

# 2016 INTEGRATED REPORT



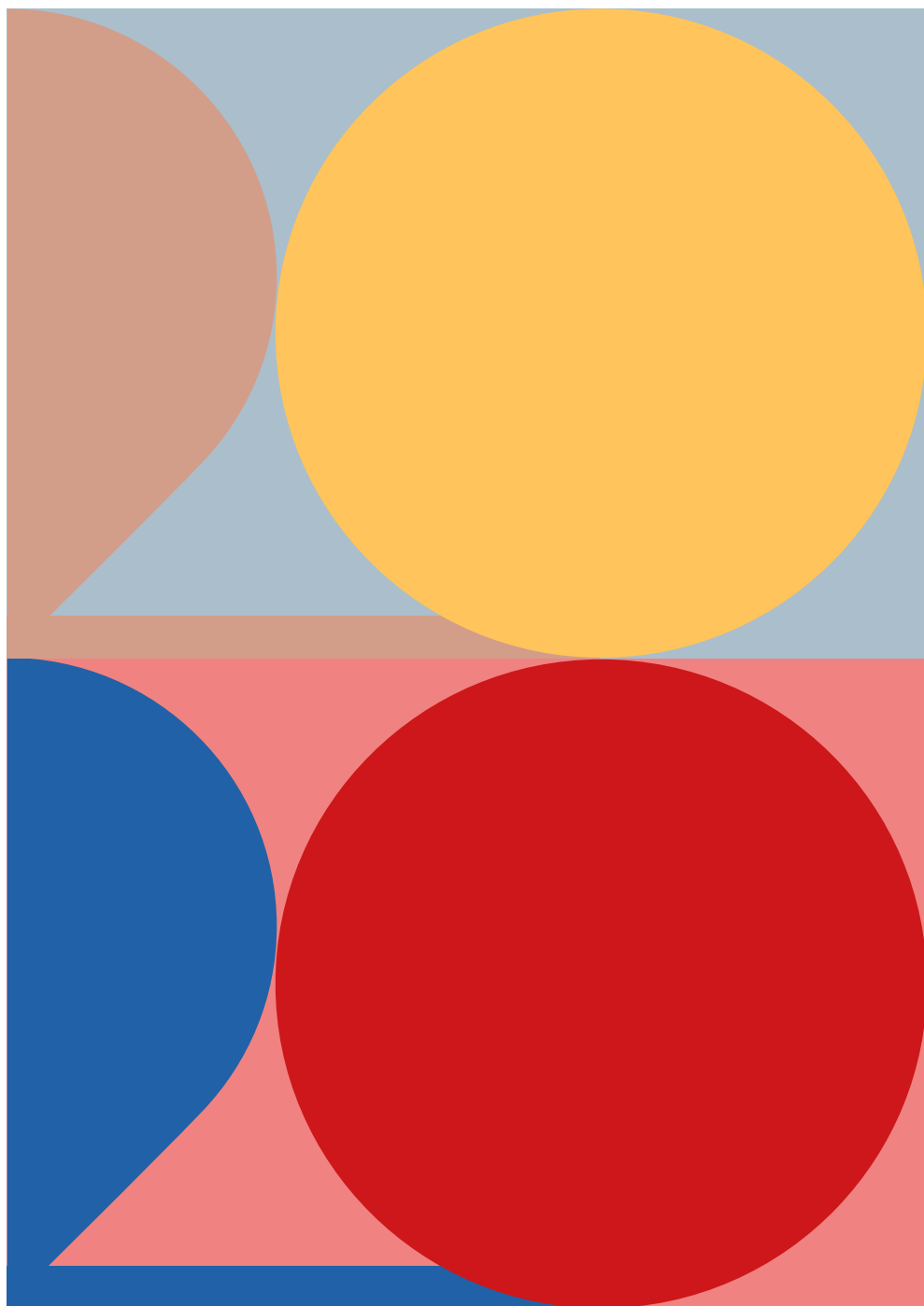
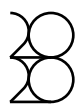
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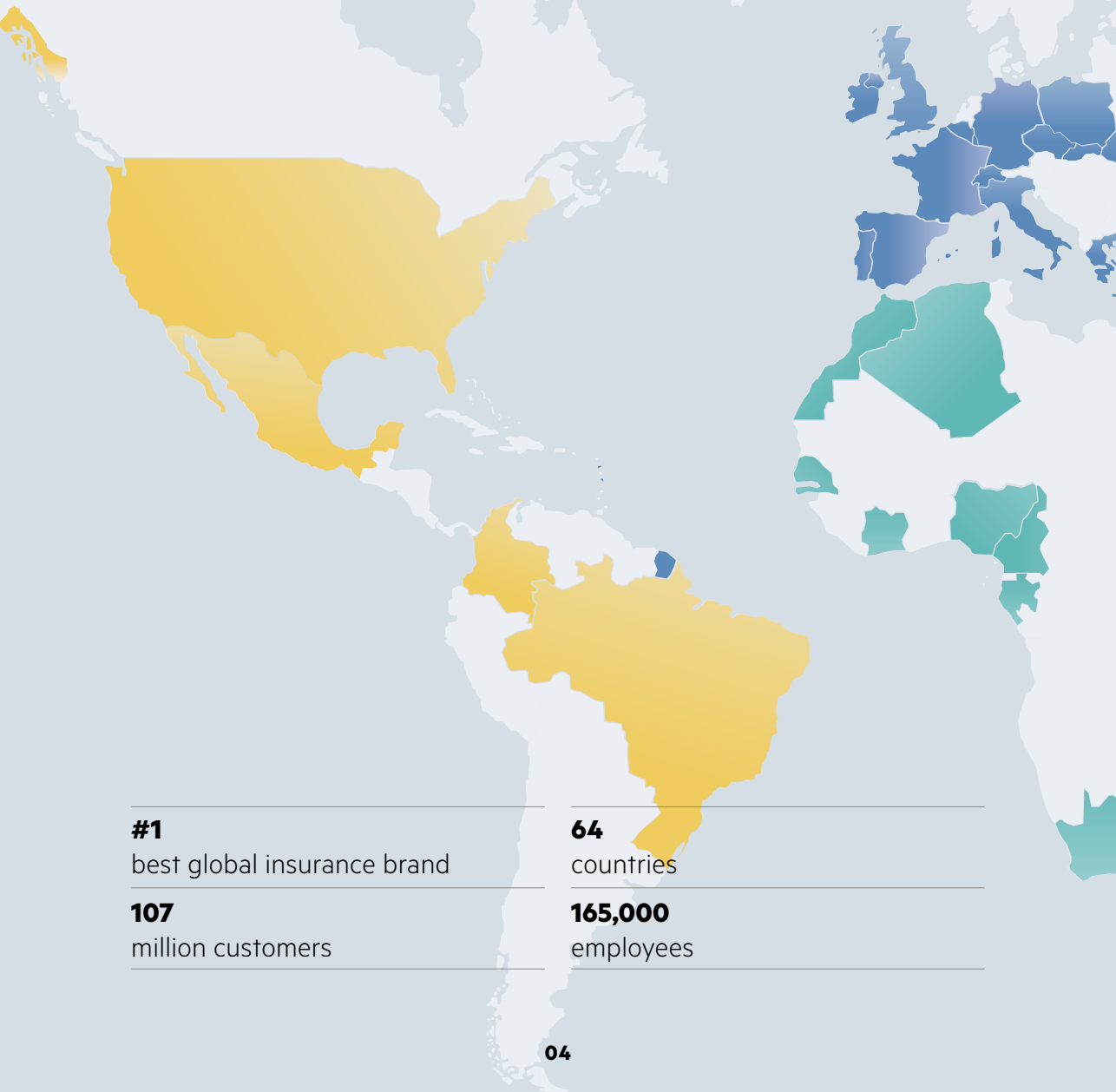
This year, AXA's "Activity & Corporate Responsibility Report" has become an "Integrated Report." This shift reflects AXA's commitment, since 2014, to gradually align our content and analysis with the objectives of the International Integrated Reporting Council (IIRC).

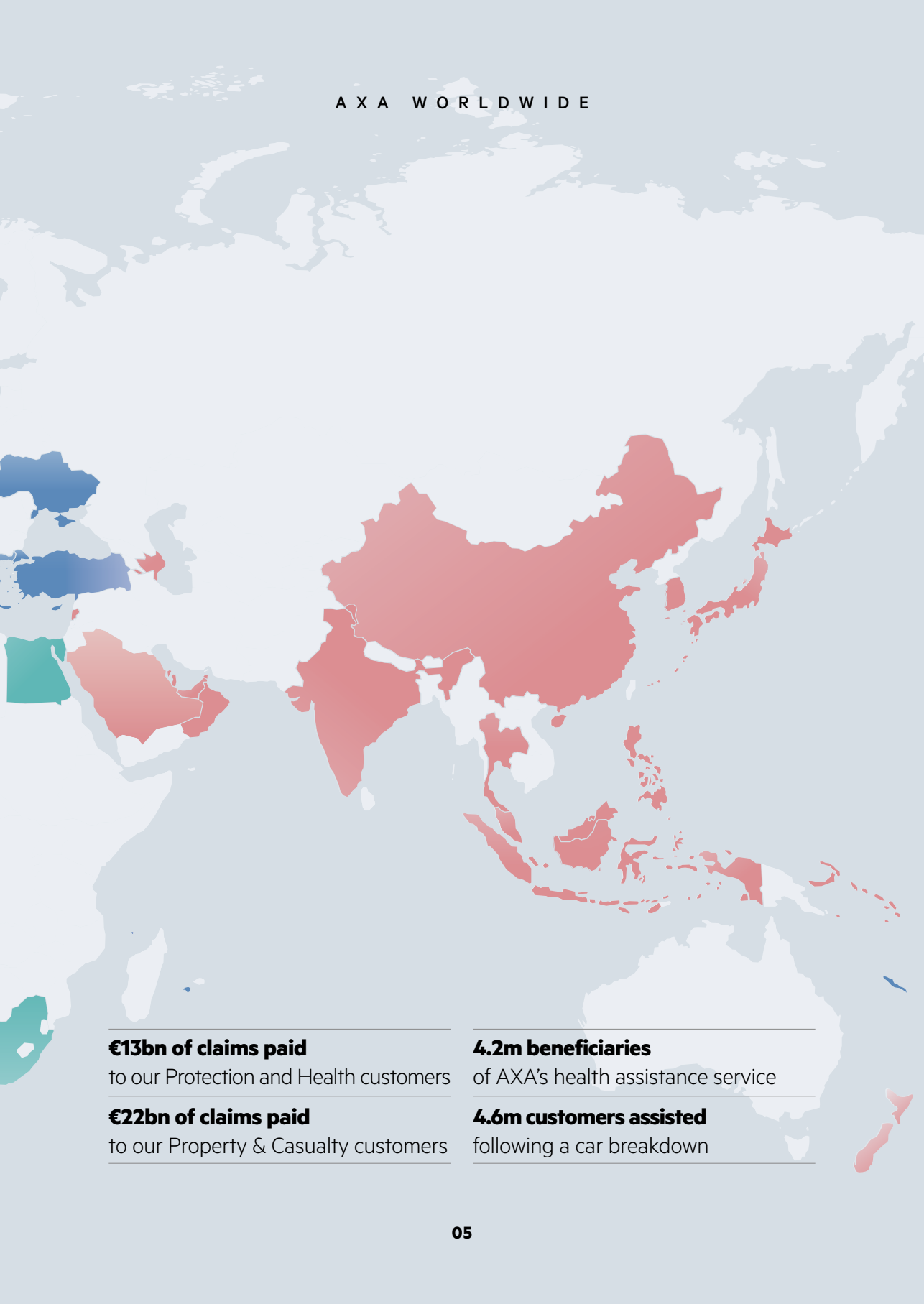
Richard Howitt, CEO of the IIRC, said, "We are delighted that AXA is showing leadership in France and the insurance sector by issuing its first Integrated Report. Growing numbers of organizations are turning to Integrated Reporting to tell their value creation story and I am confident that not only AXA – but all of their stakeholders – will benefit from this new approach. Organizations that adopt Integrated Reporting are finding numerous benefits in doing so, high among them being a better understanding of how the company creates value not just now but in the future, and not just in financial terms, but in relation to all of the resources it uses and affects."

[www.integratedreporting.org](http://www.integratedreporting.org)



## AXA's main operations worldwide





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**€13bn of claims paid**  
to our Protection and Health customers

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**€22bn of claims paid**  
to our Property & Casualty customers

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**4.2m beneficiaries**  
of AXA's health assistance service

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**4.6m customers assisted**  
following a car breakdown

## PURPOSE

### Our purpose

EMPOWER PEOPLE TO LIVE  
A BETTER LIFE



### Our values



**CUSTOMER  
FIRST**



**INTEGRITY**



**COURAGE**



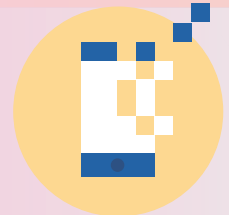
**ONE AXA**

### Ambition 2020, our strategic plan



**FOCUS**

Keep growing  
while being solid  
and competitive



**TRANSFORM**

Create a new  
customer experience



## **Our vision**

**FROM PAYER TO PARTNER**





## **“AXA can rely on its talented people and their extraordinary creativity.”**

**DENIS DUVERNE**

CHAIRMAN OF THE BOARD OF DIRECTORS

2016 was an important year for AXA. It saw the successful completion of Ambition AXA, which, from 2010 to 2015, enabled us to emerge stronger from the financial crisis. And, of course, it also saw the appointment of Thomas Buberl as Chief Executive Officer following the departure of Henri de Castries, whose energy and vision were the driving force behind AXA's growth and development for many years.

Thomas Buberl and his new team have drawn up and unveiled Ambition 2020, the strategic roadmap that will guide AXA's future growth while accelerating its transformation for the benefit of its customers.

The Board of Directors and I have full confidence in AXA's ability to bring this plan to a successful conclusion. The Group can rely on a rich vein of talent in its people, their commitment, entrepreneurial spirit and extraordinary creativity, which I have watched grow and flourish over the past 20 years.

AXA also has strong convictions and will continue to take incisive initiatives that are both inclusive and responsible, such as its new group-wide parental leave policy, and the decision to divest its tobacco industry assets. Key initiatives also include its partnerships with the UN to foster cities' resilience to climate change, and with the World Bank to develop parametric insurance solutions.

AXA is therefore gradually placing these environmental, social and governance (ESG) issues at the very heart of its business activity and is now able to present its first “integrated report” combining business and financial performance with ESG performance.

Once again, this highlights our belief that insurance plays a pivotal role in creating a stronger, safer society.





## **“We want to empower people to live a better life.”**

**THOMAS BUBERL**  
CHIEF EXECUTIVE OFFICER

Today, AXA is a world leader and an industry benchmark, and it is with great humility and enthusiasm that I have taken on the mantle of leadership.

I would like to pay tribute to the incredible job done by Claude Bébéar, Henri de Castries and everyone who supported them, to make the Group what it is today in the space of just a few decades. What they achieved is quite unique!

To drive this development forward in the future, our aim is to “empower people to live a better life.” We must continue to support our customers better, especially when it comes to new risks, by protecting them and helping them to act and do business freely. But I am also convinced that the role played by insurers has to evolve radically. Today, our customers want a genuine partner for their day-to-day life, not just a “benefit payer.”

In practical terms, this means that we have to act very early on to prevent unfortunate events from happening or, if they do, to mitigate their impacts. We are already a recognized player in prevention, but we have to do more and do it faster, largely by harnessing all the opportunities offered by new technologies.

We must help our customers to save time and make their everyday lives easier in whatever ways we can, from the simplest to the most innovative. We must also be more present, not just when an accident happens. The possibilities are endless!

All of these transformations are now underway and some are already well advanced. Today, we have to move up a gear, and not be afraid to challenge ourselves. This way we will be able to embrace new growth horizons and play a driving role to serve society and the economy. That’s what Ambition 2020 is all about.

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# Thomas Buberl

## INTERVIEW



Thomas Buberl was appointed Chief Executive Officer of AXA in September 2016. Addressing topics such as growth, faster digitalization, collaborative approach, new expertise and innovation, he talks about his vision and ambition for the Group, driven by Ambition 2020, the new strategic plan.

## INTERVIEW WITH THOMAS BUBERL

**In your introductory message on page 9, you say that customers want a partner rather than just a benefits payer. Is that how you see the insurance business today?**

Insurers all too often have the reputation of being bill payers, whereas customers actually expect much more than that. We want AXA to be a genuine partner to them, able to provide services that may sometimes be very simple ones but ones that genuinely make their lives easier. We want to increase opportunities for interacting with our customers seamlessly, through whatever channels and communication methods they choose, because we all know that it's much easier to build trust when you know each other better. That's the ambition underlying our new strategic plan, Ambition 2020.

**What is the environment surrounding the plan?**

A highly volatile one! The first thing that springs to mind is the persistently low interest rates in 2016. They now seem to be edging up in the United States but things are much less clear in Europe. Climate change is also having a negative impact in terms of natural disasters and AXA has an important role to play in mitigating the extent of their impacts. We also have to be creative in order to meet our customers' expectations, which are evolving radically. In this highly uncertain climate, I am nonetheless convinced that the need for protection is stronger than ever, for people and businesses alike. We have to seize these growth opportunities in mature countries as well as in the developing economies.

**With that in mind, what are the major priorities of Ambition 2020?**

Our first objective is to target the sources of growth that offer the most potential: that's the purpose behind the "Focus" pillar of our strategic plan. We have identified several priority markets that we believe will drive the Group's growth, namely, health, Asia, commercial lines and retirement savings. Secondly, we will not let up our efforts to improve our efficiency, for one simple reason: by being more efficient, we will become more robust and by being more robust we will be more useful to our customers, today, tomorrow and beyond. Another priority that's high on my list is continuing to strengthen our expertise in risks that are becoming increasingly global, whether financial, cyber or pandemic risks. We have therefore set up a new risk committee, which includes most of the Management Committee members, so that we can devote more time to these crucial issues.

