Junior Achievement</a></li> <li>▪ <a href="#">AXA Research Fund</a></li> <li>▪ <a href="#">Climate change</a></li> </ul>
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<b>Claims management</b>	
<p>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</p> <p>Integrate ESG issues into repairs, replacements and other claims services</p>	<ul style="list-style-type: none"> <li>▪ For an insurer, respect for the client includes the quality of transparent and accurate information provided, as well as a duty to provide sound advice and guarantee confidentiality at all times, fair treatment for all, and honest advertising messages.</li> </ul> <p>References</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Treating customers fairly</a></li> </ul>

<b>Sales and marketing</b>	
<p>Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns</p>	<ul style="list-style-type: none"> <li>▪ P&amp;C product blueprints for commercial lines (e.g., environmental pollution)</li> </ul>
<p>Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood</p>	<ul style="list-style-type: none"> <li>▪ Group Marketing “Clear Communications” program</li> </ul> <p>References</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Treating customers fairly</a></li> </ul>

<b>Investment management</b>	
<p>Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)</p>	<ul style="list-style-type: none"> <li>▪ AXA Group as well as AXA IM and AllianceBernstein are members of United Nations Principles for Responsible Investment</li> <li>▪ AXA Group Responsible Investment Committee, presided by the Group Chief Investment Officer.</li> <li>▪ Global Responsible Investment Policy</li> <li>▪ ESG integration</li> <li>▪ Sector guidelines</li> <li>▪ Impact Investing</li> <li>▪ Article 173/French Energy Transition Law for Green Growth</li> </ul>



	<p>Disclosure</p> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">2016 Annual Report (“Reference Document”) Chapter 7.5 (RI)</a></li> <li>▪ <a href="#">Responsible Investment</a></li> <li>▪ <a href="#">AXA Group Responsible Investment Policy</a></li> <li>▪ <a href="#">Climate Finance Day</a></li> <li>▪ <a href="#">Group Commitments</a></li> <li>▪ <a href="#">Responsible Investment at AXA IM</a></li> <li>▪ <a href="#">Article 173</a></li> </ul>
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<b>Principle #2</b>	
<p>We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions</p>	

<b>Clients and suppliers</b>	
<p>“Dialogue with suppliers on the benefits of proper management of ESG issues”</p> <p>“Provide suppliers with information and tools that help them manage ESG issues”</p> <p>“Integrate ESG issues into tender and selection processes for suppliers”</p> <p>“Encourage suppliers to disclose ESG issues and to use relevant disclosure frameworks”</p>	<ul style="list-style-type: none"> <li>▪ Group procurement CR strategy and implementation of tools enabling advanced screening of suppliers on environmental and social performance.</li> <li>▪ Ecovadis supplier assessments and associated remedial actions.</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Responsibility in supplier selection and relations</a></li> </ul>

<b>Insurers, reinsurers and intermediaries</b>	
<p>Promote the adoption of the Principles</p>	<ul style="list-style-type: none"> <li>▪ AXA Group regularly engages with peers around the adoption of the PSI principles and, more generally, sustainability issues</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Group Commitments</a></li> </ul>
<p>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</p>	<ul style="list-style-type: none"> <li>▪ Participation in numerous industry working groups, such as CRO Forum “Emerging risks” and “Sustainability” working groups, on ESG / CSR where ability to highlight PSI framework is frequent.</li> </ul> <p>References:</p>



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	<ul style="list-style-type: none"><li>▪ <a href="#">AXA Group signs the Principles for Sustainable Insurance</a></li><li>▪ See "Dialogue with company owners" above</li><li>▪ <a href="#">CRO Forum</a></li></ul>
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**Principle #3**

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

**Governments, regulators and other policymakers**

Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues

- Promoting such frameworks through active membership in UNEP-FI Insurance Commission (PSI).
- ["New Rules for New Horizons - Reshaping Finance for Sustainability"](#)

Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions

- AXA supports and collaborates with the [OECD High Level Risk Forum](#) to advise governments on how best to improve cross-border risk management.
- AXA cites the PSI in its [Responsible Public Affairs Charter](#) – page 4
- [AXA and Climate Risks – Why does climate change warrant our attention?](#)
- [AXA was named Vice-Chair of G20/FSB Task Force on Climate-related Financial Disclosures \(TCFD\) in 2015.](#)
- [AXA chairs the Expert Group on Sustainable Finance, launched by the European Commission.](#)

**Other key stakeholders**

Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise

- Dialogue with NGOs on RI Exclusion policies (eg controversial weapons) and other sensitive business issues.
- Ongoing stakeholder dialogue

References:

- [Stakeholder dialogue](#)
- [CR Brochure: stakeholder engagement p16-17](#)

Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies

- AXA is an active member of several structures bringing together businesses to address ESG issues:
  - ORSE working group on sensitive sectors
  - CSR Europe
  - UNEP-FI Insurance Commission
  - PERILS (storm-related data sharing)
  - CRO Forum: ERI working group, Sensitive business risks working group



<p>Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business</p>	<ul style="list-style-type: none"> <li>▪ AXA Research Fund supporting academic research on risks</li> </ul> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">AXA Research Fund</a></li> <li>▪ <a href="#">AXA at the heart of a Business Case on Corporate Responsibility</a></li> </ul>
<p>Dialogue with media to promote public awareness of ESG issues and good risk management</p>	<p>Group communications on climate risks.</p> <p>References:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Climate Risks campaign</a></li> <li>▪ <a href="#">AXA boards the "Climate Train"</a></li> <li>▪ <a href="#">AXA launches new CR Strategy titled "Better Lives Partnership"</a></li> <li>▪ <a href="#">AXA sponsors world's first Global Investor Statement to fight Tobacco</a></li> <li>▪ <a href="#">AXA wins French Government Award for Article 173/Energy Transition Law</a></li> </ul>

**Principle #4**

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

**Governments, regulators and other policymakers**

<p>Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly</p>	<ul style="list-style-type: none"> <li>▪ <a href="#">Integrated Report 2016</a> pages 51-52</li> <li>▪ <a href="#">Corporate Responsibility Brochure</a></li> <li>▪ <a href="#">AXA.com CR section</a></li> <li>▪ <a href="#">AXA Group human capital - 2016 Social data report</a> Chapter XVII</li> <li>▪ <a href="#">2016 Annual Report</a> ("Reference Document")</li> <li>▪ <a href="#">AXA Compliance and Ethics Guide</a></li> <li>▪ <a href="#">AXA Sustainability Index</a></li> <li>▪ <a href="#">SRI ratings</a></li> <li>▪ AXA cites the PSI in its <a href="#">Responsible Public Affairs Charter</a> – page 4</li> </ul>
<p>Participate in relevant disclosure or reporting frameworks</p>	<ul style="list-style-type: none"> <li>▪ <a href="#">International Integrated Reporting Council- IIRC Framework for disclosure of financial and extra financial information (Focus on both financial and non- financial capitals and sustainable value creation)</a></li> <li>▪ <a href="#">Contributor to the International Integrated Reporting Insurance Network</a></li> </ul>
<p>Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles</p>	<ul style="list-style-type: none"> <li>▪ UNEP-FI Insurance Commission (PSI): regional stakeholder conferences</li> <li>▪ Systematic reference to the PSI in our answers to extra-financial rating agencies</li> </ul>