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AXA GROUP POLICY ON INVESTMENTS IN AND UNDERWRITING OF TAR SANDS / OIL SANDS

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 corporate 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 oil sands is complementary to the AXA Global RI Policy. It is inconsistent to commercially support industries that the Group is divesting from. Therefore, AXA also restricts insurance coverage for oil sands-related assets, as detailed below.

Tar sands: 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 considered to be a risk, asset owners such as AXA ought to attempt to measure and design mitigation strategies on behalf of their beneficiaries.

Tar sands (also known as oil sands or bitumen), similarly to coal-based energy, is a particularly carbon-intensive form of energy. Its production also generates significant human rights concerns, and is a serious cause of local environmental pollution.

As a result, AXA has decided to divest from companies most exposed to tar sands activities (investment principles detailed below) in the belief that sending such a signal to markets and regulators generates a positive influence, this 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.



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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.

Compliance with certain investment principles detailed below may be based on specialist ad hoc research and external databases.

Investment Principles

The notion of “fossil fuel reserves” are a criterion commonly used by financial analysts to assess the oil & gas industry. It is also the most accessible and reliable criteria found on the market. AXA will divest equity assets and will stop investing corporate fixed income assets in the following types of businesses:

- Oil sands producers with at least 30% of their “reserves” based on oil sands.
- Pipeline operators that are significantly involved in oil sands transportation (3 criteria are considered: assets, turnover and investments in tar sands pipelines).

Insurance Principles

As a global insurer, AXA will no longer cover certain oil sands-related risks as follows:

- Oil sands extraction business (notably Property and Construction covers)
- Oil sands transportation (pipelines in particular)
- Exemptions may be granted on an exceptional basis (such as heterogenous risk packages combining oil sands and non-oil sands-related assets).
- Note: as part of separate underwriting guidelines, AXA does not cover oil & gas drilling in arctic regions.