**The second strategic pillar of Ambition 2020 is Transform. It's a word we've heard a lot at AXA in the last few years. What's different today?**

We want to go further, faster! For example, we want to double our efforts in prevention so that we can be a genuine partner to our customers. Prevention helps avoid accidents or illness and is therefore in the common interests of our customers, the Group and society as a whole. More broadly, our customers want to be able to interact with their insurer as quickly and easily as they are now used to doing with digital technology. We have to meet these expectations if we are to remain attractive,

especially in the face of new potential competitors with leading-edge customer relationship techniques, whether startups or web giants.

**How does AXA position itself compared to these aggressive web players?**

Insurance is a highly technical and complex business so it's not necessarily an easy market to get into. We therefore have everything to gain by working with them: better to make tomorrow's competitors today's partners. That's the reasoning behind the relationships we have built up with many startups over the past few years.

**In your view, what is the main driver for achieving the transformation described in Ambition 2020?**

I would say, without a shadow of a doubt, the commitment of all our employees. This is what will drive our transformation, so we are taking action in two areas. The first is expertise. To support our digital revolution, one thing we do is hire a large number of data scientists each year. More broadly, digital skills now "permeate" all our businesses and everyone who works for AXA. We are also planning to strengthen our investment in training, with two goals: to have the right expertise in the right place at all times and to develop the skills of our employees to meet the new expectations of our customers. We want training and skills development to be an integral part of everyone's working life; we need to be a "learning organization."

**And what's your second area for fostering commitment?**

AXA was built in a highly entrepreneurial spirit, a spirit that must continue to drive our culture. We live in a complex world that is changing constantly. Existing structures are not always the best placed to respond to this changing environment. But I am convinced – and I observe this truth on each of my visits to the Group's entities – that AXA's women and men have solutions for most of these questions. It is the role of managers to promote a culture of inclusion, innovation and trust so that each employee feels like an entrepreneur in the service of our customers. It's with this goal in mind that, together with the Management Committee, we created the crosscutting "Partners Group" composed of 40 executives, which will play the role of ideas incubator and ambassadors for our corporate culture. It's an exciting challenge to keep fostering this entrepreneurial spirit in a €100 billion-revenue company. It will be a key success factor for us in 2020 and beyond, so I want AXA to become an innovation leader!

**Commitment is also a question of shared values. What are AXA's values today?**

A company's values are only meaningful if they are shared and embodied by everyone. On a day-to-day basis, if someone is in doubt about the best decision to take, these values should help him or her to decide, while always keeping in mind our mission of "empowering people to live a better life." Our first value is "Customer first." That means putting customer satisfaction at the heart of each and every one of our decisions and actions to meet

## INTERVIEW WITH THOMAS BUBERL

their needs today, anticipate their needs tomorrow and always provide them with the best possible advice, products and services. Integrity has also been a core value for the Group since the outset. Integrity means delivering on promises, sincerity, honesty, and respect. It instills trust in our customers, employees and partners. Third value: courage. Everyone at AXA should have the courage to express an opinion, to change and improve things, to innovate and find new ways of doing business. Lastly, we want to make “One AXA” a reality through our actions, because working together as one close-knit team will make us stronger, richer through our diversity and united in shared objectives.

### **Let's come back to innovation: it's a real battle cry for AXA. What are your objectives?**

It's true; in the past few years we have put a vast amount of energy into creating an entire innovation ecosystem. We set up an InsurTech incubator, Kamet, our startup studio; AXA Strategic Ventures, an investment fund that supports startups; AXA Next, which develops disruptive business models, and AXA Partners, which enables us to develop innovative partnerships. We work in synergy with the largest digital players right down to the most innovative small companies. This approach is now beginning to pay off and AXA wants push forward quickly. But being a leader in innovation is not limited to technology. I want AXA to remain an innovative force for its employees, as reflected in our new global parental leave policy. And also for society, such as our decision to divest our tobacco industry assets.

### **You were appointed on September 1, 2016, so it's not too late to ask you what your first impressions are.**

For the past six months, I've had the privilege of meeting AXA employees around the world, and I've witnessed the determination and enthusiasm we all share. This gives me full confidence in our ability to pursue our transformation in all our businesses, as we move ahead with the same energy as on the first day.

## Focus

“Focus” sets out the conditions required for AXA’s future growth and robustness, in continuity with its successful Ambition AXA plan from 2010 to 2015.

First, by continuing to expand selectively in areas where customer demand is strong. Asia, health, commercial P&C lines and long-term, capital-light savings products are the key markets and segments that will drive the Group’s growth out to 2020.

Second, by keeping up our efforts to improve competitiveness, control costs and optimize technical margins. An initiative that will be accompanied by active capital management.

“Focus” will help AXA achieve further growth in underlying earnings, despite the low interest rate environment, generate positive cash flows, make effective use of capital, and maintain a robust financial structure, which is the fundamental duty the Group owes to all its customers.

## Transform

In parallel, “Transform” aims to transform the company in preparation for tomorrow’s growth.

Customers now expect more of their insurer, and AXA wants to evolve from being an insurance provider, a bill payer, to being a genuine partner to its customers. That means strengthening our role in prevention. We are also working on transforming the customer experience by creating quick and simple, seamless multichannel processes, developing new services, creating more opportunities to interact with our customers. The achievement of this goal will be accelerated by digital technology and the innovation ecosystem we have built in and around the Group.

The commitment and motivation of AXA’s employees, agents and partners will be essential to the success of this transformation. AXA will support them and help them develop their skills, to better serve our customers.

**“Focus” and “Transform” are the two strategic pillars that provide the foundation for a new vision for AXA, which will enable it to empower people to live a better life.**



# Ambition 2020 financial targets



+3% ↔ +7%

Underlying earnings  
per share CAGR



€28 ↔ 32bn

Cumulative Group operating free  
cash flows from 2016 to 2020



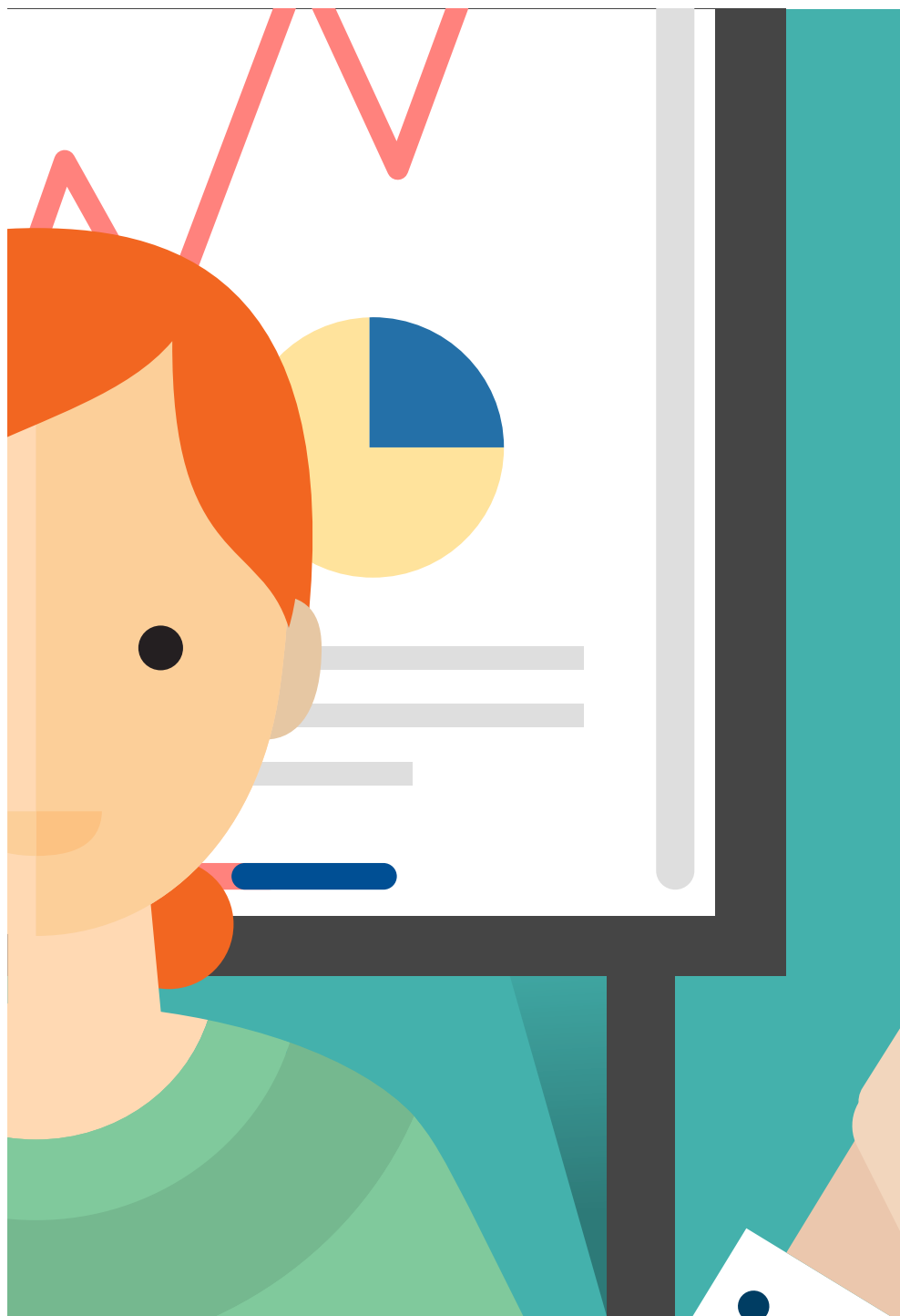
12% ↔ 14%

Adjusted return on equity over  
the period 2016 to 2020



170% ↔ 230%

Solvency II ratio target range





# Selective growth

Insurance has already gone through many transformations in order to continue meeting the needs of society. But rarely have they been as far-reaching as today.

Customers' expectations are evolving rapidly in line with new practices. Yesterday, mobile technology revolutionized the delivery of information and services. Today, the massive production and analysis of data is transforming the insurance business. Tomorrow, the boom in connected devices – 20 billion by 2020 – will significantly improve the way we interact with our customers, especially in healthcare, for better prevention. The sharing economy is also reshaping the insurance landscape, which is evolving towards insuring practices rather than assets.

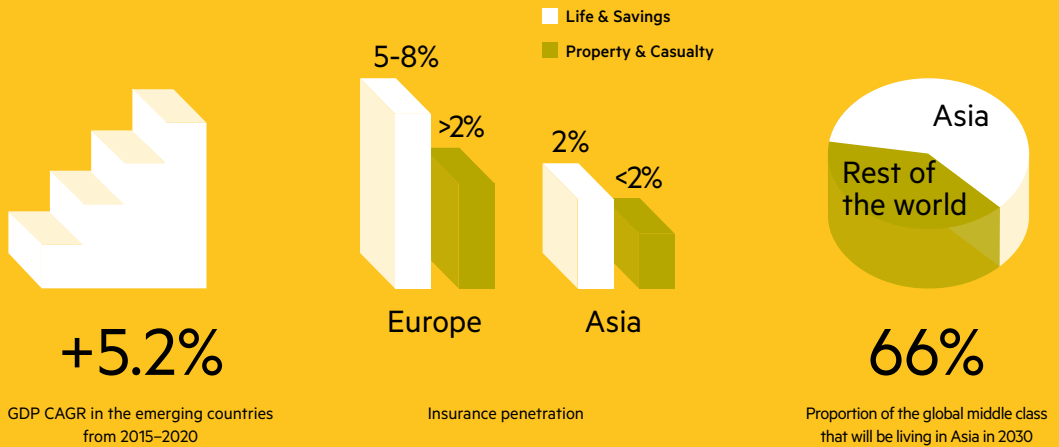
New economic powers are emerging in Asia and Africa and with them massive middle classes who want protection.

In the mature countries, people are living longer and therefore creating new needs, to which insurers can respond.

Lastly, companies, big and small, must support their employees, protect their business against new risks (cyber attacks, heightened climate risks, etc.), and expand internationally. While globalization opens up new horizons, it also prompts companies to seek out robust partners, able to support them wherever they do business.

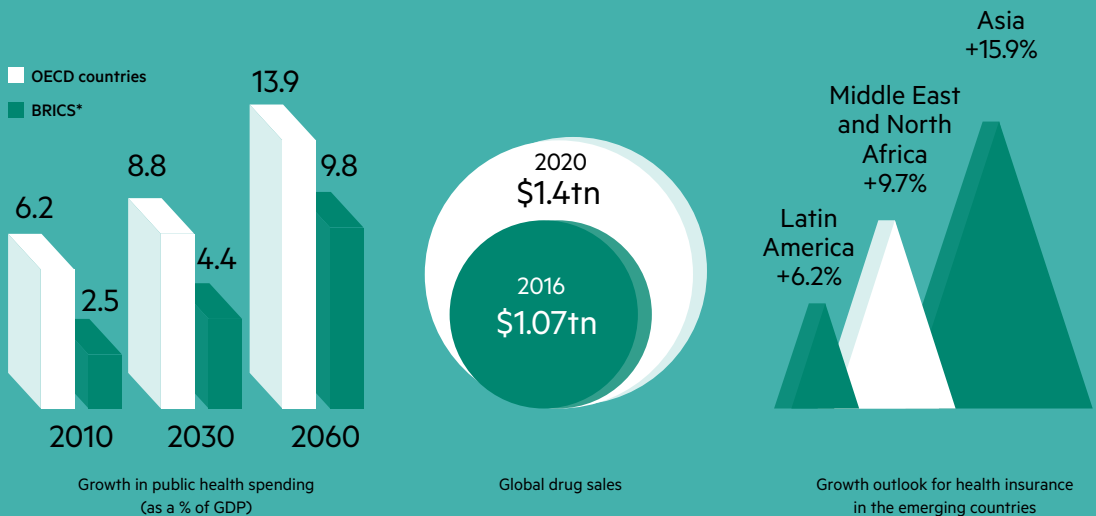
This conjunction of changes is not without its risks, but it also creates significant opportunities, which AXA intends to exploit to the full by leveraging its strengths.

## Geography



- "Where are we headed? Perspectives on potential output," IMF in World Economic Outlook (April 2015)  
 - <http://www.argusdelassurance.com/acteurs/marches-emergents-axa-voit-plus-grand-en-Asie.95058>  
 - Insurance Market Outlook, Munich Re (2013 edition)  
 - <http://oecdobserver.org>

## Health



\* Brazil, Russia, India, China, South Africa.  
 - "What Future for Health Spending?," OECD, Economics Department Policy Note, June 2013.  
 - Annual Report, IMS Health (March 2016)  
 - "Keeping healthy in the emerging markets," Sigma 1 (February 2015), Swiss Re

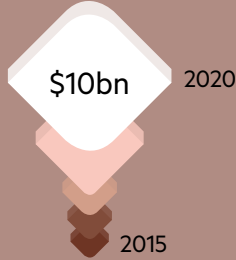
## SELECTIVE GROWTH

### Businesses



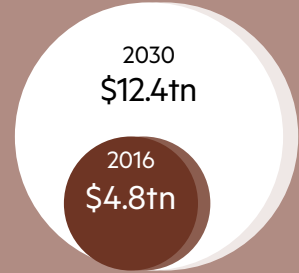
99%

Proportion of SMEs  
in Europe



+30-40%

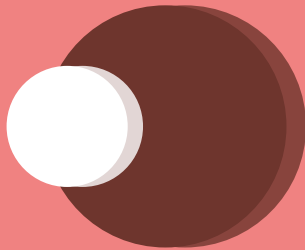
Annual growth in the cyber  
insurance market



Global exports

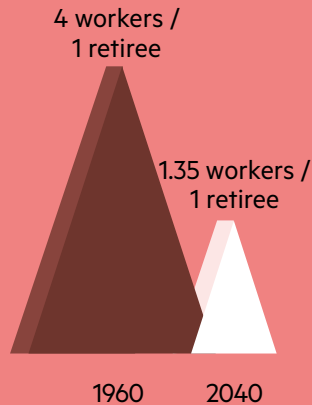
- Annual Report on European SMEs, European Commission (November 2016)
- Meti (*Mouvement des entreprises de taille intermédiaire*), Middle-market corporates: industry and investment report (June 2016)
- "The Cyber Insurance Market: the Revolution Starts Now," PwC (January 2016)
- Global Trade Forecast, HSBC (2016)

### Long-Term Savings



x2

Proportion of 65-year-olds  
in the global population by 2050



Sharp decrease in the number  
of workers per retiree in France



77%

Proportion of individuals who believe  
they will have to finance a growing share  
of their own retirement in the years ahead

- American Census Bureau report (March 2016)
- Annual Report of the *Conseil d'orientation des retraites* (June 2016)
- Global Retirement Index, Natixis (2016)

# **Insurance, a growth sector**

The insurance sector continues to grow faster than GDP in all parts of the world. Four major underlying trends will drive growth in the next five years: vitality of the emerging countries; growing needs of small and large companies; diversification of demand for savings; and the worldwide explosion in the health market.

## Geography

Insurance products of all kinds will enjoy growing success in the emerging countries out to 2020. In Africa, Latin America and Eastern Europe, the middle classes are growing and with them, the need for protection. The emerging Asian countries are expected to grow the fastest.

## Health

The health market worldwide will enjoy a huge boom over the next five years. In the emerging countries, the growing middle classes and their desire for better healthcare will drive demand for insurance. The mature countries will invest massively in innovation such as e-health, m-health, cutting-edge technologies, new-generation drugs, etc., especially with the aim of improving the health and wellbeing of the older generations.

## Companies

In the emerging and mature countries alike, SMEs will increasingly contribute to world economic vitality. They will invest in high potential sectors such as mobile and clean technologies. Like large corporations, they will expand internationally, generating a general increase in global trade. For all types of companies, these new opportunities will generate new risks and insurance needs, such as cyber security, international support, etc.

## Long-Term Savings

Aware that the aging population will put pressure on state pension systems, a growing number of workers in the developed countries will make their own provision for retirement. In parallel, “classic” guaranteed return funds are faced with the lowest interest rates ever in their history in the United States, Europe and Japan. These two fundamental trends are inciting financial operators to innovate in order to seek new investment solutions.

# Four priority markets identified by AXA



## ASIA

**AXA HAS A SOLID BASE FOR EXPANSION ON THE ASIAN CONTINENT.** More particularly, we are the only international group with operations in both life & savings and property & casualty insurance. We have built up some powerful partnerships, which are genuine business drivers. Another major strength is the innovation ecosystem we have developed in Asia, with AXA Lab in Shanghai, Data Innovation Lab in Singapore and the AXA Strategic Ventures office in Hong Kong.

