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AXA GROUP POLICY ON INVESTMENTS IN AND UNDERWRITING OF COAL MINING AND COAL-BASED ENERGY

Our position on responsible investment and responsible insurance

The AXA Group has a commitment to responsible investment (RI), embodied in its Group Responsible Investment Policy. This commitment is a key element of AXA's broader Corporate Responsibility strategy. We define RI as the integration of environmental, social and governance (ESG) considerations into our investment processes and ownership practices. AXA believes that ESG factors have the potential to impact investment portfolios across companies, sectors, regions and asset classes over time. ESG issues can therefore impact risk and returns and as such require monitoring. Business links with certain activities or products may also endanger AXA's reputation.

This policy on investments in businesses related to coal mining and coal-based energy production is complementary to the AXA Global RI Policy. It strengthens and replaces our former (05/2015) coal mining & coal-based power generation policy.

It is inconsistent to commercially support industries that the Group is divesting from. Therefore, AXA also restricts insurance coverage for coal-related assets, as detailed below.

Coal mining and coal-based energy production: background

According to the Intergovernmental Panel on Climate Change (IPCC), +2°C is considered to be the maximum temperature rise before triggering significant risks to society. Staying below this threshold requires significantly limiting carbon emissions, and notably burning only 1/3 of existing fossil fuel reserves by 2050 according to the International Energy Agency. Enforcing this carbon constraint through market, societal and regulatory pressures could result in significant loss of value ("stranded assets") for the most carbon intensive businesses. If "carbon" is a risk, asset owners such as AXA ought to attempt to measure and design mitigation strategies on behalf of their beneficiaries.

Coal is one of the most carbon-intensive energy source, and it also raises significant local pollution challenges. As such, its business is more likely to be constrained compared to other energy sources.

As a result, AXA has decided to divest from companies most exposed to coal-related activities (definitions below) in the belief that sending such a signal to markets and regulators generates a positive influence, it contributes to de-risking our portfolios, it is consistent with our ESG integration process, and contributing to an energy transition curve which is aligned with a "+ 2°C" scenario is consistent with our broader Corporate Responsibility strategy to promote a stronger and safer society.

Scope

The scope of this policy is based on AXA's Global Responsible Investment Policy's scope (essentially AXA's General Account assets), and also covers some underwriting activities.

Governance

The AXA RI Committee ("RIC") is responsible for the development, implementation and monitoring of this policy. The RIC reports to the Group Investment Committee and is chaired by AXA's Group CIO. Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee, which defines underwriting restrictions. The Group CR team provides a bridge with the RI-related governance.

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

Note: Compliance with certain investment and underwriting principles detailed below is based on specialist ad hoc research and external databases, notably the "Global Coal Exit List" database and criteria.

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Investment Principles

AXA will divest equity assets and will stop investing corporate fixed income assets in the following types of businesses:

- **Electric utilities with coal share of power production (energy mix) over 30%**
- **Electric utilities with coal-based power "expansion plans" over 3 GigaWatts (GW)**
- **Mining companies with coal share of revenues over 30%.**
- **Mining companies with annual coal production over 20 Million Tons.**
- Exemptions to these criteria are as follows:
    - Affiliates with an activity not related to coal
    - Financial arms no longer emitting coal-related debt.
    - Electric utilities for which coal represents between 30% and 35% of their production/revenues but displaying a robust[1] energy transition plan.
    - The Group may also allow for exemptions for companies producing over 20MT of coal, but these will remain highly exceptional, and reviewed on an annual basis.

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

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[1] *A robust transition would notably include a strategic reorientation towards a more balanced energy mix, advanced climate risk disclosures, or the provision of solutions for a low carbon economy, backed by relevant indicators, and underpinned by clear evidence that the company recognizes the need for a long-term strategy shift.

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Insurance Principles

As a global insurer, AXA will no longer cover certain risks as follows:

- The development of new coal capacity is banned by ending Construction covers for any new coal plant and new coal mine, whichever the region or client (regardless of investment blacklist). This includes Marine Project Cargo policies related to the construction of new coal power plants or coal mines.
- The operation of existing coal projects is restricted by ending Property covers for existing coal plants when these are included in coal-only risk packages. This does not apply to emerging countries where access to energy remains a concern for local populations, and baseload energy alternatives are not yet in place. We expect these exemptions to remain infrequent.

This underwriting policy does not exclude the refurbishing or retrofitting of an existing power plant in order to improve its energy or thermal efficiency.