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## **AXA GROUP POLICY ON COAL MINING AND COAL-BASED ENERGY**

### **Context: coal and climate change**

According to the Intergovernmental Panel on Climate Change (IPCC), +2°C is considered to be the maximum temperature rise before triggering significant risks to society. This target has been confirmed by the COP21 “Paris Agreement”. Staying below this threshold requires significantly limiting carbon emissions, and notably leaving most fossil fuel reserves underground. Enforcing this carbon constraint through market, societal and regulatory pressures could result in significant loss of value (“stranded assets”) for the most carbon intensive businesses. If “carbon” is considered to be a risk, asset owners such as AXA ought to attempt to measure and design mitigation strategies on behalf of their beneficiaries.

Coal is often a low-cost form of energy, and is widely available to a large proportion of the world’s population. However, coal is also the most carbon-intensive energy source. AXA, like many investors, believes coal both poses the biggest threat to the climate and its business is the most likely to be constrained.

### **Our position regarding responsible investment and insurance**

The AXA Group has a commitment to responsible investment (RI), embodied in its Group Responsible Investment Policy, and in its adhesion to the UN Principles for Responsible Investment. This commitment is a key element of AXA’s broader Corporate Responsibility strategy. We define RI as the integration of environmental, social and corporate governance (ESG) considerations into our investment processes and ownership practices. AXA believes that ESG factors, including climate-related metrics, have the potential to impact investment portfolios across companies, sectors, regions and asset classes over time. ESG issues can therefore impact risk and returns and as such require monitoring. Business links with certain activities or products may also endanger AXA’s reputation. Furthermore, as a signatory of the UN Principle for Sustainable Insurance (UN PSI), AXA also strives to integrate ESG considerations into its insurance business.

### **Coal mining and coal-based power generation principles**

As a result, AXA has decided to end investment and insurance support to companies most exposed to coal-related activities in the belief that this contributes to reducing some business risks, it is consistent with our ESG integration process, and supporting an energy transition curve aligned with a “+ 2°C” scenario is consistent with our broader Corporate Responsibility strategy to promote a stronger and safer society.

AXA defined these companies as follows:

- **Mining companies deriving over 50% of their turnover from coal mining.**
- **Electric utilities deriving over 50% of their turnover from thermal coal energy.**

This policy extends to these businesses’ holding companies, but not to other non-coal affiliates. It does not include other carbon-intensive industries or to other types of coal-related businesses for which exposure data is insufficiently reliable.

### **Scope**

- **Investments:** the scope of this policy is based on AXA’s Global Responsible Investment Policy’s scope, namely AXA’s General Account assets. This coal policy complements our Global RI Policy.



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- **Insurance:** for reasons of consistency, the Group has also decided that the disengagement is applied to AXA's insurance operations. This policy, which is included in the Group's P&C Commercial Lines underwriting guidelines, concerns P&C insurance (corporate insurance covering the blacklisted companies' products, assets and liabilities), but does not extend to *existing* Employee Benefits business. However, new business is banned. Insurance exemptions may be granted on an exceptional basis depending on case details, such as activity covered or evidence of a business mix evolution in the short term.

## **Governance**

The AXA RI Committee ("RIC") is responsible for the development, implementation and monitoring of this policy's investment dimensions. The RIC reports to the Group Investment Committee and is chaired by AXA's Group CIO. AXA's Global Business Lines and Group Corporate Responsibility are also involved in the implementation and monitoring of this policy's insurance dimensions.

This policy has been formulated by reference to existing standards of global best practice. AXA recognises that responsible investing best practice may evolve. The RIC is responsible for reviewing, and if necessary updating, this policy position on a regular basis.

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## **ABOUT THE AXA GROUP**

The AXA Group is a worldwide leader in insurance and asset management, with 166,000 employees serving 107 million clients in 64 countries. In 2016, IFRS revenues amounted to Euro 100.2 billion and IFRS underlying earnings to Euro 5.7 billion. AXA had Euro 1,429 billion assets under management as of December 31, 2016.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

*More information about AXA's responsible investment policy:* <https://www.axa.com/en/about-us/responsible-investment>