We have three strategic drivers to support our expansion in Asia. We will step up cross-selling through our many local partners in various markets. We will leverage growth in new microinsurance solutions for low-income earners who are excluded from the mainstream insurance systems. And we will capitalize on strong organic growth, supported by the region's buoyant economy.



## HEALTH

**AXA HAS LONG BEEN PRESENT IN THE HEALTH MARKET AND HAS MADE THIS BUSINESS A CORE PART OF ITS STRATEGY.**

Having created a separate dedicated business line in 2014, we are now among the top five health insurers in the world.\* Our products and services are distributed in 36 countries worldwide. We have a major competitive edge in our innovation capability, with groundbreaking digital tools to help protect health simply. AXA is well placed to become a genuine health partner to its customers throughout the care process (see p. 26-27). We are devoting our energy to three priorities: prevention, for example through applications helping people to adopt a healthier lifestyle; opening up access to care, by simplifying our products and developing online consultation and medical guidance services; and specific management of chronic illnesses.

\* Excluding USA



## SELECTIVE GROWTH

“At the heart of our selective growth strategy, we are rolling out high value-added initiatives to meet growing needs in health insurance, commercial lines and long-term savings, and to capitalize on the strong growth in insurance in Asia.”

**THOMAS BUBERL**, CEO OF AXA



### COMPANIES

**AXA SUPPORTS COMPANIES OF ALL SIZES AND HAS SOLID STRENGTHS TO EXPAND FURTHER IN THIS MARKET.** The first is our ability to rapidly devise solutions to new needs. Cyber risks on the rise? AXA Matrix is already able to offer large companies a service to protect their key assets in case of information systems failure. This same ability to innovate is driving growth in our parametric insurance solutions. As a global player, AXA is also able to support small and large companies in their international growth strategy. Another competitive edge is our segmented approach, which allows us to roll out an array of solutions for SMEs and middle-market companies while providing leading-edge expertise for large corporations. With AXA Partners, we are developing new channels and teaming up with new-economy businesses, such as BlaBlaCar.



### RETIREMENT SAVINGS

**AXA IS ESPECIALLY WELL PLACED TO CAPTURE GROWTH OPPORTUNITIES IN THE SAVINGS SECTOR IN MATURE COUNTRIES,** where the need for retirement financing is growing and becoming more sophisticated. AXA was among the very first insurers to embark on a profound transformation of its business mix. Today, we are able to offer our customers high value-added solutions combining general account and unit-linked investments. We will continue to capitalize on this competitive advantage in the years ahead by developing capital-light, multi-vehicle investment products. We will also leverage another major strength: our ability to combine expertise in savings and protection to provide our customers with innovative solutions that set us apart and help develop the advisory role played by our agents and distributors.





# Customer experience

In the space of just a few years, digital technology has revolutionized consumer practices and expectations. Big data and the explosion in connected devices have also opened up new ways for AXA to meet their changing needs.

Consumers are now used to one-click shopping and banking online and they want to be able to interact with their insurance company just as easily through a seamless, quick and transparent multi-channel process. We are strengthening our customer data management processes so that we can accompany our customers throughout their journey, no matter what their chosen channel. This also enables us to anticipate their needs and contact them at the right time, when they really need it.

The digital ecosystem has also changed the relationship between consumers and information. They can now easily compare products and

prices, and seek out the services most suited to them. And changing insurers is becoming increasingly easy. AXA is taking a proactive approach to these new practices by simplifying its offerings and enhancing the customer experience. With apps such as MyAXA and new online services, we provide our customers with transparent real-time information.

Lastly, the explosion in connected devices opens up a vast array of possibilities, giving consumers access to prevention and support tools that were unthinkable just a few years ago. We have embraced this data revolution to innovate and provide personalized services to help our customers improve their health, wellbeing and security, thus transcending our role of “claims payer” to become a genuine partner for our customers.

# Five assets to improve the customer relationship

Consumers now have a much more immediate and transparent relationship with information, as witnessed by practices such as parcel tracking, online taxi finders, consumer product rating, etc. At AXA, we have taken inspiration from these advances in digital commerce to devise useful services that are reshaping the customer experience, while retaining the human face that is so important in the insurance business.

## 3. CLAIM STATUS

**"YOUR CAR HAS JUST LEFT THE GARAGE.  
IT WILL BE DELIVERED TO YOU AT 6 PM TUESDAY  
BY OUR PICK-UP & DELIVERY SERVICE."**

Waiting for an insurance claim to be processed or waiting for reimbursement can be stressful. With "claim status," we give our customers step-by-step details of progress in their claim and the action taken. The pick-up & delivery service, which is already available throughout Europe, takes charge of the vehicle repair process from breakdown until delivery back to the customer's home. Customers can find out where their car is at any time and when it will be available again.



## 4. TRANSPARENT INSTANT CUSTOMER FEEDBACK

**"PLEASE TELL US WHAT YOU THOUGHT  
ABOUT YOUR EXPERIENCE WITH AXA."**

Customers can now rate the products and services proposed by AXA on the basis of criteria such as the adviser's ability to listen, processing time and transparency of information, and share their opinion online. This feedback is not only useful to other consumers but also enables AXA to improve its practices. Already in operation in the United Kingdom, France and the United States, "transparent instant customer feedback" is due to be rolled out in all AXA entities by the end of 2017.

## 1. EARLY SOLUTIONS

**"IF YOUR PREMISES ARE FLOODED, WE'LL GIVE YOU AN ADVANCE TO GET STARTED ON THE CLEANUP WORK."**

Making an insurance claim and finding lasting solutions can take time. So AXA has devised "early solutions" to give its customers concrete help fast. Funds are made available even before the claim has been fully processed so the customer doesn't suffer while waiting for a response. In Europe, Singapore and Hong Kong, small businesses that suffer damage to their premises can obtain an advance to start work and get back in business as quickly as possible.



## 2. NEXT STEPS

**"WE WILL PROCESS YOUR INSURANCE APPLICATION WITHIN 48 HOURS."**

AXA has implemented a "next steps" approach enabling customers to manage their insurance applications, information requests and claims more transparently. Customers can find out exactly what the stages of the process are, the status of their application and the next three steps in the process, either online, on a smartphone or by calling their adviser.



## 5. MY AXA

**"WELCOME TO YOUR PERSONAL SPACE."**

To make life easier, or in any case to make the insurance relationship easier, AXA has developed a multi-purpose app to manage all policies, store key documents and make claims. MyAXA also offers a number of useful services such as weather alerts, first aid advice, finding nearby AXA health partners or services, and online medical consultation. MyAXA is already operational in 17 countries and soon will be available to all customers.



# From claims payer to health partner

Healthcare has never been so good. Patients have never had so many sources of information at their fingertips. But someone has to create an effective link between the two. That's what AXA aims to do by going beyond its role of claims payer to become a genuine health partner.

## 3. OPTIMIZATION

The healthcare process is rarely managed on an overall basis, and is often less than optimal for the patient and costly for the health system. In several parts of the world, AXA works with the medical community to encourage communication between services and define relevant performance criteria for patients.



## 5. WELLBEING

Massive availability of health data and connected technologies have paved the way for personalized prevention. AXA has developed several applications that combine raising risk awareness with advice on wellbeing. In the United Kingdom, Health Gateway calculates your body age and helps you to "become younger" thanks to a physical activity coach and dietary advice.

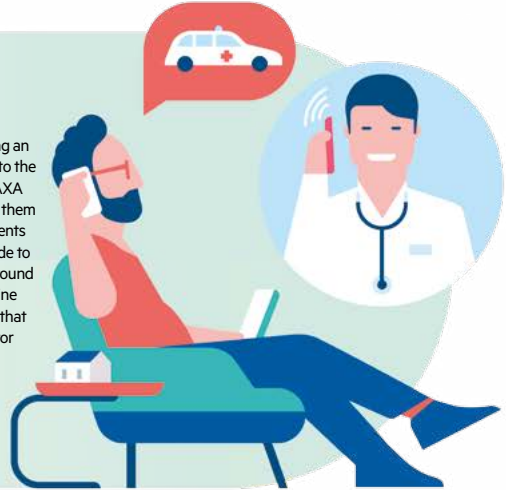


## 1. ANTICIPATION

The earlier an illness is detected, the more quickly it can be treated and the higher the chances of recovery. To identify patients at risk, AXA is pilot testing initiatives such as predictive analysis, which cross-references public health data with the personal health data of volunteer customers. In Germany, this initiative has resulted in the early detection and treatment of people with cancer.

## 2. GUIDANCE

Understanding the symptoms, finding the right specialist, getting an appointment – to get patients into the care process quickly and easily, AXA has introduced services to guide them better, such as a quick appointments service in Great Britain and a guide to medical services in China. And around the world, we are developing online medical consultation services so that patients can quickly reach a doctor for an initial consult.



## 4. SUPPORT

It is vital for people to be able to rely on their insurer when they suffer a serious setback. To enable patients to focus on what really matters, AXA has made its products simpler and clearer and has improved the claims handling process and speed of reimbursement. We also support our customers with new services such as the Wellth app, which helps patients to adhere to their medication plan.



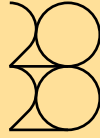
## 6. RESPONSIBILITY

Because health prevention is a long-term issue, we finance research through the AXA Research Fund to help us better understand and assess the risks. By divesting completely from the tobacco industry, we are also contributing to the fight against one of the biggest causes of illness in the world. And, of course, we always treat our customers' personal data with the greatest confidentiality and respect.









# Enhancing our expertise


The insurance business has already evolved over time and will change even more radically in the years to come, driven by technological disruption, new customer practices and the Group's desire to respond to this change by broadening its role from that of payer to partner. Aware of the need to prepare for this challenge as early as possible, AXA carried out an in-depth study in 2016 of the skills it will need to develop by 2020.

Enhancing our expertise is a priority for us and is at the heart of Ambition 2020. As a "learning organization," we intend to invest even more heavily in innovative training, make it an integral part of day-to-day life for our employees, particularly through mass open online courses (MOOCs), and make all managers sponsors of the learning culture.

Enhancing our expertise also means recruiting new talent. In 2020, one quarter of employees will have been hired in the

previous five years. We seek people from a broad range of backgrounds who can bring new expertise that will nourish the entire Group. We are now looking more particularly for people with a scientific background who know how to use and exploit the tremendous value of big data. They will support the 500 data scientists who have already joined us in the past few years.

But, apart from training and hiring, what we really want to do is build a new agile and responsive culture. Because in an unpredictable and fast-moving world, embracing change is the best way of supporting the transformation of society.

A man with short brown hair, smiling broadly, wearing a dark blue suit jacket over a light blue shirt. He is standing in front of a large, abstract painting with blue, purple, and yellow lines. A yellow semi-circular graphic is overlaid on the left side of the image.

GENERAL AGENT,  
CO-FOUNDER AND  
DIRECTOR OF AXA FINK  
& WAGNER GMBH,  
GERMANY

### **JÜRGEN FINK**

“We’ve combined a local agency with an online marketing system that targets local customers to double or even triple the efficiency of our sales team.”




UNDERWRITING,  
PROTECTION,  
AXA MPS VITA,  
ITALY

### **ALESSANDRA CALABRIA**

“Digital technology has considerably reduced the amount of paper we have to handle. So we can concentrate on the more complex cases, which is fascinating for us.”





LIVE CHAT AND  
SOCIAL MEDIA  
CUSTOMER  
SERVICE AGENT,  
AXA SERVICES  
MOROCCO

**SAKINA LAOUAN**

“I have developed the broad skillset and open mind you need in this job. You have to be quick off the mark to keep up with social media practices!”



DATA SCIENCE  
TEAM HEAD,  
AXA GLOBAL P&C,  
PARIS

**FLEUR LECARPENTIER**

“It was an internal data science training course that opened my eyes to the truly amazing array of possibilities that new technologies can offer.”



**JÜRGEN FINK,**  
GENERAL AGENT,  
CO-FOUNDER AND  
DIRECTOR OF AXA  
FINK & WAGNER  
GMBH, GERMANY



**Jürgen Fink is part**

**of that generation of entrepreneurs that is shaking up and accelerating the company's digital culture. In 2012, he co-founded AXA Fink & Wagner GmbH, a highly digitalized agency selling only AXA insurance products.**

He is also the brains behind Salesurance.de, an online marketing specialist with more than 2,500 customers in Germany.

AXA Fink & Wagner GmbH now has offices in four large German cities and serves a clientele of companies, public service organizations and individuals. What's so different about it? A marketing budget 80% devoted to digital channels. "We invest in emailing, search engine optimization techniques, social media campaigns and so on. Often with a very regional slant to reach a local audience." This strategy generates 300 to 500 new business opportunities every month. "That's the advantage of digital," says Jürgen. "We can quickly measure the real success of a campaign and focus on a market that really works."

But digital doesn't mean disembodied. Jürgen and his partner have developed a new hybrid agency concept, combining digital with face-to-face contact. "We wanted to give our customers the best of both worlds! The flagship agency we have just opened in Potsdam is nearly 400 m<sup>2</sup>; it's fully equipped with digital services so our salesmen can book an office, a meeting room, a technical system or even a car,

depending on their needs and their customers' requirements. We've combined a local agency with an online marketing system that targets local customers to double or even triple the efficiency of our sales team. Our appointments and sales quotes per person are up to three times higher than before," says Jürgen.

Recruitment and knowledge transfer naturally play an important role in bringing this model to life. Jürgen is insistent on this point: all staff must have digital skills or be able to learn them. "We are looking for candidates who are open-minded and proactive, who are always wondering what the next revolution will be, what new services we can offer. Our customers are increasingly well informed, more willing to make their own decisions. So it's up to us to seek them out on the channels they use every day, give them good advice and steer them towards the best solution for them."



**ALESSANDRA  
CALABRIA,**  
UNDERWRITING,  
PROTECTION,  
AXA MPS VITA,  
ITALY



**Mr. Doc has changed**

**Alessandra Calabria's life. For three years, this thirty-something, an economist by training, used to analyze all life insurance applications requiring a pre-approval medical assessment one by one. Until the arrival of Mr. Doc in 2015, an innovative digital tool that does a first pass to pick out the simplest cases.**

"In practical terms, if the medical questionnaire completed by the customer warrants it, Mr. Doc will start by asking for further information," explains

Alessandra. “Based on that, it can then give the agent or bank manager the green light to go ahead with the contract. But if a more in-depth medical check is required, Mr. Doc will automatically send the request to the customer and, at the same time, forward the file to us for assessment.”

Used throughout AXA Italy’s distribution network, Mr. Doc has not only streamlined and speeded up the underwriting process but also made it more reliable for customers. The new “recruit” is also much appreciated by the Group’s employees. “Mr. Doc has considerably reduced the amount of paper we have to handle and the related ‘manual’ tasks,” says Alessandra. She has acquired new expertise and can now train banking network employees to use the new tool. “But most importantly, it allows us to concentrate on the most complex cases, which is fascinating for us and a great way to develop our skills even further!”



**SAKINA LAOUAN,**  
LIVE CHAT AND  
SOCIAL MEDIA  
CUSTOMER  
SERVICE AGENT,  
AXA SERVICES  
MOROCCO



**Two years ago,**

**Sakina Laouan was a motor claims specialist with AXA Services in Morocco, answering phone calls from customers about vehicle breakdowns and accidents. Today, she deals with queries about home insurance, life insurance, health insurance...**

in a nutshell, any questions that customers or consumers post on AXA’s Facebook page, Facebook Messenger or Twitter. “I have developed the broad skillset and open mind you need in this job! You

have to be quick off the mark to keep up with social media practices, you have to be highly responsive and deal with things really quickly.” A challenge that calls for a good dose of ingenuity. “I go and look for information wherever I can find it; by contacting the customer’s agent or anyone else in the Group!”

When she got the job in October 2014, Sakina went on two training courses. One on social media writing. “You don’t write on social media like you do in an email. You have to choose your words carefully and keep it very clear and simple. We also learned how to be concise and make every word count, not just on Twitter. We were taught about hashtags and tags – you don’t always realize just how powerful these tools can be on the Internet.”

The second training course was on reputation risk – a critical issue for a global group like AXA. “I can now detect risky messages and then forward them immediately to our e-reputation experts, who help me craft a reply.”

How does Sakina see this experience? “These new skills, added to those I had already acquired in my previous job, are a real plus for my career, especially in customer relations; I can now post a short and concise personalized reply to any question and have a real dialogue with people who contact us online.” A “real plus” for the Group too, at a time when we are profoundly changing the way we interact with our customers.





**FLEUR  
LECARPENTIER,**  
DATA SCIENCE  
TEAM HEAD,  
AXA GLOBAL P&C,  
PARIS



**“A real eye-opener!”**

**That’s how Fleur Lecarpentier described the “Data Science for AXA” training course she did in January 2015.** Yet data was nothing new to her...

After training in computer science and applied mathematics, she joined AXA’s Direct Insurance department in 2001. She was initially responsible for software development and then gradually moved on to data analysis. In AXA France’s CRM department, she analyzed statistics to gain better insight into customer needs. In 2011, she joined the motor actuarial department and honed her skills in risk pricing – “the insurance reactor core.”

Even so, says Fleur, “the data science training opened my eyes to the truly amazing array of possibilities that new technologies can offer. With a very tangible, quick opportunity to dramatically improve the way we work, our technical capability and our performance, for the benefit of our customers.” Immediately afterwards, she suggested setting up a data-science-driven acceleration unit for actuaries in the Property & Casualty underwriting department.

