

AXA PUBLIC AFFAIRS CHARTER

2019



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The role of AXA's Public Affairs function is to identify and assess major societal trends, emerging policies and regulatory initiatives that are relevant for global insurers. The Public Affairs department positions the AXA Group on these issues in close collaboration with internal and external experts and stakeholders, so as to contribute constructively and substantively to global, European and national policy debates and policymaking by engaging with key external stakeholders.

The added value delivered by the Public Affairs department is to ensure that AXA provides 'thought leadership' on existing and future regulatory and societal issues relevant to insurers, and to ultimately turn the Group's positioning on such issues into a strategic competitive advantage.

1. Governance

The Group Public Affairs department is composed of a dedicated team in Paris and a representation office in Brussels. The department reports to the Group deputy CEO and General Secretary. The Group's Public Affairs strategy and actions are regularly discussed and validated at the Group Management Committee level, as well as within other key internal management bodies, to align positions and priorities.

The development of the Public Affairs strategy requires a multidisciplinary approach involving diverse professional families and entities across the Group. As such, the Group Public Affairs department engages closely and on an ongoing basis with the other departments at Group level to ensure timely information, effective alignment and robustness of envisaged positioning. A close interaction between the Group Public Affairs department and dedicated Public Affairs teams or representatives in local AXA entities also takes place on a regular basis, including through a Public Affairs Network (PAN) comprising these representatives and serving as a relay within the Group. In addition, the department is in close contact, generally through membership, with third-party organisations, think-tanks and trade associations (listed in the Appendix), which can also conduct public activities on topics of interest to the AXA Group.

Given the highly regulated nature of the insurance sector and its natural positioning at the intersection of society, economics and finance, numerous exchanges are taking place with public authorities and decision-makers. The department also engages with various external communities and experts to develop AXA's positions on long-term issues and emerging public policy questions with a view to provide a constructive input based on rigour and conceptual soundness.

In particular, the department strives to integrate a forward-looking perspective in order to account for emerging trends (e.g. technological, political or social changes) that are likely to change the nature and landscape, including regulatory, of the insurance business over the coming years. Jointly with relevant internal and external experts, the Group Public Affairs' representatives engage with public authorities with a view to co-build an adequate framework to capture the benefits and address any risk stemming from such changes.

2. Core topics of interest²

¹ The charter outlined below reflects the situation as of May 2019. It is subject to change and will be updated as appropriate

²This section reflects the topics addressed at Group level and developed on <https://www.axa.com/en/about-us/stakeholder-dialogue/> / It does not include national public affairs issues pursued by AXA's country entities.

Being a global leader in insurance and asset management with a presence in 61 countries³, the AXA Group is naturally impacted by numerous policy and regulatory initiatives. As previously mentioned, a close coordination takes place between the Group and local entities that remain primarily responsible for handling local developments. Therefore, the list of topics being provided below only concerns the key Public Affairs priorities that are currently pursued at Group level. These core priorities essentially relate to European and global-level initiatives.

As a general guiding principle, AXA Public Affairs' strategy aims at stressing the key role of insurance and financial services in society and the economy as a provider of essential services and, especially for insurance, of risk coverage and long-term savings. AXA Public Affairs' representatives and experts therefore engage with external stakeholders to make sure that relevant policy and regulatory initiatives embed the core features of the insurance business model and meet the key needs for regulatory stability, proportionality, balance and predictability.

a. Prudential and Financial regulation

On these topics, AXA mainly advocates soundness and consistency and contributes to a better technical understanding of the business model as well as the role of insurers. AXA promotes the importance of the long-term nature of insurers' role and the specificity of the insurance and asset management activities.

- The European Union's "Solvency II" directive

Effective January 2016, Solvency II successfully addresses the decade-long challenge of modernising insurance regulation across the European Union (EU), in terms of solvency requirements, governance, risk management and public disclosure. AXA supports this framework because, by replacing a patchwork of local rules in each EU Member State, it constitutes a step towards a single prudential framework to be applied in Europe as well as promoting risk management discipline and a risk-based sensitive business mind-set.

In the context of the upcoming revision of Solvency II in 2021 which will address a certain number of items such as the use of countercyclical measures, AXA aims at constructively engage to investigate areas where technical improvements to the framework could be achieved consistently with the objective of ensuring consumer protection and financial stability. Without pursuing a complete overhaul of the framework the fundamentals of which it supports, AXA will focus on addressing the cases where it believes the economics of the insurance business could be better reflected. In particular, AXA will participate to this debate so as to ensure that the prudential framework does not unduly penalize the long-term nature of the insurance business, incl. as a provider of long-term funding to the economy. Finally, AXA is a strong supporter of the use of internal models to set the regulatory capital requirement and own funds as this allows a more refined assessment and a better recognition of risk management tools.

