Contributing to the Sustainable Blue Economy Finance Principles as an investor

**AXA’s Responsible Investment approach**

AXA defines Responsible Investment (RI) as the integration of Environmental, Social and Governance (ESG) considerations into investment processes, including ownership practices. AXA’s objective is to align investments with AXA’s Sustainability agenda of protecting people over the long term and creating stronger and more sustainable societies. This agenda is in line with its interests as a global insurer and investor.

AXA answers the detailed annual UN PRI assessment. This seeks to measure the breadth and impact of the Responsible Investment Strategies of its signatories. AXA’s social, societal, environmental and governance performance is rated by several specialists.

**Shareholder engagement**

As a shareholder and bondholder, AXA can engage with the management of the companies in which it invests. This can help catalyze positive change on certain issues. Such engagement is either done directly by AXA or by AXA IM on behalf of AXA and third party clients. AXA IM carries out shareholder engagement on key topics across the E, S, and G pillars, including resources and ecosystems. More details about AXA IM’s shareholder engagement approach is detailed in AXA IM’s annual Active Ownership and Stewardship Report.

AXA is a member of the Plastic Solutions Investor Alliance and AXA IM contributes to thought leadership and efforts on this subject through in-house research, for example, see the paper “How investors can respond to the plastics invasion”.

**Contributing to the Sustainable Blue Economy Finance Principles as an insurer**

**Insuring coral reef ecosystems**

AXA Climate, in partnership with AXA XL, is providing risk capacity for coral protection against tropical cyclones at four sites along the Mesoamerican reef in Mexico, Belize, Guatemala, and Honduras. The pay-out will be used by the client to do restoration work such as cleaning debris and attaching corals back to the reef. AXA is scaling up this product in 2022 and broadening the coverage to other types of coastal ecosystems, including mangroves.

**Addressing IUU fishing**
The Oceana and UN Environment Program Finance Initiative (UNEP FI) Insurance Industry Statement Against Illegal, Unreported, and Unregulated (IUU) Fishing. AXA signed this statement in 2017. It includes best practices about which vessels to insure. AXA’s Marine Underwriting Rules and Guidelines now require vessels to be checked against IUU fishing blacklists. This assesses whether fishing vessels have the proper licenses and checks that they don’t have periods when their tracking systems are inactive. In addition, AXA XL now requires International Maritime Organization (IMO) numbers for all fishing vessels and refrigerated cargo vessels that it insures. IMO numbers help ensure effective identification of vessels.

**Helping to better value coastal ecosystems**

AXA XL Coastal Risk Index: At COP26, AXA XL launched the Coastal Risk Index (CRI). This is an innovative tool that maps current and future flood hazards resulting from climate change. For the first time, it integrates the protective benefits of coastal ecosystems into insurance risk models. The CRI assesses coastal flooding in the context of climate change by comparing scenarios with and without coastal ecosystems, such as coral reefs and mangroves. This helps build the case for nature-based solutions.

The CRI illustrates the potential benefits ecosystems provide to assets and populations in different flooding scenarios; and estimated value of restoring lost mangroves due to their flood reduction benefits through new global mangrove maps.

The CRI is designed to be used by communities, policymakers, insurers, investors, and development banks to assess current and future flood risk and calculate the resilience value of ecosystems. This will thus improve how they measure risk and lead to more robust resilience strategies that catalyze the protection of coastal natural assets.

**Scientific Research**

AXA supports climate risk mitigation efforts by funding top-tier scientific research through the AXA Research Fund (the Fund). A scientific philanthropy initiative launched in 2008, the Fund supports academic research in health, climate and environment and socio-economic issues. The strategic focus is determined by an Advisory Board, and the selection of research projects is overseen by an independent Scientific Board.

As of 2021, the Fund had committed €250m to fund science. It has funded over 670 research projects in 38 countries, including over 230 projects focusing on climate and environment.

In 2021 the Fund announced €1 million for research into coastal livelihoods with the Intergovernmental Oceanographic Commission of UNESCO as part of the UN Decade for Ocean Science and Sustainable Development.

In November 2022, the Fund and AXA Belgium inaugurated the AXA Chair on plastic waste upcycling at the University of Mons in Belgium. This research topic will directly address one major threat to the world’s oceans: plastic pollution.

**Memberships**

The following memberships also support AXA’s engagement as a signatory of the Sustainable Blue Economy Finance Principles:

- **ORRAA**: AXA is a co-chair of the Ocean Risk and Resilience Action Alliance (ORRAA)
This was formed following the 2018 Ocean Risk Summit. ORRAA brings together the finance and insurance sectors along with governments, non-profits, and stakeholders to:
- drive investment in marine and coastal natural capital
- reduce ocean and climate risks; and
- build resilience in coastal communities.

- **Poseidon Principles**: AXA became a signatory of the Poseidon Principles for Marine Insurance (PPMI) in 2022. This initiative was developed in an effort spearheaded by global insurance institutions in collaboration with leading industry player and maritime expert support. It recognizes the role of insurers in promoting responsible environmental stewardship throughout the maritime value chain, hence providing tools to foster collaboration with clients, gain insight to enhance strategic decision-making, and address the impacts of climate change.

- AXA is a member of the **TNFD**. Its members include both financial institutions and corporates. It is developing an industry standard to identify and mitigate impacts, dependencies and risks related to nature.

- **NZAOA**: AXA joined the UN-led Net-Zero Asset Owner Alliance (NZAOA) in November 2019. NZAOA is an international group of institutional investors committed to transitioning their investment portfolios to Net-Zero GHG (Greenhouse Gas) emissions by 2050. This involves regular reporting on progress, including establishing intermediate targets every five years.

- **NZIA**: As Chair of the NZIA, AXA played an important role in its founding and development in 2021. AXA notably helped the NZIA to lead outreach to educate other insurers and encourage their participation; communicate with the insurance regulators; and dialogue with the real economy regarding the risks and opportunities of the energy transition.

- **NZAMI**: The Net Zero Asset Managers Initiative (NZAMI) was launched in December 2020 to bring together an international group of asset managers committed to supporting global efforts to limit warming to 1.5°C. As a founding investor of the NZAMI, AXA Investment Managers (AXA IM) is committed to achieving Net-Zero emissions across its portfolios by 2050 at the latest; as well as playing a key role in helping to realize AXA’s ambitious climate goals.

AXA has also committed to several public pledges that focus on biodiversity loss since 2018
- AXA also supported the Joint Declaration on the creation of a global coalition for blue carbon at the One Ocean Summit, held in Brest in February 2022

**Partnerships**

AXA also has in place a three-year commitment, alongside the World Wide Fund for Nature France (WWF), to transform insurance and asset management into a sector that takes greater account of biodiversity in the strategies of public and private stakeholders and thus contributes to protecting and restoring ecosystems.

**Reporting**

Further information about AXA’s Climate and Biodiversity strategy and commitments, including reporting following the recommendations of the TCFD and TNFD, can be found in AXA’s annual Climate and Biodiversity Report.