Today, Fleur heads a team of six data scientists in the Transformation Department of the Property & Casualty business. Their role is to exploit our technical expertise in business and data management to help resolve key issues for our entities. “We have a very strong business

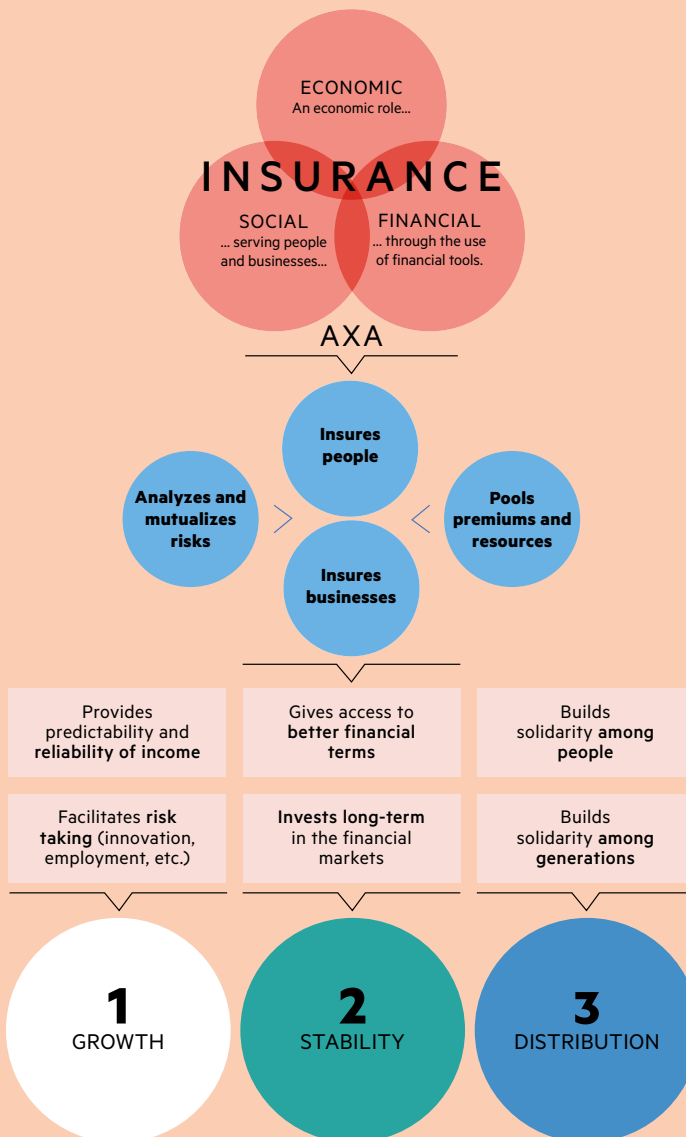
slant. Our main driver has to be value creation, in all the areas we deal with. And this value creation will be exponential if we can harness the capability of the sharing communities.”

What Fleur likes most about her new job is the opportunity to meet customers’ new expectations. “It’s one of our main drivers. Through data science, we can create solutions that are of real value to our customers and that’s a very strong source of mutual satisfaction.” Fleur also mentions the sharing culture inherent in the data science world: “The culture initially developed among IT teams, “geeks” who couldn’t conceive of staying in their own little corner and developing a non-generic code or a program that can’t evolve. It’s a fundamentally collaborative and open source culture, which we must now spread and instill throughout the entire Group in line with our One AXA value. And I believe this will be key to our successful transformation.”



• S U S  
T A I N  
A B L E  
P E R F  
O R M A  
N C E •

# Insurance: a key role in economic growth



## A GENUINE BENEFIT FOR GROWTH

The very concept of insurance – paying a specific sum today to cover a potential risk in the future – makes it difficult to assess the macroeconomic role played by the industry, which has therefore long been underestimated. However, it was formally acknowledged by the United Nations Conference on Trade and Development in 1964 that “a sound national insurance and reinsurance market is an essential characteristic of economic growth.”

In their study of 77 advanced or emerging economies between 1994 and 2005, Han et al. (2010) observed a positive correlation between insurance penetration and economic growth. However, the correlation is not linear. Insurance penetration is low in the less developed economies; then when a certain income level is reached, insurance penetration rises much faster than GDP, reaching a plateau when market maturity sets in.

Indeed, in countries in economic transition, people need to insure basic risks such as their health and their belongings to give them the peace of mind they need to take economic decisions that will stimulate the country's growth, such as a business venture, investment or education.

In addition, by insuring businesses and households against loss of or damage to property or difficulties in repaying a loan, insurance contributes to reducing the credit risk and lowering lending rates, which also supports the economy.

Lastly, insurers can finance long-term investments, as they need to invest the premiums they collect in long bonds in order to cover long tail risks, such as life & savings.

## INSURANCE, A VECTOR FOR DISTRIBUTION AND SOLIDARITY

Insurance is not only a driver of growth, it is also a source of stability for the economy as well as for households because it effectively “smooths” consumer spending by offsetting the losses caused by random shocks. An emerging country with few

financial resources is much better able to face a natural disaster if a portion of the risk has been transferred to the insurance industry. Insurance can also provide people with greater predictability and reliability of income.

Through the two fundamental principles of pooling resources and mutualizing risks, insurance is a powerful vector for distribution and solidarity among people and among generations. By setting the price of the risk according to its statistical probability of occurrence, insurance allows the good fortune of the majority to benefit the few who encounter difficulties.

## PROVIDING EMERGING COUNTRIES WITH EASIER ACCESS TO INSURANCE

However, in the emerging countries, a large proportion of the population – the most vulnerable – does not have access to insurance due to lack of means, knowledge or access to financial services. And traditional self-insurance mechanisms such as having large families to look after the older members, or saving “for a rainy day,” often have their limitations. In India, for example, almost 40 million people fall through the poverty net each year after a health problem.

So how can we meet the needs of the emerging countries? A part of the answer undoubtedly lies in leveraging the escalating digital revolution to create new distribution channels, a trend that is currently sweeping Africa for example. We can also create new offerings, for example by combining insurance products with other value-added services such as financial education and health solutions. Contracts must be simple and accessible if insurance is to develop in these markets.



## Financial

- Shareholders' equity: €70.6bn
- Revenues: €100bn
- Operating free cash flow: €6.2bn



## Human

- New hires: 18,784
- Employees: 118,366\*
- 47% men, 53% women
- 20,414 under-30s



## Innovation

- AXA Research Fund: €200m through 2018
- AXA Strategic Ventures (ASV): €250m + €150m (fund of funds launched in 2016)
- Kamet: €100M
- Africa Internet Group: €75m
- Impact investing: €350m through 2020



## International

- Operations in 64 countries



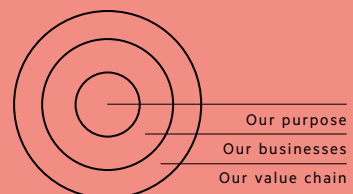
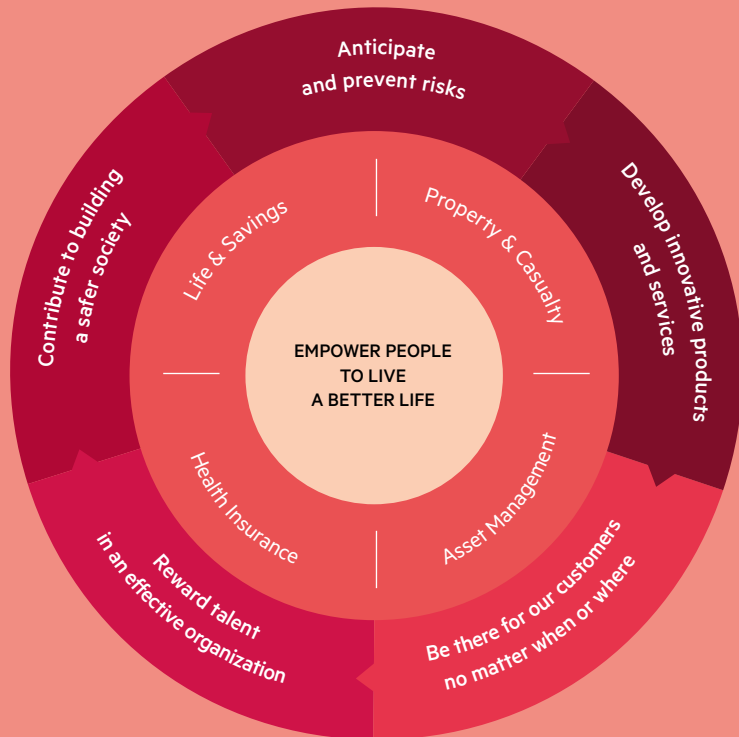
## Environment

- Energy: 3,492 kWh/FTE\*\*
- Water: 8.7 m<sup>3</sup>/FTE
- Paper: 18 kg/FTE
- Green investments: €1.8bn at end-2016

\* Excluding distributors

\*\* FTE: full time equivalent

R E S O U R C E S



## VALUE CREATION

### Financial

- Underlying earnings\*: €5.7bn
- Assets under management: €1,429bn
- Underlying earnings per employee: €61.3k
- Revenue per employee: €1,075k

### Human

- Employees receiving some form of training: 85.4%
- Average number of training days per employee: 3
- Employees with access to an agile working environment: 30%

### Social

- Customers worldwide: 107m
- Number of emerging customers: 5.4m
- Customers assisted by AXA Assistance:
  - 4.6m in motor\*\*
  - 4.2m in health
- P&C claims paid: €22bn
- Protection and health benefits paid: €13bn

\* After tax  
\*\* Vehicle breakdown



### Financial/economic

- Dividend: €1.16 per share
- Gross payroll: €8,638m
- Corporate income tax: €2.4bn



### Human

- Group employee engagement rate: 80%
- Employees covered by the global parental leave policy: 100% in 64 countries
- 30% of employees telecommute



### Innovation

- Projects supported since the creation of the AXA Research Fund: 531
- Projects supported by Kamet: 3 pilot projects
- Projects supported by AXA Strategic Ventures: 26 startups



### Social

- Net promoter score: 64% of local segments at or above local average
- Employee volunteering: 110,000 hours
- Partners supported by AXA Impact Investing Fund: 16
- Beneficiaries of the CARE partnership programs: 2.6m people
- AXA investments covered by ESG analysis\*: 76%



### Environment

- CO<sub>2</sub> emissions per employee: 1.96 t CO<sub>2</sub>/FTE
- Consumption of renewable energy: 53%
- Carbon intensity of our investments: 247 t CO<sub>2</sub> per \$m of revenue\*\*

\* Scope: sovereign debt, corporate bonds and equities.  
\*\* Using a "Carbon Intensity" approach based on methodology by TruCost (an agency specialized in analyzing climate-related impacts), applied to data from December 2015.

# **Sustainable value creation**

The value created by AXA cannot be measured simply in financial terms. Our approach to the insurance business is to use our capital to generate not just financial wealth, but also human, social and community wealth, for the good of society as a whole.

## Resources

Resources are the inputs we use to create long-term value for the company. These inputs are transformed by our actions. Our resources are the human, environmental, intellectual, operational and financial capital that feed our entities and our value chain.

## Our value chain

AXA's business model can be described as a system of resources, business activities, results and impacts that create short-term, medium-term and long-term value. To create value, we have to consider the risks and opportunities related to our own activities. This will allow us to create economic and financial value while meeting society's needs and challenges.

## Results

The value generated by these various resources can be quantified using performance indicators that enable us to measure production. The result is identified in terms of financial, human and social value creation.

## Impact

The interaction between resources and results generates impacts. By measuring these impacts, we can identify concrete indicators that show how we create not just financial value but also human, social, environmental and intellectual value through research and innovation.

# Risks and opportunities



Each year, AXA conducts a survey among various internal and external stakeholders to assess the material risks and issues that might have an impact on its business in the short, medium and long term. In 2016, 912 people in 54 countries took part in the survey.

Their responses were categorized and hierarchized along two axes: relevance of the risk/opportunity according to AXA respondents and according to external respondents. The results were used to compare our analyses from different points of view.



## R I S K S   A N D   O P P O R T U N I T I E S

To create long-term value, we must anticipate the risks threatening our development and that of our customers, while capitalizing on the new opportunities offered by a changing world.

We maintain ongoing dialogue with our internal and external stakeholders to identify those risks and opportunities, as illustrated opposite. Furthermore, in 2014 we set up a Stakeholder Advisory Panel comprising members from civil society to take part in regular informal discussions about the broad trends shaping our environment. These discussions have highlighted five major issues that are key for our business and our social responsibility.

### ▼ DIGITAL

- **RISK.** The digital revolution is driving rapid and massive development of new practices such as the sharing economy. We need to be able to accompany these transformations in terms of customer experience.
- **OPPORTUNITY.** We must keep one step ahead of new technologies in order to propose innovative products and services.
- **ACTION.** We have partnered with BlaBlaCar to make ridesharing more reliable: free extra insurance, 24/7 assistance hotline, etc.

### ▼ CLIMATE CHANGE

- **RISK.** Natural disasters cause economic and social loss to our customers and increase the burden of claims to be settled by us.
- **OPPORTUNITY.** By offering prevention services and integrating climate change into our investment criteria, we can contribute to creating a more resilient society.
- **ACTION.** AXA has divested its coal-based assets and will have tripled its green investments by 2020. We have published a study on actions taken by towns and SMEs to increase their resilience to climate change. The AXA Research Fund supports some 100 projects related to natural disasters.

### ▼ DEMOGRAPHIC TRANSITION

- **RISK.** As people live longer, the world's population is growing and aging, putting increased pressure on resources and the public services.
- **OPPORTUNITY.** As the population ages, there is a growing need for retirement and health products. We can adapt our products and services to meet the needs of these new consumers. We can also take preventive action to help our customers live longer better, and even reorient our own investments.
- **ACTION.** We announced our decision to divest all of our tobacco industry assets totaling €1.8 billion.

### ▼ CYBER RISK

- **RISK.** Companies are increasingly dependent on their information systems. A poorly adapted or insecure environment can damage their business operations and threaten their profitability.
- **OPPORTUNITY.** Our risk expertise helps companies to anticipate and prepare for risks to their information systems.
- **ACTION.** To protect the data of large corporations, AXA Matrix offers a prevention service that mitigates the damage caused by an information technology incident. It secures the most sensitive business assets, such as industrial systems, financial control, etc.

### ▼ FINANCIAL RISKS

- **RISK.** Since the financial crisis, governments, regulators and economic agents have been thinking about how to create a sustainable financial system that will support rather than weaken the real economy.
- **OPPORTUNITY.** As a long-term investor, AXA can raise awareness about the dangers of short-termism and promote a financial system that will contribute to sustainable development.
- **ACTION.** Since December, AXA has chaired the High-Level Expert Group on sustainable finance established by the European Commission. By the end of 2017, the Group is due to propose recommendations on how to integrate sustainability criteria into the European financial system.

# AXA's Sustainability Plan: "2020 Better Lives Partnership"

## PURPOSE

Empower people to live a better life



## 2020 BETTER LIVES PARTNERSHIP

AXA will work with civil society to empower our customers and partners to live better lives.

That means setting a clear goal to produce a positive impact in three areas:



### The Environment

We will reduce our own footprint and will leverage our core business of insurance and investment to help the world better face climate risk.



### Society at Large

We will be more inclusive as a company and will find inclusive ways to extend protection and risk knowledge to those who do not have it, thereby contributing to global economic development.



### Individual Lives

We will be a trusted partner for our customers and will empower people to achieve positive health and safety outcomes while using their data responsibly.



## AMBITION 2020

Take concrete action in three areas and measure our performance



### Environment

**-25%** CO<sub>2</sub> emissions vs. 2012

**3x** increase in green investments vs. 2015

**2x** increase in renewable energy premiums vs. 2013

**+€45m** in parametric insurance premiums over the period



### Society

**€350m** invested in impact investing by 2020

**200,000** lives protected through global NGO partnerships

**+€100m** invested in academic research on risks by 2018

**45m** emerging middle class customers served

**>33%** women in senior leadership roles



### Individual Lives

**10x** increase in active users of mobile prevention applications

**50,000** years of life gained by our customers through wellbeing programs

**100%** of AXA companies above average Net Promoter Score local benchmarks

# C O R P O R A T E   R E S P O N S I B I L I T Y

## S T R A T E G Y

In just a few years, AXA has established itself as a responsible, innovative corporation, recognized by the extra-financial rating agencies for its performance. With Ambition 2020, we have reached a new milestone, setting ourselves the mission of “empowering people to live a better life.” To fulfill that purpose, we have promised to take concrete action that will produce concrete benefits for the environment, society and individual lives.

Our Corporate Responsibility (CR) strategy sets out how we will deliver on this promise. The “2020 Better Lives Partnership” action plan rolls out a new CR approach to support AXA’s transformation from bill payer to partner for its customers and society.

### **TWIN PILLARS: “FOCUS” AND “TRANSFORM”**

Our new CR approach is based on the twin pillars of “Focus” and “Transform,” just like Ambition 2020.

– As regards “Focus,” we will leverage our strong positions in areas such as responsible investment, the fight against global warming, support for fundamental research, and the responsible use of data.

– As regards “Transform,” we want to profoundly change how we interact with our stakeholders through three programs: closer cooperation with civil society to develop and roll out our local strategies; labeling of some of our responsible approaches by society; and partnerships with associations and NGOs to provide better quality prevention services by focusing on the social impact they have on our customers and the public at large.

For example, in continuity with the dialogue between management and the Stakeholder Advisory Panel, a vast online survey will be conducted on a region-by-region basis among representatives of civil society to identify their expectations. The project – AXA Connect – is highly innovative in two ways. First, it puts very concrete questions to our stakeholders, not about the environmental or social issues they find relevant, but about the actions AXA should be taking to address them. Secondly, unlike other surveys of this type, it will be conducted at

local rather than Group level, so that we can gain deeper insight into the grass roots issues.

### **MEASURING OUR PROGRESS IN THREE AREAS**

Working on these twin pillars will enable us to translate our broad “better lives” mission into concrete targets in the three areas of our “2020 Better Lives Partnership” action plan.

**The Environment.** We have undertaken to further reduce our environmental footprint, and to leverage our core business in insurance and investment to help the world prepare better for climate risk.

**Society.** We will embrace society and share our knowledge about protection and risk management with those who need it, thereby contributing to inclusive economic development and mirroring our own internal commitments in terms of diversity and inclusion.

**Individual lives.** As a trusted partner, we will empower our customers to achieve positive health and safety outcomes while using their data responsibly.

For example, we have undertaken to make parametric insurance solutions more widely available to our public and private customers by 2020. This type of insurance helps farmers to protect their crops better against unexpected weather conditions – and at lower cost thanks to satellite imagery – and is considered to be a genuine innovation in the global fight against climate change.