- International discussions on systemic regulation of insurers

AXA has supported the principle of addressing systemic risk in finance following the financial crisis as it sees instrumental to preserve trust in the financial system. In common with 8 other global insurers, AXA had been designated as a Global Systemically Important Insurer (GSII) since July 2013 by the Financial Stability Board (FSB) under a methodology developed by the International Association of Insurance Supervisors (IAIS) and had been submitted to a set of policy measures. While AXA had welcomed the enhanced group supervision and the preparation of comprehensive and far-reaching systemic risk management plans as well as liquidity, recovery and resolution plans, it had however considered that the framework lacked robustness in its assessment of potential sources of systemic risk in insurance. This lack of robustness has been the source of a lively debate among international regulatory circles

³ As of 31 December 2018.

that led to the development of an alternative approach to systemic risk in insurance that remains to be finalized and tested.

AXA believes strongly that the best answer to the systemic risk is an effective enhanced group supervision based on the College of Supervisors and comprehensive dialogue with designated firms on the basis of abovementioned plans. On the contrary, AXA does not believe that capital add-ons constitute an effective answer to potential systemic risk in insurance and calls on regulators and supervisors to refine their approach in this regard. AXA also calls for an informed impact assessment of any envisaged measure with a view of considering the potential consequences on level-playing field and insurers' ability to fulfill their economic role.

- International accounting standards: IFRS 9 and IFRS 17

As a major listed company that is active worldwide and based in the EU, AXA applies international accounting standards that are developed by the International Accounting Standards Board (IASB) and adopted by the EU. Two important standards will enter into force by 2022, namely IFRS 9 (financial instruments) and IFRS 17 (insurance contracts) that will represent a significant change compared to existing practices. AXA is supportive of these standards and the overarching objectives of increased transparency and comparability of financial statements to the extent that the business model of insurance is duly reflected. AXA therefore engages with key decision-makers and stakeholders to ensure that the necessary amendments to the future standards are being made before their implementation.

- **Asset management regulation**

AXA takes note of the global regulatory initiative undertaken by the FSB and the International Organization of Securities Commissions (IOSCO) to address potential systemic risk stemming from Non-Bank and Non-Insurance financial institutions (NBNI). It is important that international regulatory bodies develop policy measures that integrate the specific risk profiles of each category of NBNI. Concerning asset managers, AXA stresses that the absence of leverage and of proprietary trading are key elements to be taken into account by policymakers.

- **Long-term investment regulation**

At the EU level, the European Commission has been engaged in the establishment of a Capital Markets Union (CMU) across the Member States with the objective to diversify and enhance the provision of funding in the EU. AXA is ready to continue to provide its expertise to help meet the project's objective to enhance the role of financial markets in fostering long-term growth in Europe, for example, via the design of an EU framework for more effective infrastructure investments, via diversification of funding sources through secured securitisation or via better provision of key cross-border financial services, including in retail markets (pensions).

b. Consumer protection

Over the last 25 years there have been, in certain jurisdictions industry-wide misconduct issues leading to the strengthening of the protection of consumers. The objective is to strengthen the rules encompassing the entire product life cycle, to ensure that the customer always gets the best value for money before, during and after the sale. These include measures on staff qualifications, distributors' remuneration policies, and disclosures and sales standards, but also measures on the products themselves as the consumer-centric nature of their design will have to be proven.

AXA supports the overarching objective of policy-makers, believing that measures designed to boost consumer trust in financial markets are mutually beneficial. Building on our experience as a global insurer, we believe that the success of these consumer protection reforms will depend on their taking into account the diverse characteristics between jurisdictions (e.g. distribution networks).

c. Data protection

Data protection regulation is a key topic in particular for insurers because the entire value chain involves the use of data, from the design and pricing of the products to their distribution and claims management. AXA is consequently sharing its knowledge with regulators to ensure that the final outcome of the reforms being carried out in this area (e.g. the EU General Data Protection Regulation that entered into force in 2018 and other policy initiatives linked with the use and processing of personal data) takes into account the specificities of insurers' business model while meeting the objectives of data subjects' protection. This includes, for example, the legitimate need for insurers to assess the risks of policyholders and to use data for fraud detection.

AXA is of the view that, in order to leverage the individual and collective benefits stemming from the latest and upcoming technological developments, preserving consumer trust will be key. As such, AXA has been developing a consistent positioning in close coordination with various data protection authorities and stakeholders. Voluntary initiatives taken by AXA such as the publication of a Data Privacy Declaration and the establishment of a Data Privacy Advisory Panel also take part in the outreach effort.

d. Sustainability, incl. climate-related issues

Climate-related developments warrant AXA's attention because climate-related risks are having a direct impact on our activities and clients. From that perspective, AXA continues to invest in its risk modelling, assessment and management expertise to improve the prevention, coverage and mitigation of climate risks.