# Responsibility in action



## CLIMATE: AXA FURTHERS ITS COMMITMENT AT COP22

**AXA TOOK ADVANTAGE OF COP22 IN MARRAKECH TO CONTINUE RAISING THE AWARENESS OF FINANCIAL OPERATORS** about their crucial role in building a low-carbon future. AXA actively encourages investors to take better account of climate-related risks in their investment decisions – and was itself rewarded for the quality of its climate reporting in 2016. COP22 also provided the opportunity to address the twofold challenge faced by Africa: protecting vulnerable populations affected by climate change, and meeting Africa's energy needs by developing low-carbon technologies. Committed to long-term partnerships with UN-Habitat and CARE, AXA has also funded a chair in African Climate Risk at the University of Cape Town in South Africa through the AXA Research Fund.

## INNOVATIVE COMMUNITY INSURANCE

**AWARE THAT RESPONSIBLE CONSUMPTION IS NOW**

**A PRIORITY** for many customers, AXA France developed its “socially responsible insurance” approach in 2016. The basis of this initiative lies in a quantified assessment of its products and services relative to four issues of key concern to French people: trust, prevention, the environment, and solidarity. AXA France has also opened a collaborative platform on its [monassurancecitoyenne.com](http://monassurancecitoyenne.com) website so that people can tell us what they expect of these new-generation insurance products.

**Assurance Citoyenne**

**Je veux être reconnue pour mon comportement responsable**



**Je choisis une assurance citoyenne**

AXA encourage les comportements responsables. Par exemple, avec Clic & Go, AXA accompagne les jeunes conducteurs en les incitant à prendre la route de la prudence pour leurs retours de soirées grâce à la garantie Joker : 5 retours en taxi offerts chaque année.

**réinventons / notre métier** 



## AXA AND UN-HABITAT, PARTNERS FOR RESILIENT CITIES

**AXA HAS AGREED A TWO-YEAR PARTNERSHIP WITH UN-HABITAT** to improve building standards in the urban areas most vulnerable to natural disasters. Based on observations in cities in Indonesia, the Philippines, Pakistan and Haiti, all of which have been severely hit by extreme weather events, the two partners will develop building standards and techniques to help withstand these events. Their recommendations will be disseminated to governments, civil society and private companies with the aim of helping to save lives and reduce the cost of natural disasters. The partnership reflects our commitment to the fight against global warming and to regional climate change adaptation programs. We are also expanding our presence in the emerging countries. UN-Habitat, a specialized United Nations agency, operates in some one hundred towns and cities in Latin America, Africa and Asia.

## DJSI: CONTINUED PROGRESS

**IN 2016, AXA MADE FURTHER PROGRESS IN THE DOW JONES SUSTAINABILITY INDEX** (produced by RobecoSAM). With a score of 85/100, it ranked higher than 95% of its peers, with a sector average of 50/100. The main factors behind this progress are the Group's fiscal strategy transparency efforts, its innovative hiring programs, diversity policy and robust risk detection process. A world-renowned index, the DJSI is a benchmark for AXA. We used the index as a model for our own internal AXA Sustainability Index. In addition, since 2016, the score obtained by AXA in the DJSI has been taken into account in awarding long-term incentives.

## AXA REWARDED FOR ITS CLIMATE-RELATED RISK ANALYSIS

**HOW DO YOU MEASURE THE IMPACT OF GLOBAL WARMING ON INVESTMENTS?** As of 2017, Article 173 of the Energy Transition Act requires French investors to take this issue into account in their investment decisions. They will have to consider climate issues and assess the target company's ability to adapt to a low-carbon economy, withstand the potential introduction of a carbon tax, and analyze the contribution made by their operations to the energy transition. A pioneer in these techniques, AXA began work on new reporting models in 2016. In October, we came out on top in the "Best Investor Climate-Related Disclosures" awards. The jury, composed of members of the French and European governments, NGOs and investors, praised the Group for its risk analysis work.

# Consolidation of leadership in responsible investment

In 2015, the year of COP21, AXA made a number of public commitments, such as divesting from the coal industry. In 2016, we focused on improving and enhancing our climate-related risk and ESG assessment processes.

## WHAT IS RESPONSIBLE INVESTMENT?

Some investors still believe that environmental, social and governance (ESG) factors, such as the impact of climate change, income inequality, resource scarcity, human resources, demographic trends and corporate governance, are not relevant investment considerations. But at AXA, we believe that this type of information helps us to gain better insight into a company's true risk profile and value creation potential. This broader approach to investment is called "ESG integration."

Today, our responsible investment strategy is based on three main pillars: excluding sensitive sectors or companies, integrating ESG considerations and climate-related risks in our investment processes, and developing impact investing.

## TAKING CLEAR POSITIONS

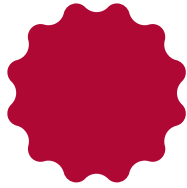
We do not invest in some ESG-sensitive industries such as controversial weapons manufacturing, palm oil production, which is a leading cause of deforestation, and heavily coal-based companies. In addition, in 2016 we became the first international insurance company to announce our decision to divest our tobacco industry holdings, totaling some €1.8 billion. This was a high-profile decision for us in our role as health partner to our customers. We have set up a committee to analyze companies identified as being controversial or high ESG-risk. The committee may require

divestment, prohibit further investment or require action commitments from the company's management.

## ESG AND CLIMATE-RELATED RISK: CUTTING-EDGE ANALYSIS

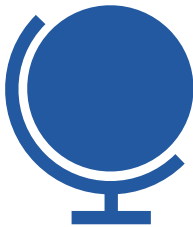
AXA Investment Managers (AXA IM\*) has developed an internal research model that assigns E, S and G scores to various asset classes. AB\* uses MSCI's ESG rating methodology. AXA has correlated the results of the two ESG scoring methods and uses these tools to analyze the ESG performance of its general account assets and define a plan to improve its ESG scores. They are made available to our fund managers so that they can integrate responsible criteria in their day-to-day portfolio management decisions.

AXA also takes climate-related risks into consideration. This approach took shape in 2015 with our divestment from heavily coal-based companies and our decision to triple our green investments to €3 billion by 2020, as well as to publish the carbon footprint of our investments. In 2016, we enhanced our climate-related risk assessment capability in response to the groundbreaking French law introducing climate-related reporting requirements (known as Article 173), particularly for some business sectors such as oil and gas, automotive, and power generation. Article 173 encourages investors to explore and



76%

of general account assets  
are ESG rated



€350m

dedicated to impact  
investing



€1.8bn

of green investments  
by end 2016

publish a detailed analysis of climate-related risks in their investment portfolios, distinguishing between “transition” and “physical” risks. AXA received the top award for the Article 173 report organized by the Ministry of the Environment. It was also appointed Vice-President of the Task Force on Climate-related Financial Disclosures\*\*, a working group that will develop disclosure standards for use by companies in the G20 countries.

## AN ACTIVE INVESTOR

Apart from ESG integration and exclusion, AXA is an active investor seeking to influence the ESG strategies of companies it finances (debt) or in which it invests (equity) through engagement, which may take the form a direct dialogue between AXA and those companies, or joint initiatives with other investors. In 2016, AXA decided to strengthen this engagement at Group level, in addition to existing initiatives at AXA IM and AB. AXA has joined 18 other investors in calling for a moratorium on oil and gas operations in the Antarctic.

## IMPACT INVESTING TO IMPROVE CLIMATE RESILIENCE

AXA was one of the first institutions to engage in impact investing, whose strategy is to generate objectively measurable positive environmental and social impacts over and above the financial return. AXA committed €200 million to the first impact fund launched in 2013, and in December 2016, allocated a further €150 million to Impact 2, which invests in climate resilience.

\* AXA IM and AB are AXA subsidiaries specialized in asset management.

\*\* Initiated during COP21 by the Financial Stability Board and the G20.

# Recognized SRI performance

According to Ipreo, a financial analysis agency, AXA is the “preferred insurance company” for socially responsible investors (SRI). The Ipreo SRI Leaders Index puts AXA in 11<sup>th</sup> place overall and in top place among insurers in terms of the number of investments and amounts invested in AXA by SRI investors.

This result represents official recognition of AXA's efforts to improve its social performance,

and each year its initiatives are rewarded by the main SRI indexes and rankings.

It is important for AXA to win the trust of SRI investors, as they tend to be long-term investors and incite us to innovate and better take into account certain longer-term risks and opportunities.

<b>MSCI</b> ESG rating <b>AAA</b>	<b>FTSE4GOOD</b> Part of the index since <b>2008</b>
<b>DOW JONES SUSTAINABILITY INDEX</b> Score <b>85/100</b> > 95% of operators in its sector	<b>SUSTAINALYTICS</b> Score <b>87/100</b> Ranked 2nd out of 150 in its sector
<b>UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI)</b> Score <b>A+</b>	<b>CDP</b> Score <b>B</b>
<b>VIGEO EIRIS</b> <b>LEADER</b> in its sector	



# A new internal performance measurement index

In 2016, AXA completely revised and restructured the sustainability index it has used for its local entities since 2010. Targets will be set for 2020 based on this year's scores.

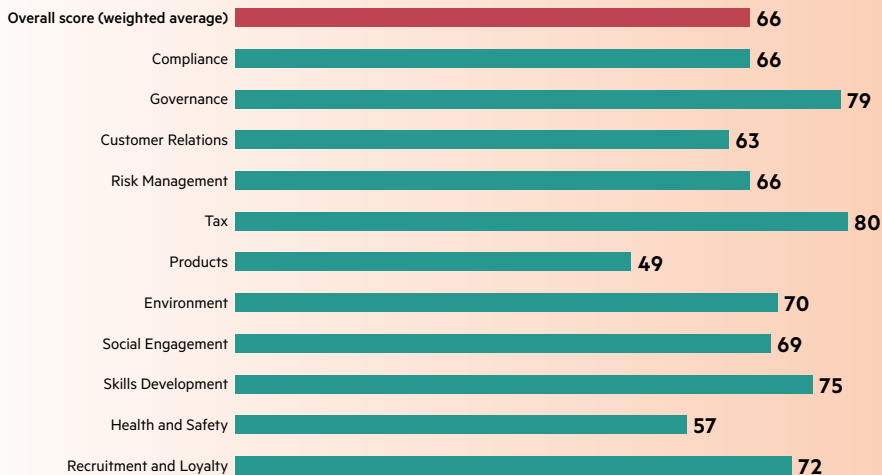
The "AXA Sustainability Index" is an internal tool based on the approach of the Dow Jones Sustainability Index (a recognized extra-financial index), which measures the Group's maturity in terms of corporate responsibility. Since 2010, this tool has been sent to most of AXA entities so that they can assess their performance.

In 2016, the questionnaire was revised to align it to recent developments in the DJSI. New indicators

have been defined in association with the various business lines, and a dedicated Internet platform has been developed. A pilot test was conducted this year to try out the new questionnaire. The results will be used to define the Group's targets for 2020.

This self-assessment exercise is about much more than producing a score; it will be used by the chief corporate responsibility officer, who is a member of the local executive committee, and the corporate responsibility manager of all of AXA's entities to build their corporate responsibility strategy.

## 2016 RESULTS



# HR data\*



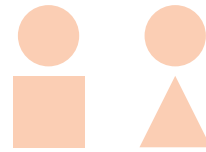
118,366

employees (open-ended and fixed-term contract)  
+3.8%



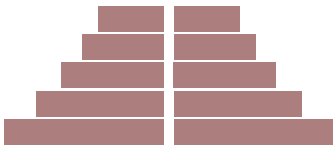
64

countries



47% / 53%

men / women  
(salaried workforce)



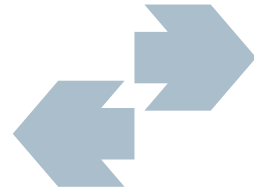
40.6 years

average age  
of salaried workforce



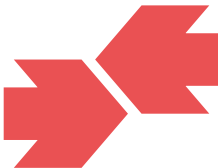
10.8 years

average length of service  
of salaried workforce



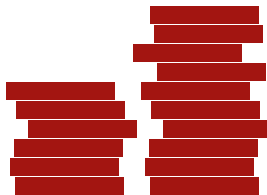
18,784

joiners,  
20,138 leavers



8.6%

internal mobility rate and 10% voluntary turnover  
rate (8.3% for non-sales force, 18.9% for sales force)



€8,638bn

payroll  
(77% fixed pay, 23% variable pay)

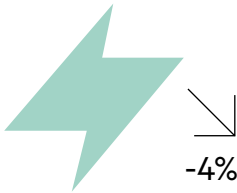


85.4%

of employees attended at least one training course,  
3 days of training per employee on average

# Environmental data\*

## POWER CONSUMPTION



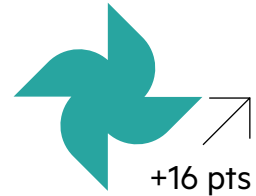
3,492 kWh/FTE\*\*

## CO<sub>2</sub> EMISSIONS



1.96 t CO<sub>2</sub>/FTE  
resulting from power consumption, paper,  
business travel and AXA vehicle fleet

## RENEWABLE ENERGY

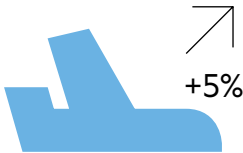


53%

renewable energy

100% at AXA France

## TRANSPORTATION, BUSINESS TRAVEL



349,099

thousand kilometers

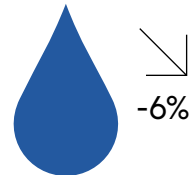
## PAPER CONSUMPTION



18 kg/FTE

61% recycled paper or paper from  
sustainably managed forests

## WATER CONSUMPTION

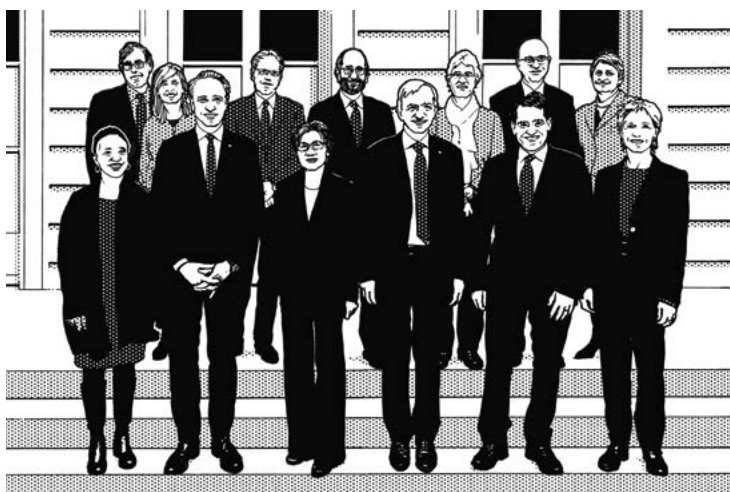


8.7 m<sup>3</sup>/FTE

\* Our HR and environmental data are audited  
by our statutory auditors (see Annual Report, Section 7)

\*\* FTE: full time equivalent

# Stakeholder Advisory Panel Opinion



“2016 was another great year of collaboration between AXA and its Stakeholder Advisory Panel. The Panel played a key role in the company’s landmark decision to divest from tobacco, and provided feedback in an exceptional session dedicated to the Group’s new strategic plan.

The Panel is now chaired by AXA’s new CEO Thomas Buberl, who has expressed his strong commitment to continuing the work of the Panel and underscored the value it brings by opening up AXA’s strategic thinking to the input of a diverse group of civil society leaders. We are also delighted that Denis Duverne, in his capacity as Board Chairman, will remain a permanent invitee of the Panel, joined by a new Board member

representative Angelien Kemna, and that this connection has been made official within the Rules of Procedure of the Board of Directors.

Finally, I would like to congratulate AXA on issuing this year its inaugural Integrated Report, an idea first suggested by the Panel in 2014 – this example proves once again AXA’s commitment to listening to stakeholders and is also a great testament to our collective journey in “shared value,” driving the integration of societal issues into core business strategy.”

**ARON CRAMER, CEO OF BSR AND MODERATOR  
OF AXA’S STAKEHOLDER ADVISORY PANEL**

**P**

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**1**

**6**

# Highlights



## AXA DIVESTS FROM THE TOBACCO INDUSTRY

**SMOKING IS ONE OF TODAY'S GREATEST THREATS TO GLOBAL PUBLIC HEALTH.** Tobacco is the major cause of non-communicable chronic diseases such as cancer, heart disease and respiratory illnesses, killing six million people every year. This figure could rise to eight million by 2030. According to the World Health Organization, the number of smokers in the emerging countries will grow significantly; in Nigeria, for example, it is expected to rise fourfold while in Indonesia, there will be 50 million new smokers.

As a responsible health insurer and investor, AXA believes it has a responsibility to prevent tobacco-linked diseases. In 2016, therefore, we announced our decision to divest all of our tobacco industry assets totaling €1.8 billion. We immediately sold all our equity holdings in tobacco, representing about €200 million, and stopped all new investments in tobacco sector

corporate bonds. The existing bond portfolio, which currently represents about €1.6 billion, will be run off gradually.

**THIS DECISION WAS PRAISED BY THE UNION FOR INTERNATIONAL CANCER CONTROL (UICC),** an organization devoted to accelerating the fight against cancer. AXA is the first international private-sector company to take such an initiative. "We hope others will join us and show the world that insurers are part of the solution when it comes to public health," said Thomas Buberl. "We also believe there is a clear moral duty. We cannot continue to finance products that represent one of the greatest threats to global health."

## H I G H L I G H T S



### AXA, BEST GLOBAL INSURANCE BRAND

**FOR THE EIGHTH CONSECUTIVE YEAR, AXA IS TOP GLOBAL INSURANCE BRAND** in the Interbrand best global brands rankings, with a 49% increase in value since 2013. It ranks 46<sup>th</sup> best global brand all sectors combined, and has joined the top three financial services brands. Two of the main factors cited by Interbrand were AXA's transformation and its ability to grow by disrupting its own status quo. This powerful brand instills trust in our customers, pride in our employees and is a strong element of appeal for our distributors.

### GENDER EQUALITY: AXA REWARDED FOR ITS COMMITMENTS

**IN 2016, 53% OF AXA EMPLOYEES WERE WOMEN.**

Women held 42% of managerial positions and 25% of senior executive positions, compared with just 9% in 2009. This figure is set to rise further as the Group has set itself an intermediate target of at least 33% senior executive women by the end of 2020.

AXA has been rewarded for its commitments and initiatives to promote equality with Economic Dividends for Gender Equality (EDGE) certification, a benchmark for assessing corporate gender equality policies. EDGE certification covers the Group's global headquarters, AXA France and AXA Technology Services, which operates in 16 countries.



## NEW STRATEGIC PARTNERSHIPS IN AFRICA

**AXA OPERATES IN EIGHT AFRICAN COUNTRIES.**

**IN 2016, WE EXPANDED OUR OFFERING**, by investing in the specialty insurance market through a partnership with Chaucer, a highly respected Lloyd's of London specialty insurer. AXA Africa Specialty Risks, the new pan-African venture, covers specialty lines such as political risks, energy and infrastructure.

We are also working on digital solutions to improve access to the insurance market by partnering with Africa Internet Group (AIG), a leading e-commerce operator in Africa. AXA is now the exclusive provider of insurance products and services through Jumia, the number one online commerce platform in Africa, and through other AIG online and mobile platforms.



## INNOVATIVE SOLUTIONS TO PROTECT THE EMERGING MIDDLE CLASSES

**THE EMERGING COUNTRIES NOW ACCOUNT FOR 40% OF WORLD GDP**, but only 17% of the global

insurance market. This paradox is largely due to a lack of affordable solutions available to the “new” middle classes. Building on its existing micro-insurance schemes developed successfully in Asia, Africa and Latin America, AXA is devoting specific resources and expertise to this segment to provide innovative solutions in Life & Savings, Health, Property & Casualty insurance as well as Assistance. We have already increased our stake in MicroEnsure, a leading micro-insurance specialist in Asia and Africa, to 46%. In 2016, we also teamed up with Airtel, one of India's leading mobile operators. Through the partnership, personal accident insurance is offered free to all new customers of Airtel Payments Bank, an innovative mobile banking service accessed directly via smartphone. This is an effective way to develop an insurance culture and to provide often first-time access to formal protection, the first line of defense against financial insecurity.



## H I G H L I G H T S

### GLOBAL PARTNERSHIP WITH ALIBABA, LEADING CHINESE E-COMMERCE COMPANY

**AXA HAS FORGED A STRATEGIC GLOBAL PARTNERSHIP WITH ALIBABA AND ANT FINANCIAL SERVICES**, Alibaba's specialist financial services subsidiary. The aim is to jointly explore opportunities for selling AXA's products and services in Alibaba's e-commerce ecosystem. The three companies will work together to develop high value-added innovative solutions, while providing each other with mutual support in opening up new markets.



### A NEW GLOBAL PARENTAL LEAVE POLICY

**AT AXA, WE KNOW THAT A PROPER WORK/LIFE BALANCE IS VITAL** to performance and personal fulfillment. We have therefore implemented an ambitious parental leave policy, standard throughout the 64 countries in which we operate. As of January 1, 2017, employees are entitled to a minimum of 16 weeks fully paid maternity leave or 4 weeks fully paid co-parental leave, regardless of their family situation. Adoptive parents also qualify. If an AXA entity already provides better benefits, those benefits will continue to apply. New parents can also opt for more flexible working arrangements and can obtain specific support before, during and after the parental leave period.



## STRATEGIC REPOSITIONING IN CENTRAL AND EASTERN EUROPE

**AXA HAS TAKEN SEVERAL KEY INITIATIVES.**

To target its development in Poland, AXA has acquired Liberty Ubezpieczenia, the property & casualty branch of Liberty Mutual Insurance Group. This deal strengthens AXA's presence in Poland, the most attractive market in the region. We have also sold our banking business in Hungary to OTP Bank Plc, thus completing AXA Bank Europe's repositioning as a retail bank operating only in Belgium and serving almost one million customers. We have also sold our business in Romania and Serbia to Vienna Insurance Group.

## NEW GOVERNANCE TO DRIVE THE GROUP'S TRANSFORMATION

**ON SEPTEMBER 1, 2016, DENIS DUVERNE WAS APPOINTED NON-EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS AND THOMAS BUBERL WAS NAMED CHIEF EXECUTIVE OFFICER OF AXA.**

A new Management Committee was appointed, giving a prominent place to new members whose extensive experience in the field will help drive AXA's transformation to better meet the expectations of our customers. Thomas Buberl has also appointed a Partners Group comprising 40 AXA executives. The Partners Group meets quarterly to review progress in the Ambition 2020 plan and to discuss key operational issues and strategic initiatives. It will therefore be a strong force in spreading a new managerial culture throughout AXA.



## H I G H L I G H T S



### UNITED KINGDOM: REFOCUSING ON PROPERTY & CASUALTY, HEALTH AND ASSET MANAGEMENT

#### AXA HAS ANNOUNCED SEVERAL DIVESTMENTS

involving its distribution and life & pensions business in the United Kingdom. The Elevate wrap platform business has been sold to Standard Life plc; the investment, pensions and direct protection business to Phoenix Group Holdings; the offshore investment bonds business based in the Isle of Man to Life Company Consolidation Group; and the P&C commercial broker Bluefin to the Marsh Group. These divestments will enable us to refocus our UK business on property & casualty, health and asset management, areas in which we have built up solid, innovative business franchises with leading positions in their markets.

### INSURING WOMEN BETTER

**WOMEN, PARTICULARLY IN THE EMERGING COUNTRIES, ARE LESS WELL INSURED THAN MEN,** despite being

a powerful force in the economy. That was the conclusion reached by the groundbreaking SheForShield report produced jointly by Accenture, AXA and the World Bank in 2015. AXA acted on this report in 2016, introducing a global strategy to meet the growing needs of women. Three concrete actions have already been taken:

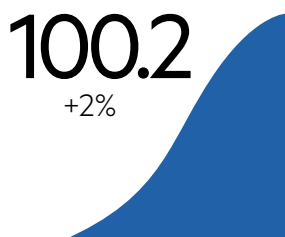
- In Mexico, we launched a savings and protection product for 30- to 55-year-old women exposed to cancer risk.
- In Brazil, we have developed an offering targeted specifically at beauty salon owners.
- In Nigeria, we now offer health protection solutions to women who cannot afford mainstream products.



# Results

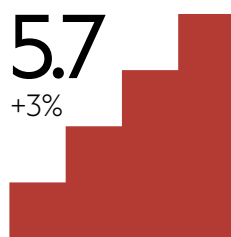
AXA's results confirm its sound financial health and ability to look to the future with confidence.

REVENUES  
in billions of euros



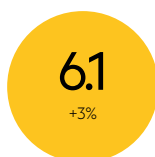
Growth in all  
our insurance businesses

UNDERLYING EARNINGS  
in billions of euros



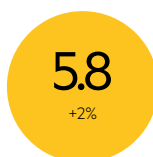
Continued growth despite the low  
interest rate environment

ADJUSTED EARNINGS  
in billions of euros



Growth in adjusted earnings  
(which is the basis for our dividend  
distribution policy), thanks to a good  
underlying performance

NET INCOME  
in billions of euros



Increase in net income  
driven mainly by the increase  
in adjusted earnings

DIVIDEND  
in euros per share



A dividend payout equivalent  
to 48% of adjusted earnings\*

\* Net of interest charges  
on undated debt

SOLVENCY II  
RATIO



In line with target range  
of 170% to 230%

SHAREHOLDERS' EQUITY  
in billions of euros



Increase of €2.1 billion

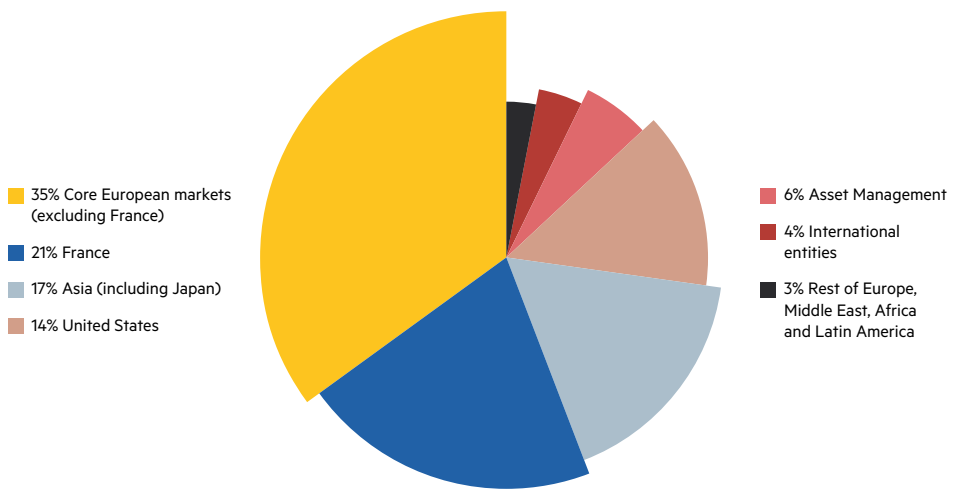
ASSETS UNDER MANAGEMENT  
in billions of euros



At December 31, 2016

## KEY FIGURES

### GEOGRAPHICAL BREAKDOWN OF BUSINESS\*



\* Excluding holding companies

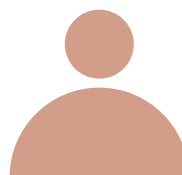
### SUSTAINABILITY AND ENGAGEMENT



**85/100**  
Dow Jones Sustainability  
Index (DJSI)



**No. 1**  
Best ESG performance  
in the insurance sector  
(Vigeo, 2016)



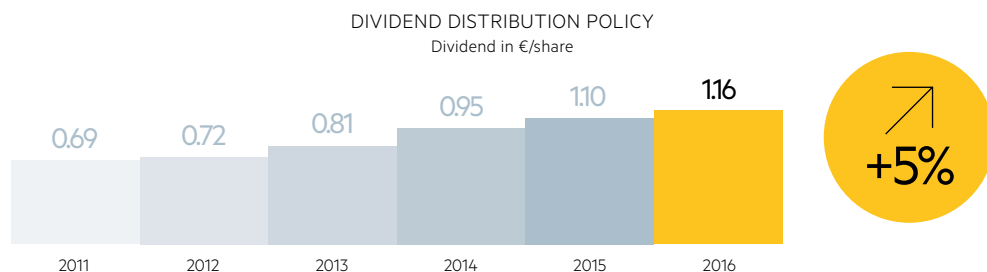
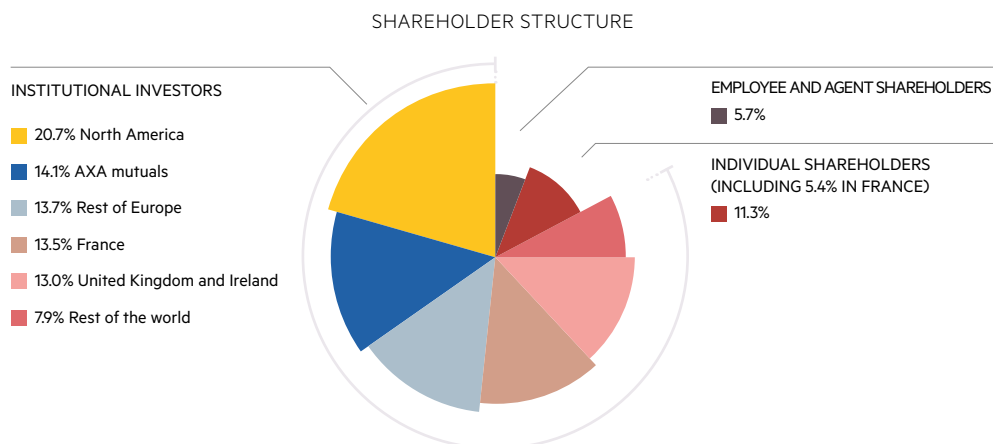
**18,800**  
Number of new  
hires worldwide  
in 2016



**531**  
Projects supported  
by the AXA Research  
Fund

# Dividend policy

As key partners to AXA, our shareholders have a close interest in our performance. Both institutional investors and individual shareholders are regularly informed of AXA's main strategic orientations and results.



AXA's dividend distribution policy is based on consolidated adjusted earnings less interest charges on undated debt.

In the final quarter of 2015, AXA announced a payout target range of about 45% to 55% of that earnings base. This represents an increase compared with the indicative range of 40% to 50% in previous years. The proposed 2016 dividend, payable in 2017, has increased by a further 5% to €1.16 per share, equivalent to a 48% payout.

The Board of Directors is responsible for making a dividend recommendation for approval at the annual shareholders' meeting. When determining the recommended dividend for any given year, AXA strives to reconcile the needs of prudent capital management, reinvestment of previous results to support its business development, and, of course, the dividend's attractiveness to the shareholders.

If you wish to join the AXA Shareholders' Circle, please visit: <https://www.axa.com/en/investor/shareholders-circle>

B U S

I N E

S S A

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## BUSINESS ACTIVITIES

### PROPERTY & CASUALTY INSURANCE\* IN THE AXA GROUP



**€35.6bn**  
Revenues

**+212,000**  
Personal lines net new contracts

**96.5%**  
Combined ratio

### A GLOBAL REACH

Geographical breakdown of Property & Casualty\* revenues



### PROPERTY & CASUALTY CUSTOMERS



**€11bn**  
of claims paid to our retail customers



**€11bn**  
of claims paid to our commercial customers



**4.6m**  
customers taken care of by AXA Assistance following a car breakdown

\* Includes part of the Health business, which is accounted for partly in Life & Savings and partly in Property & Casualty, depending on the entity.



# Property & Casualty Insurance

The Property & Casualty business delivered 3% revenue growth in 2016, as well as robust underlying earnings, up 2%. This performance, achieved in a climate of uneven global growth and tougher competition in many markets, was driven by two strategic strengths cultivated by AXA over the years. First, a diversified business mix, which notably includes motor insurance, as well as home, construction and marine insurance, etc., means that we can always rely on the more buoyant segments to support our growth. Second, our unique geographical mix allows us to capitalize on growth opportunities wherever they arise, either in the emerging countries or the mature markets (7% and 2% growth respectively).

We have leading positions in Europe, driven by our technical expertise, distribution networks, partnerships, and our powerful brand, which was ranked top

global insurance brand by Interbrand for the eighth consecutive year. AXA is also the leading foreign property & casualty insurer in Asia, with a strong presence in China. We continue to develop in high-potential countries in Africa, such as Nigeria and Egypt, and in the Americas, including Mexico, Colombia and Brazil. We can also rely on the global presence of AXA Corporate Solutions and AXA Assistance.

Property & casualty insurance is a strategic growth driver for AXA. We have set ourselves three priorities out to 2020: achieve 3% to 5% annual growth in revenues from commercial lines; step up our development in fast-growing countries, especially in Asia; and continue to streamline and digitalize our offering to better meet our customers' changing needs.

# Innovate to become more efficient, more straightforward and more accessible

Delivering improved service to our customers – both retail and commercial – to better meet their needs is more than an ongoing growth driver in this business, it is also a strategic positioning.

## **NEW METHODS TO GAIN IN EFFICIENCY**

Developing new technologies and making better use of data will provide opportunities for us to serve our customers better.

We strive continuously to make our claims handling process as efficient as possible and to optimize the cost of claims. For example, we are increasingly using drones to assess damage and developing insightful solutions using videos and photos. This will allow us to continue improving the customer experience in claims settlement.

We are investing in cutting-edge data analysis technology to combat fraud and the resulting efficiency gains are largely passed on to our customers. In Germany, organized insurance fraud gangs have been exposed thanks to use of a software application that automatically detects suspicious claims.

Prevention is another priority for AXA. We share with our customers the knowledge about risks we obtain over the long term through the claims management process. In France, for example, AXA Prévention organizes many road safety awareness campaigns to help prevent

accidents, covering a variety of themes such as alcohol, cell phone use, speeding and protective clothing for motorcyclists.

## **COMMERCIAL LINES, A GROWTH DRIVER FOR AXA**

Today, AXA is seeking to strengthen its positions in commercial lines by playing a key role in protecting customers against the many risks facing them and, more broadly, protecting the communities in which they operate.

With this in mind, we have developed a segmented offering for companies of all sizes – small businesses, mid-sized companies and large corporations – to protect their business, their employees and their executives.

In the United Kingdom, for example, we have launched an array of solutions specifically for SMEs through an online service called Business Guardian Angel to support them in their business venture. This helped AXA UK to deliver significant growth of 8% in Property & Casualty business in 2016.

To meet the new challenges facing our

...

### ON-DEMAND INSURANCE FOR A 100% CONNECTED GENERATION

**IN THE UNITED KINGDOM, AXA IS PARTNERING**  
**THE LAUNCH OF A PIONEERING APP** for insuring various digital objects, such as a smartphone or camera, for short periods as and when needed. AXA developed this innovation in partnership with Trôv, a Silicon Valley startup that designed the app's technology. In just a few seconds, users can register the object to be insured, get a personalized quote and turn the insurance on and off at any time. And it's just as simple and easy to pay the premiums and make a claim. Always available and with no specific commitment period, this new way of insuring things is especially suited to the lifestyle and expectations of "digital natives."



### AN INTERNET LICENSE FOR 9–11 YEAR OLDS

**CHILDREN BORN IN THE INTERNET ERA** are often not aware of the basic precautions they should be taking in their day-to-day web surfing. Since 2013, AXA Prévention has provided an awareness program for schools in France aimed at 9–11 year olds. A policeman starts by telling the children about the dangers of online encounters, manipulation and cyberbullying, and gives them an Internet code of conduct. The teacher develops the subject further using a kit provided and financed by AXA Prévention. The children take an Internet test and are awarded their license in the presence of their parents, who themselves receive a charter to make them aware of the risks. A total of 950,000 children have been trained and empowered through this program.

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customers, we launched a global initiative to better support our business customers in their international expansion. We made some excellent headway in Germany, for example, where international business grew by 15%.

For large corporations, AXA is developing its prevention offering through the use of internally developed risk maps highlighting customer exposure to risks such as flooding, storms or earthquakes, as well as by calling on the expertise of AXA Matrix engineers working in AXA Corporate Solutions.

### **RETAIL CUSTOMERS: THREE DRIVERS FOR BETTER SUPPORT**

An insurer's mission is to protect its customers better, which means adapting to their changing needs and to new types of risk. AXA uses three drivers to achieve that goal.

First, we invest continuously in our intelligent pricing tools, by using cutting-edge data analysis techniques. Better knowledge of risk lies at the very heart of our business and gives us a deeper understanding of our customers so that we can adapt more easily to their changing needs.