As part of its engagement on this topic, AXA joined a certain number of initiatives, such as the Private Sector Advisory Group of the United Nations International Strategy for Disaster Reduction (UNISDR)⁴; the Global Investor Statement on Climate Change (IIGCC⁵); the Ceres⁶ 'Statement of Investor Expectations for the Green Bond Market'; and the UN PSI⁷ 'United for Disaster Resilience'. The Group has also been very active in many major climate-related events including the 2015 UN Conference on Climate Change that resulted in the Paris Agreement; and has developed and made public its own 'AXA Group Environment Policy'⁸, to present the Group's positions and ambitious initiatives on this critical topic. Moreover, in the context of its support to the COP 22, AXA joined a coalition of investors requesting a moratorium of oil & gas activities in the Arctic High Seas.

While AXA has been playing an important role in the field of climate and sustainable finance through the G20/Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) and the EU High-Level Experts Group (HLEG) on sustainable finance, AXA's external engagement on this issue also encompasses the need to ensure that the regulatory agenda focuses on delivering an effective transition by engaging all concerned actors and relevant tools.

e. Digital economy and ICT developments

The digital economy is developing rapidly worldwide and brings strong opportunities as well as challenges. Public authorities have been engaging on the digital agenda with the European Commission implementing a Digital Single Market Strategy in order to foster growth thanks to innovation.

New technologies have created new business opportunities for incumbent institutions as well as for emerging players. In particular, the emergence of Fintech has resulted in a wider offer of online financial services, including insurance services (InsurTech). In addition, innovations such as the blockchain technology, robo advisors, driverless cars, the Internet of Things (IoT) and the use of Cloud computing introduce changes in the insurance business. AXA considers important to be part of the regulatory

⁴ United Nations Office for Disaster Risk Reduction: www.unisdr.org

⁵ Institutional Investor Group on Climate Change: www.iigcc.org

⁶ www.ceres.org

⁷ United Nations Principles for Sustainable Insurance: www.unepfi.org/psi

⁸ www.axa.com/en/about-us/environmental-policy

dialogue on these innovative developments to secure an adequate regulatory framework capable of addressing emerging risks without hindering new possibilities.

Our commitments

The AXA Group's Public Affairs department is committed to promoting a transparent, substantive and constructive contribution to the public debate, in line with applicable laws, AXA's Corporate Responsibility commitments⁹ and our Compliance and Ethics Guide,¹⁰ which lays down the standards of conduct that apply to all our employees, including rules related to gifts, entertainment and other inducements.

As a consequence, we shall abide by the following rules.

1. We update the AXA Public Affairs Charter, including the core positions and topics on which we work on a regular basis, and disclose it on axa.com¹¹ and through internal means of communications among our employees.
2. We are transparent in the organisation of our Group Public Affairs activities by submitting an official demand for registration to public authorities and disclosing it, when applicable. Moreover, we are in full compliance with the code of conducts these registrations imply¹².
3. We guarantee a high level of qualification of the staff in charge of Group Public Affairs, notably by recruiting highly skilled professionals and by mobilising the organisation's technical expertise.
4. We provide public decision-makers with reliable, verifiable and updated information.
5. We regularly communicate and update the list of AXA Group's memberships in trade organisations and think-tanks and strive to promote these commitments among them¹³.
6. As a company, we do not make discretionary contributions to political parties except in countries where it is customary, in which case we would disclose these contributions.
7. We do not accept any political mandate at national or international level; nor do we accept any mandate as a parliament associate, as a counsellor to a minister, or as a civil servant at national or international level.¹⁴
8. We commit to communicating actively to all AXA companies ('entities'), starting with those represented in our Public Affairs Network, the importance of building similar commitments at their national and local level¹⁵.

⁹ www.axa.com/en/about-us/strategy-commitments

¹⁰ www.axa.com/lib/en/library/refdoc/compliance/557.aspx

¹¹ www.axa.com/en/about-us/stakeholder-dialogue

¹² Note that AXA has joined Transparency International France in 2013.

¹³ www.axa.com/en/about-us/stakeholder-dialogue

¹⁴ This should not be seen as preventing AXA employees from participating in working groups comprised of regulators and industry representatives, which are formed at public authorities' initiative to help inform the development of regulatory policy.