We also develop partnerships to support society's evolution towards insuring practices rather than assets. For example, 20 million BlaBlaCar users took up the additional coverage offered by AXA as a result of the European partnership forged by the two groups in 2015.

In 2016, AXA Singapore joined forces with GrabTaxi to launch an innovative service in Southeast Asia aimed at occasional taxi drivers and shared vehicles, with premiums linked to mileage.

Lastly, AXA is developing an ecosystem of digital services that are useful on a day-to-day basis. The MyAXA app, the central pillar

of this ecosystem, has been rolled out massively on an international scale.

In Germany, AXA launched the smartPARKING card, which helps customers with AXA motor insurance to park more easily thanks to innovative services. WayGuard is an app designed to give women peace of mind when returning home at night, generating 1.7 million minutes of support in 2016.

In France, young people out late at night can use AXA Prévention's SharyDrive app to contact someone who can drive them home.

In Switzerland, customers can use AXA Sure to photograph and store a record of their valuable belongings, immediately check their insurance coverage for these items and make a claim.

## AN AXA CHAIR FOR ASSESSING CLIMATE RISKS

IN 2016, THE COST OF NATURAL DISASTERS ACROSS THE WORLD WAS ESTIMATED AT \$175 BILLION.

The AXA Research Fund has endowed a Chair at the Karlsruhe Institute of Technology in Germany to improve the understanding of the links between climate risks and extreme weather events in Europe. It will provide a total of €1.8 million in funding over a period of 13 years. Headed by Professor Joaquim Pinto, a meteorologist, the Chair aims to develop methods to analyze and quantify the frequency and intensity of extreme weather events. This research will help to assess the risks associated with natural hazards to better prepare for them, now and in the future.



## DIRECT INSURANCE: USING DATA TO IMPROVE EFFICIENCY AND CUSTOMER SERVICE

AXA GLOBAL DIRECT (AGD), THE WORLD'S LARGEST DIRECT INSURANCE PLATFORM with operations in seven countries, capitalized on new technologies in 2016, especially in data analysis, to boost its performance and deliver superior service to its customers. Initiatives include better targeting of customer campaigns in Japan, use of real-time modeling to optimize the efficiency of call centers in France, improved segmentation of the retention program in Italy, and a new pricing tool in Spain. Such initiatives are first implemented according to local needs. Once they have proved their worth, they are then rolled out to AGD's seven entities and more broadly throughout AXA as a whole. This approach has enabled AGD to deliver 5.4% sales growth, well above the average in the markets where it operates, while continuing to strengthen its profitability.



## CUSTOMIZED OFFERING FOR DIGITAL STARTUPS

IN FRANCE, AXA PROVIDES A NEW INSURANCE SOLUTION FOR DIGITAL STARTUPS, designed to meet their specific needs. They can insure their computer equipment and their employees across the world. They can also take out health insurance for their employees at an advantageous rate, leaving them to focus on growing their business. This modular solution supports startups at each stage of their development, whether they work within an incubator with contracts on the horizon, or whether they already have their own premises, employees and customers.

## BUSINESS ACTIVITIES

### LIFE & SAVINGS\* IN THE AXA GROUP



€6.6bn

New business



+€4.4bn

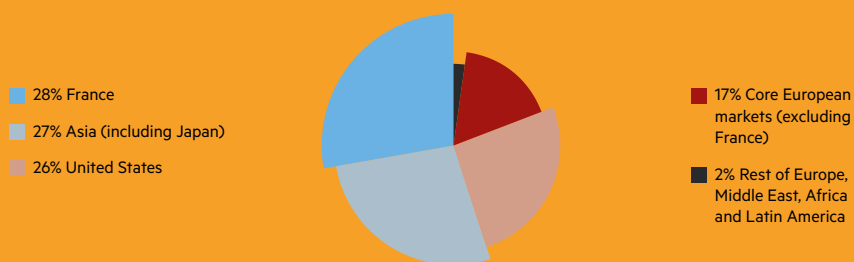
Net new money



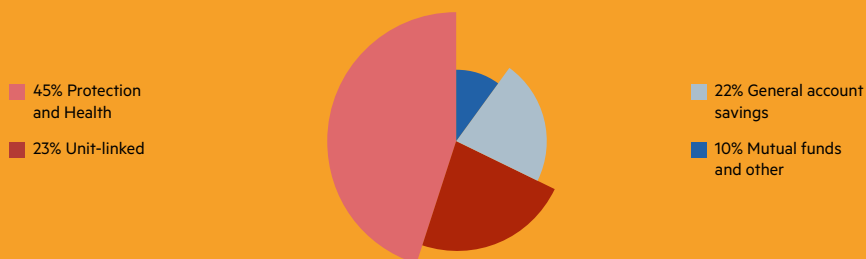
40%

New business margin

### A GLOBAL REACH Geographical breakdown of new business\*



### A DIVERSIFIED BUSINESS MIX New business\*



\* Includes part of the Health business, which is accounted for partly in Life & Savings and partly in Property & Casualty, depending on the entity.

# Life Insurance & Savings

Life & Savings contributed 54% to AXA's underlying earnings.\* In an environment of record low interest rates, business was driven by the growing needs of our customers for savings, especially in retirement planning.

AXA can consolidate on its positions in many markets worldwide thanks to its performance in protection and its early shift towards capital-light hybrid products and unit-linked funds in order to diversify the business mix.

We aim to widen the gap with a target of 3% to 5% annual growth in the value of new savings business in mature countries.

We have set ourselves four strategic objectives for 2020. The first is to continue developing high value-added savings solutions combining general account and unit-linked funds.

The second is to accelerate our momentum in personal insurance and

protection. In particular, we want to devote more attention to devising solutions for people at increased risk, for example due to chronic illness, many of whom are unable to obtain insurance through the mainstream system.

The third is to open up new horizons in prevention, an important area for growth in health insurance that is also relevant to protection.

Our final objective is to expand in Asia to meet the new needs of the middle classes. With both parents and children to look after and their own retirement to plan for, they need tailored savings and protection solutions.

We intend to leverage the massive potential for cross-selling in Asia based on our positive experiences with big data in this area in Hong Kong.

\* Excluding holding companies.

# Leveraging innovation and advice

Providing innovative, customized products and services through digitalization is a key driver of the Life & Savings business.

In 2016, our Life & Savings business continued to grow, despite a challenging environment marked by falling bond yields, a continuous decline in interest rates until summer followed by an upturn in the fall, strong volatility in the equity markets, especially following the US elections, and tighter regulatory requirements in various markets, such as Asia and the United States.

This environment is prompting customers to change their savings habits and diversify their investments. It also had an effect on their behavior in 2016 by creating a wait-and-see climate, especially in the first half, which was not conducive to unit-linked business.

## **LEVERAGING SUPPORT**

In 2016, AXA embarked on a program to transform the Life & Savings business with the aim of strengthening the value proposition for our customers. We want to become a genuine partner by helping them to achieve financial security and protect their families on a lifelong basis.

The program is therefore structured around the expectations and needs of our customers,

and aims to focus our advisers on their role of listening to and supporting customers, while providing clients with uninterrupted online access to AXA's services, particularly in prevention.

The program will be accompanied by a plan to streamline our offering and build a genuine digital proposition to increase our interaction with customers.

As part of this plan, we have taken many initiatives in data management, one of which has enabled AXA in the United States to significantly increase the rate of additional contributions to retirement plans to better meet customer needs. Again in the United States, AXA is testing a predictive underwriting system that aims to reduce the medical formalities required before making an insurance proposal.

## **PROTECTION: AN ENHANCED, DIGITALIZED OFFERING**

Individual protection, which is less dependent on the financial markets than other activities,

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## A CROSS-CUTTING STRUCTURE TO ACCELERATE GROWTH IN GROUP PROTECTION

**IN 2016, AXA SET UP A GROUP PROTECTION**

**COMMITTEE** common to the Health and Life & Savings businesses. The aim is to accelerate growth in buoyant markets such as Hong Kong, Italy and Japan, in addition to those where AXA is already a market leader (Belgium, France, United Kingdom and Switzerland). This initiative follows on from the creation in 2015 of AXA Employee Benefits Partners, a unit dedicated to large and mid-sized companies.



## THE BEST OF DIGITAL FOR AXA ADVISERS

**AXA PROVIDES ITS ADVISERS WITH NEW DIGITAL TOOLS** to enrich and streamline their customer relationships. The latest example is the Power Circle online training platform available in France, Belgium and the United Kingdom. This interactive, highly instructive tool helps advisers to develop their financial culture and refresh their knowledge about key topics such as the equity or bond markets. In France, they also have access to the new Discovery app, a guide for customer interviews designed to ensure they systematically review with the client all information needed to determine the most appropriate solution. The app, which guarantees the quality of the advising process, can be shared with the customer through an intuitive tablet interface.

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is a major area of growth for AXA. It responds to a growing need as people live longer and disposable income grows in some parts of the world. After a record year in 2015, AXA continued to expand in this area, particularly in Asia, driven mainly by the successful launch of a new product in Hong Kong. We continue to ramp up our innovative digital tools, such as the “automated medical selection” software now available in Spain, Japan and Italy, which enables us to respond to our customers more quickly.

In Japan, AXA is leveraging its solution combining protection with regular investment in unit-linked contracts.

In group protection, AXA proposes solutions covering an array of risks, including death, disability, illness, long-term care and accident. In 2016, we continued our efforts to adapt to the low interest rate environment. In Europe, for example, this environment prompted an upturn in lending and the related need for payment protection insurance. AXA France’s response was to expand its offering in creditor insurance, which proved highly successful.

### **SAVINGS: PROACTIVE, CUSTOMIZED MANAGEMENT**

In its Ambition 2020 strategic plan, AXA set itself a clear objective for the Savings business: to promote multi-vehicle investment products that not only better meet the long-term needs of our customers but are also less capital-intensive for the Group. These products now account for one-quarter of new business in Savings.

AXA relies on innovative offerings, both in terms of the funds proposed to its customers, such as Maturity 2020 and AXA Selectiv’ Immo, and in terms of investment management methods.

For example, in 2016 we rolled out a discretionary management offering tailored to the customer profile. After a successful launch

in France, it is now also available in Germany and Belgium and will be introduced in Spain and Asia in 2017. We have also strengthened the advice and support we provide, for example by sending all our Savings customers in France an SMS or email alert of important market events such as the United Kingdom’s vote to leave the European Union.

We also continue to proactively manage our portfolio of contracts taken out five, ten or even 20 years ago, with the aim of proposing changes that align the customer’s interest to that of AXA. In Belgium, for example, we offered our customers a cash bonus to transfer out of a guaranteed rate product and 70% of customers chose this option.

AXA’s savings offering is supported by banking solutions proposed by AXA Banque in France and Belgium.

**LES RENDEZ-VOUS HAPPY RETRAITE AXA**  
 - D'IMPÔTS AUJOURD'HUI + DE RETRAITE DEMAIN

**Nicolas**  
 47 ans, architecte

**BILAN PERSONNALISÉ OFFERT**

Comme Nicolas, rencontrez un de nos conseillers AXA. Rendez-vous sur [axa.fr](http://axa.fr). Vous protéger, c'est aussi vous aider à épargner pour votre retraite.

d'impôts aujourd'hui + de retraite demain : dans les conditions et limites posées par les dispositifs fiscaux des contrats Perp, Madelin et Madelin agricole.

**AXA Assurance Banque**  
 réinventons notre métier

axa.fr

## A MEETING TO TALK RETIREMENT

### AXA FRANCE HAS LAUNCHED HAPPY RETRAITE,

an initiative centered on personalized meetings with customers – over 500 in 2016 – to talk about retirement, explain the major regulatory trends in simple terms, and raise awareness about the value of a supplementary pension, all around three key words: anticipate, profit and protect.

Anticipate, by saving as early as possible and doing so regularly; profit, by benefiting later on from a lifelong income supplement and a program of services for seniors, Désidéo; and protect oneself by using some of the tax savings to deal with the risk of dependency (Entour'âge contract). This action makes AXA the leading player in tax-assisted retirement savings in France (one retirement savings contract in four signed with AXA in this market, for a doubling of revenue in five years).

## A NEW FUND FOR INVESTING IN PROPERTY

### AXA SELECTIV' IMMOSERVICE IS A NEW FUND

FOR FRENCH RETAIL INVESTORS, available mainly through AXA France life insurance contracts. Launched by AXA Investment Managers, the fund gives retail customers an opportunity to diversify their portfolio by investing in targeted healthcare, student accommodation, hotel and residential real estate assets. It follows on from the success of AXA Selectiv' Immo, also for retail investors, which now has €1.7 billion of assets under management.



## BUSINESS ACTIVITIES

### HEALTH INSURANCE IN THE AXA GROUP

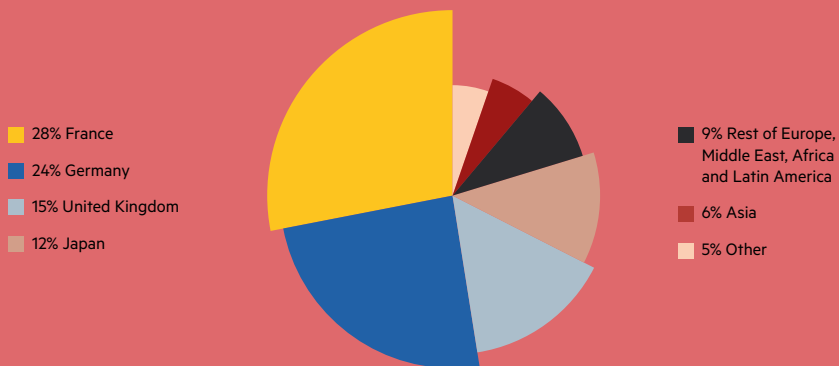


**€12bn**  
Revenues



**94.9%**  
Combined ratio

### A GLOBAL REACH Geographical breakdown of revenues



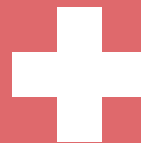
### HEALTH INSURANCE CUSTOMERS



**€7.7bn**  
of benefits paid



**3m**  
beneficiaries of the online  
consultation system in France



**4.2m**  
beneficiaries of our health  
assistance service

# Health Insurance

Health insurance is a fast-growing market in all parts of the world, with annual expenditure exceeding €2.5 trillion. The market is undergoing profound change, driven by four strong underlying trends: lightning-fast progress in technology; rising average disposable income, particularly in the emerging countries; an aging population; and the increasing pressure of healthcare costs on the public purse in developed countries.

AXA monitors these developments closely in order to anticipate new needs and provide the most innovative and effective responses. Health insurance is a strategic priority for AXA and we therefore created a separate business line for this activity in 2014. In 2016, as a responsible company that strives to lead by example, we announced our decision to divest our interests in the tobacco industry.

AXA already insures and supports 13 million customers, generating revenue of

€12 billion. We now want to go even further, by leveraging the expertise and know-how of all our specialist teams across the world. AXA has health insurance operations in 36 countries and has a particularly robust position in six large markets – Germany, France, Hong Kong, Japan, the United Kingdom and Mexico. The new strategic plan has set an annual growth target of 3% to 5% until 2020.

In the years ahead, we will focus on promoting better control over healthcare costs, which are under pressure due to the emergence of costly new technologies and leading-edge treatments. We will devote a significant proportion of our investment in health to prevention programs that will improve the day-to-day lives of our customers and the management of chronic diseases, because we firmly believe that an insurer must be a genuine partner to its customers throughout the healthcare process, providing them with the services they really need.

# Being a partner throughout the healthcare process

Our strategy in health insurance is based on three key drivers, designed to strengthen our role as a partner: a stronger customer focus, better coordination of healthcare, and initiatives to promote wellness and prevention.

Modern medicine is moving towards a new preventive, predictive, participatory and personalized approach, known as 4P medicine. AXA works in all of these areas, acting as a genuine health partner to its customers by helping them to adopt preventive behaviors, detecting illness better and earlier, giving patients the means to influence their own health, and tailoring our response to the specific needs of each person. We can play a key role in helping our customers to live healthier lives.

## **FOCUS ON PATIENT NEEDS**

Being a genuine partner starts, of course, with paying our customers' healthcare bills promptly, but it also means much more than that. It means being there at the important times of life and providing solutions that are genuinely devised with the needs of patients in mind.

To do that, we are further strengthening our interaction with customers and using the data they agree to share with us to provide better support (while maintaining the strictest confidentiality standards). Our experiment in predictive analysis in Germany in 2016

is the first concrete action in this area that has already helped to save lives.

## **IMPROVE COORDINATION OF HEALTHCARE**

The second pillar of our strategy – better coordination of healthcare – must enable us to support and advise patients faced with a complex set of care options. As soon as the first symptoms are identified, AXA guides its customers towards the most appropriate healthcare professional.

Once the diagnosis has been made, AXA then provides insight and advice on the choice of treatments to help patients manage their illness better. The HealthLook and Wellth apps help patients suffering from chronic disease to improve their adherence to their treatment plan.

Coordination of healthcare has three objectives: improve the quality of care, improve the customer experience, and improve the efficiency of medical care for the patient.

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## TWO NEW HEALTHCARE APPLICATIONS

### AXA CONTINUES TO DEVELOP DIGITAL SERVICES

enabling customers to take better care of their health. In China, AXA Tianping has launched Xtra, a new mobile app that has made a highly promising start. It provides customers with free online coaching and a personal dashboard to monitor their physical condition and activity. WellBe is an app that puts users in touch with each other and suggests they become the wellbeing coach of their contacts. The aim is to advise and encourage people to practice beneficial activities on a regular basis.



## PREDICTIVE ANALYSIS: PILOT TEST IN GERMANY

**IN GERMANY, 53,000 CUSTOMERS AGREED TO TAKE PART IN A PREDICTIVE ANALYSIS PILOT TEST.** AXA correlated the known characteristics of various illnesses with data from the medical records and lifestyle of each patient. As a result, we were able to identify 3,200 people potentially at risk, who were then offered a health checkup. As a result, 140 of them received early treatment to prevent cancer.

## B U S I N E S S   A C T I V I T I E S

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For example, 70,000 customers in the United Kingdom consulted an online healthcare practitioner in 2016, a service AXA provides to their employers. It means that they can get a rapid diagnosis and a faster appointment if needed to avoid deterioration of their health. This system not only improves the likelihood of recovery but also reduces costs. The online consultation service is now available to millions of customers in Europe.

### **PROMOTE WELLNESS AND PREVENTION**

Prevention is at the heart of AXA's corporate culture and plays a pivotal role in our health strategy, which is to offer our customers a simple, practical array of services to help them stay healthy. In 2016, we developed Xtra, a new digital coach in China, using feedback from our Health Keeper and Health Gateway platforms in Spain and the United Kingdom respectively. We will continue to move forward in this direction to improve our customers' quality of life, retain their loyalty and help prevent distressing and costly hospital stays and treatments.

### **BETTER MANAGE CHRONIC ILLNESS**

Chronic illnesses, such as cardiovascular disease, cancer and diabetes, are long-term, non-communicable diseases and are the leading cause of death throughout the world. It is vital to treat them as early as possible and pinpoint the most appropriate treatment in order to improve the prognosis and quality of patient life.

In Germany, for example, AXA has set up a "pre-diabetes" management program that aims to combat onset of the disease, with the customer's active participation. In France, AXA reimburses the cost of connected blood pressure monitors for its customers suffering from hypertension.

### **HELP CUSTOMERS TO AGE HEALTHILY**

AXA has also launched a "live longer better" campaign to help customers maintain their quality of life and remain at home for as long as possible. In 2015, for example, AXA introduced its "Are you OK?" app in Japan, which detects unusual incidents such as a fall.

In 2016, AXA acquired Aid-Call Limited, a subsidiary of the Age UK group specializing in personal alarm and assistance systems in the United Kingdom. These are just the first concrete examples of an initiative we intend to roll out much more widely in the years ahead.

### **CAPITALIZE ON AXA'S GLOBAL REACH**

With a presence in 36 countries and the ability to work with all types of healthcare systems, AXA can follow its customers across the world and build up a position in health insurance in the local markets where it operates. In Singapore, for example, we are now part of the very restricted group of operators participating in the government's MediShield program, which contributed to 26% sales growth in 2016. Through AXA Assistance and AXA Global Protection, which cover mobile populations such as expatriates and business travelers, AXA can better meet the needs of international companies.



### AXA STRATEGIC VENTURES INVESTS IN TOMORROW'S HEALTH

AXA STRATEGIC VENTURES INVESTMENT FUND HAS INVESTED IN SEVERAL INNOVATIVE STARTUPS IN THE HEALTH INDUSTRY.

- > BioBeats measures participants' physical activity, sleep and stress levels via their smartphones or connected objects. The data is used to develop a personalized coaching program.
- > The Wellth mobile app encourages patients to adhere to their treatment plan, especially after a stay in hospital. The patient simply submits a picture of the medication taken with the date and time. The information is stored and can be shared with the relevant health professionals.
- > Medlanes is a European leader in digital health. Its offering combines a unique artificial intelligence technology with medical expertise. With just a photo and a description of symptoms, Medlanes can quickly provide an initial medical diagnosis, followed by an online consultation with a specialist.



### RISE IN ONLINE MEDICAL CONSULTATIONS

THE ONLINE MEDICAL CONSULTATION SERVICE GIVES AXA CUSTOMERS CONTINUOUS ACCESS TO A DOCTOR wherever they are. They can obtain quick care in situations where they cannot reach their family doctor. The service is now being rolled out in the United States. AXA customers in Singapore have access to a similar service on their smartphone.



### LAUNCH OF A MEDICAL INFORMATICS CHAIR IN EDINBURGH

DIABETES IS A CHRONIC DISEASE AFFECTING 350 MILLION PEOPLE WORLDWIDE. To better predict the risk of contracting diabetes, the AXA Research Fund has funded a new Chair using big data at the University of Edinburgh, which is reputed for its excellence in genetics and computer science. Professor Helen Colhoun, the Chair holder, is exploring how to use health data to build advanced predictive models. Her research will be used to develop personalized prevention solutions adapted to each patient and to provide better care for the complications brought on by diabetes.

## BUSINESS ACTIVITIES

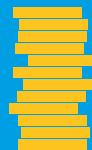
### ASSET MANAGEMENT IN THE AXA GROUP



€3.7bn  
Revenues

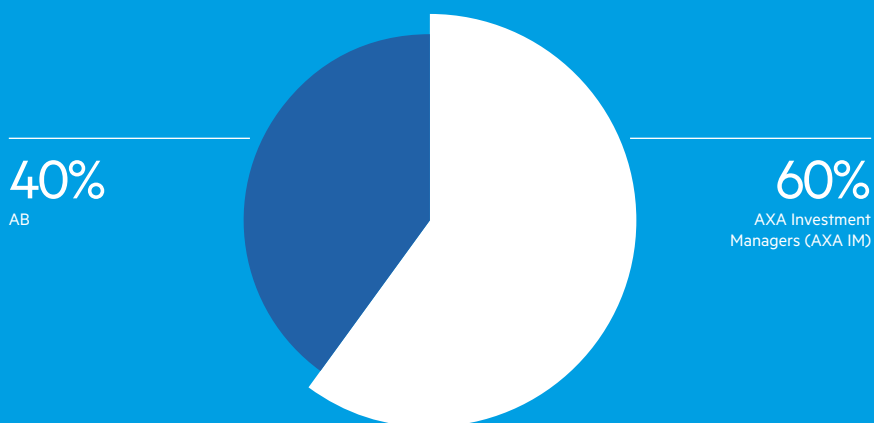


€416m  
Underlying earnings

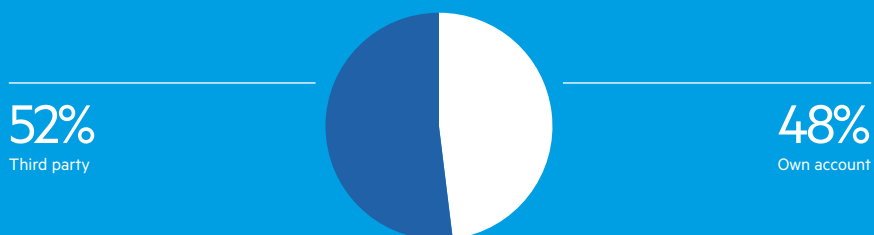


+€45bn  
Net new money

€1,203BN ASSETS UNDER MANAGEMENT AT DECEMBER 31, 2016



Total assets managed by the AXA Group:  
€1,429bn, of which €1,203bn for AXA IM and AB



# Asset Management

The positive impacts of continued buoyant demand in asset management were wiped out by several factors, including persistently low interest rates, tighter regulatory requirements and an increasingly competitive environment putting downward pressure on fee levels.

Against this backdrop, AXA's two asset management subsidiaries – AXA Investment Managers and AB – focused on their core expertise, such as real estate for AXA IM. Net new money inflows were high at €45 billion, driven mainly by AXA IM's joint ventures in Asia. AXA IM had €595 billion\* and AB €464 billion in average assets under management in 2016.

Both companies will make a significant contribution to the Group's Ambition 2020 strategic plan through two strategic priorities. The first is to accelerate their growth in Asia, as witnessed by AXA IM's strong momentum in Japan and China in 2016.

The second is to capture a growing share of assets under management in mature countries. AXA IM and AB continue to roll out innovative asset management offerings and investment solutions combining an array of expertise to meet the specific needs of their retail and institutional clients ever more closely.

As in its other business activities, AXA is working on transforming the customer experience, by analyzing data that can help identify market trends more easily, and by giving retail clients the means to manage their investments better.

AXA IM and AB continue to play a very active role in responsible investment, working closely with the Group's investment department as well as their third-party clients.

\* Excluding joint ventures.

# Leveraging recognized expertise

AXA's two asset management subsidiaries leverage their distinctive expertise to roll out increasingly attractive offerings that more closely meet client needs.

## **AXA IM: GLOBAL EXPANSION AND ENHANCED OFFERINGS**

In 2016, AXA IM continued to expand on a global scale, particularly in Asia, in tune with AXA's insurance business. It was awarded a major new investment mandate by the AXA Group in Japan. On that occasion, AXA IM acquired a new distribution and management capability in Tokyo, which will be an effective driver for winning new third-party business in Japan. Similar momentum was achieved in Mexico, where the local infrastructure has been strengthened.

AXA IM made a significant acquisition in Asia-Pacific, that of Eureka Funds Management in Australia, a company specializing in real estate investment with €3.2 billion of funds under management at end-December 2016. Europe nonetheless remains a core market for AXA IM, where it continues to win new clients, such as the ING pension fund.

Another strategic challenge for AXA IM is to improve its appeal to retail clients, a segment that will be a strong growth driver in the years ahead.

It has taken many initiatives in this area, including communication campaigns in France and Italy.

In a volatile, low-yield market environment, AXA IM continued to bolster its array of products and solutions designed to meet the key needs of investors, such as capital protection or capital growth, protection against inflation and regular income. For example, AXA IM extended its AXA World Funds range with the new Defensive Optimal Income sub-fund, which seeks medium-term capital growth through diversified exposure to the global equity and bond markets, taking a defensive approach aiming to limit annualized volatility to 5%. This fund rounds out AXA IM's Optimal Income solutions range, which had assets under management of more than €2 billion at end-December 2016.

AXA IM's Maturity 2020 and 2022 funds combine its expertise in the high-yield bond markets in Europe and the United States with its expertise in risk diversification.

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## PROMOTING A BETTER UNDERSTANDING OF ASSET MANAGEMENT

**RETAIL INVESTORS NEED TO UNDERSTAND HOW THE ASSET MANAGEMENT BUSINESS WORKS IN ORDER TO MANAGE THEIR ASSETS EFFECTIVELY.**

AXA IM launched a number of awareness and training actions for retail clients in 2016. In France, short educational videos were posted on the Boursorama online brokerage and financial information website. A mass open online course (MOOC) was also developed in partnership with the French business school HEC Paris, aiming to give participants insight into how the financial and asset management markets work, through a combination of theory and practice. Developed in English, subtitled in French, Chinese, Italian and German, the course won innovative project of the year award from Agefi. In the United Kingdom, the RedSTART program aims to educate school children about managing money. The Get Ready simulator available to AXA IM's clients provides information about pension systems to help them prepare better financially for their retirement.



## A RECORD MANDATE AWARDED TO AXA IM BY ING

**THE ING BANKING GROUP'S PENSION FUND HAS AWARDED AXA IM AN INVESTMENT MANDATE OF OVER €10 BILLION** to manage the company's pension fund assets, the biggest institutional contract won by AXA IM in 2016. The objective of the mandate is to help the pension fund face the challenge of protecting its bond portfolio against interest rate and inflation risk. Moreover, the pension fund gains access to AXA IM's Liability Driven Investment expertise in defining an effective benchmark for managing these risks, as well as one of Europe's largest and strongest performing fixed income trading platforms. The fund will also gain from tight control over transaction costs.

## B U S I N E S S   A C T I V I T I E S

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Its Global Flexible Property fund invests in stocks and bonds of listed real estate companies worldwide. The fund provides daily liquidity and lower volatility than a traditional real estate equity fund, while offering greater diversification and lower transaction costs than direct investment in real estate.

AXA IM's extensive real estate offering gives retail and institutional clients an opportunity to diversify their assets. In 2016, AXA IM ranked eighth overall in the benchmark IPE Real Estate Top 100. It had some leading positions in Europe, coming top for its overall real estate activities and for office real estate, second for residential real estate and hotels, and fourth for commercial real estate.

AXA CoRE Europe, a new pan-European open-ended investment fund for institutional investors, raised more than €500 million from a range of European institutions on inception. The fund has the flexibility needed to dynamically manage real estate and economic cycles over the long term. Its objective is to provide investors with visible long-term income through the acquisition of core real estate assets across Europe, capitalizing on individual market dynamics and timing.

### **AB: ROLLING OUT ITS LONG-TERM STRATEGY**

AB has drawn up a long-term growth strategy based on four pillars: maintain and improve investment performance and deliver for clients; diversify the business across channels, investment services and geographies; develop innovative new products and services to meet clients' evolving needs; and achieve greater operating leverage and better financial results. Despite an environment of uncertainty and change, particularly in the United States, AB has nonetheless made progress in all four of these pillars.

89% of its active bond funds and 80% of its active equity funds outperformed over three years,

a significantly higher proportion than in 2015.

In the institutional segment, AB closed a new fundraising for its commercial real estate debt fund, attracting \$200 million in 2016, and finalized the acquisition of Ramius Alternative Solutions. Its pipeline of new assets in this client segment has diversified significantly, with Asia now contributing 39%, the Americas 37% and the rest of the world 24%.

The retail client segment benefited from strong momentum in the flagship Global High Yield and American Income Portfolio funds, with sales up 85%, as well as a good performance from two more recent funds, Muni Tax Aware SMA launched three years ago and the new US Short Duration Maturity Lux fund, which gathered almost \$1 billion in 2016.

Innovation also lies at the heart of AB's strategy for its private wealth management clientele. Its targeted products attracted client commitments totaling \$1.3 billion, while Energy Opportunities achieved its target capacity of \$435 million.

AB, already highly reputed for its research excellence, is now also known for its trading capability. Bernstein's electronic trading platform was named best in the sector in a leading independent survey.

Lastly, operating leverage continued to improve in 2016, thanks to careful control over costs.



## AB ACQUIRES RAMIUS ALTERNATIVE SOLUTIONS

**WITH OVER \$3 BILLION OF ASSETS UNDER MANAGEMENT**, Ramius Alternative Solutions offers a range of customized alternative investment and advisory solutions to a global institutional client base. These solutions offer the benefits of improved liquidity, reduced cost and greater transparency to overall portfolio construction. Ramius, renamed Arya Partners after the acquisition, has an excellent reputation among the most sophisticated institutional investors for its ability to manage a wide range of alternative investment solutions. It shares AB's investment discipline and its research-driven, solutions-oriented, client-focused cultural mindset. This acquisition strengthens AB in alternative and multi-asset management.

## A NEW FUND FOR INVESTING IN ROBOTICS

**AXA IM DEVELOPS SOLUTIONS THAT ENABLE INDIVIDUALS TO INVEST IN TOMORROW'S TECHNOLOGIES**, such as robotics, a fast-growing technology used across all business sectors and in everyday life, bringing the benefits of efficiency, precision and security. The global robotics market is expected to grow by about 10% a year until 2020. With this in mind, AXA IM launched its "robotech" fund for retail clients in Japan, the result of a close partnership with Daiwa Securities Group, one of Asia's leading financial services groups. This investment strategy has since been made available to AXA IM's European clients based on its success in Japan.



## GOVERNANCE

### MANAGEMENT COMMITTEE MEMBERS



**THOMAS  
BUBERL**  
Chief Executive Officer



**BENOÎT  
CLAVERANNE**  
Group Chief  
Transformation Officer



**PAUL EVANS**  
Group Chief Executive,  
AXA Global Life, Savings and  
Health and Chief Executive  
Officer of AXA Global Asset  
Management



**GÉRALD  
HARLIN**  
Group Chief  
Financial Officer



**JEAN-LOUIS  
LAURENT JOSI**  
Chief Executive Officer  
of AXA Asia



**GAËLLE  
OLIVIER**  
Chief Executive Officer  
of AXA Global P&C



**MARK  
PEARSON**  
President and Chief Executive  
Officer of AXA Financial, Inc.  
(United States)



**JACQUES  
DE PERETTI**  
Chief Executive Officer  
of AXA France



**GEORGE  
STANSFIELD**  
Group General  
Secretary



## GOVERNANCE

### BOARD OF DIRECTORS (at December 14, 2016)



**DENIS  
DUVERNE**  
Chairman



**THOMAS  
BUBERL**  
Chief Executive Officer



**JEAN-MARTIN  
FOLZ** ⓘ  
Senior Independent  
Director



**JEAN-PIERRE  
CLAMADIEU** ⓘ



**IRENE  
DÖRNER** ⓘ



**PAUL  
HERMELIN** ⓘ



**ANGÉLIEN  
KEMNA** ⓘ



**ISABELLE  
KOCHER** ⓘ



**ANDRÉ  
FRANÇOIS-PONCET** ⓘ

## GOVERNANCE



**SUET FERN  
LEE** 



**STEFAN  
LIPPE** 



**FRANÇOIS  
MARTINEAU**



**RAMON  
DE OLIVEIRA** 



**DEANNA  
OPPENHEIMER** 



**DOINA  
PALICI-CHEHAB**  
Director, employee  
shareholders' representative



**DOMINIQUE  
REINICHE** 

 Independent  
director

# Governing bodies

AXA's Board of Directors unanimously decided on March 19, 2016, to separate the functions of Chairman of the Board of Directors and Chief Executive Officer. The CEO is assisted by the Management Committee in the operational management of the Group.

## BOARD OF DIRECTORS

The Board of Directors' role is to determine AXA's strategic orientation and ensure its implementation.

At December 14, 2016, the Board had 16 members, 12 of whom were considered by the Board to meet the independence criteria set out in the Afep-Medef Code. The Board appointed Jean-Martin Folz as Senior Independent Director. He is consulted by the Chairman on the agenda for each Board meeting and, where necessary, is responsible for expressing the opinion of the independent directors to the Chairman.

The Board has three special committees that deal with specific issues and report on them to the Board: Compensation & Governance Committee, Audit Committee, and Finance Committee.

## MANAGEMENT COMMITTEE

The Chief Executive Officer, Thomas Buberl, is assisted in operational matters by the Management Committee, which had nine members at January 12, 2017. The Management Committee holds a quarterly business review (QBR) to discuss the Group's performance, but has no formal decision-making authority. Meetings are attended by the heads of AXA's main business units to report on performance and progress in major projects.

## PARTNERS GROUP

The Management Committee is aided by an advisory Partners Group composed of 40 senior executives. It meets quarterly to review progress in and implementation of AXA's Ambition 2020 key strategic initiatives.

# Contact us

## INDIVIDUAL SHAREHOLDER RELATIONS

### Individual shareholders

**0 800 434 843** Service & call free of charge

+33 (0)1 40 75 48 43

Email: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

### Registered shareholders

**0 810 888 433** Service charge €0.06 per minute + cost of call

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## MEDIA RELATIONS

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## AXA ON SOCIAL MEDIA

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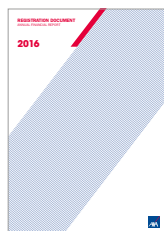


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2016  
Annual Report



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2017 Edition  
AXA Essentials



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