¹⁵ Note that several AXA entities have already adopted or are in the process of adopting a local Public Affairs Charter

Appendix

1. AXA'S MEMBERSHIP IN PROFESSIONAL ORGANISATIONS AND THINK-TANKS¹⁶

At French level:

- **Institut Montaigne:** www.institutmontaigne.org/: French think tank publishing position papers and reports in the fields of Public policies, Economic Competition, Public Finance and Social problematics. Created by Claude Bébéar, Honorific President of AXA and now Chaired by Henri de Castries, the former CEO of AXA.
- **Observatoire de la Responsabilité Sociétale des Entreprises:** www.orse.org/: non-profit aiming at facilitating best practice sharing among companies in the field of Corporate Responsibility. The Orse also publishes research papers and raises awareness among Public Authorities about Corporate Responsibility. AXA is a Board member.
- **Admical:** www.admical.org/: French non-profit aiming at promoting Corporate Philanthropy in France. On top of sharing best practices among its members, Admical regularly lobbies in favor of a French regulation benefiting corporate philanthropy, notably in terms of Tax deduction. AXA is a Board member.

At European level:

- **Association for Financial Markets in Europe (AFME):** www.afme.eu/: Association representing the voice of Europe's wholesale financial markets
- **Chief Compliance Officers Forum (CCO Forum <https://globalccoforum.org/>):** The CCO Forum is a group of professional Chief Compliance Officers from the insurance and reinsurance industry that focuses on developing and promoting industry best practices in compliance. The Forum currently consists of Chief Compliance Officers from large multi-national (re)insurance companies from Europe, Switzerland, the USA and Asia. It aims to represent the members' views on key compliance topics, including emerging regulatory developments that impact compliance. AXA is currently the Chair of the CCO Forum.
- **Chief Financial Officers Forum (CFO-Forum):** www.cfoforum.nl : The European Insurance CFO Forum ('CFO Forum') is a high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies. Its aim is to influence the development of financial reporting, value based reporting, and related regulatory developments for insurance enterprises on behalf of its members, who represent a significant part of the European insurance industry.
- **Chief Risk Officers Forum (CRO-Forum):** www.thecroforum.org/ : The CRO Forum is a group of professional risk managers from the insurance industry that focuses on developing and promoting industry best practices in risk management. The Forum consists of Chief Risk Officers from large multi-national insurance companies. It aims to represent the members' views on key risk management topics, including emerging risks.
- **Confrontations Europe:** www.confrontations.org/fr: Association promoting active participation in the construction of the EU
- **CSR Europe:** www.csreurope.org: European business network for corporate social responsibility
- **European Financial Services Round Table (EFR):** www.efr.be: Association of chairs and chief executives of leading European banks and insurers. AXA is currently Vice-Chair of EFR.
- **Eurofi:** www.eurofi.net: European think-tank dedicated to financial regulation and supervision

¹⁶ This section lists the French, European and international organizations of which AXA is a member at Group level (therefore not including, for example, the specific organizations to which AXA's country entities (including AXA France) are members).

- **Pan European Insurance Forum** (PEIF <https://www.peif.eu/>): Informal forum for the chief executives of 12 major European insurers. AXA Group CEO is currently the Chair of PEIF.

At Global level:

- **2° Investing Initiative:** www.2degrees-investing.org/fr/: The 2° Investing Initiative is a multi-stakeholder think tank working to align the financial sector with 2°C climate goals. The non-profit co-organized the Oct. 28th 2016 - Paris - International Award on Investor Climate-related Disclosures with French Ministry of Environment. AXA received the First Award.
- **Business for Social Responsibility:** www.bsr.org/en/: BSR is a global non-profit organization that works to build a just and sustainable world through consulting, research, and cross-sector collaboration. AXA is a member and Aron Cramer, President and CEO of BSR is AXA Stakeholder Advisory Panel's moderator: www.axa.com/en/about-us/profile/aron-cramer
- **CDP:** www.cdp.net: International, not-for-profit organisation providing a global system for companies to share environmental information
- **Geneva Association (GA):** www.genevaassociation.org: International association of the most important insurers in Europe supporting the study of insurance economics. AXA is a member of the Board of the GA.
- **Investment Company Institute (ICI):** www.iciglobal.org/iciglobal: International association aiming at advancing the common interests and promote public understanding of regulated investment funds, their managers and investors
- **Institute of International Finance (IIF):** www.iif.com: International association of the financial sector
- **UN Principles for Sustainable Insurance (UNPSI):** www.unepfi.org/psi: Global sustainability framework for the insurance sector and initiative of the UN Environment Programme Finance Initiative
- **UN Principles for Responsible Investment (UNPRI):** www.unpri.org: Global responsible investment framework and initiative of the UN Environment Programme Finance Initiative

2. AXA'S OFFICIAL REGISTRATION ON PUBLIC INSTITUTIONS' LOBBYING REGISTERS

European Transparency Register:

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=36423781099-10&locale=en#en>

France Transparency Register: <https://www.hatvp.fr/fiche-organisation/?organisation=572093920>