



# AXA Essentials

2021 Edition

**Commitment.** AXA has chosen to send a strong signal by placing its climate commitments at the core of its strategy.

*Denis Duverne, Chairman of the Board of Directors of AXA*

**“AXA has a noble mission: to protect goods and people from risk.** This is the crux of our purpose, which was defined last year after a collective intelligence project that invited the Group’s employees to discuss the meaning behind their work. ‘Act for human progress by protecting what matters’ means defending what is essential to our individual and collective future: our health, of course, but also the economy, our social connections and our planet.

In light of this mission, AXA has embraced its responsibilities more than any other business throughout the Covid-19 crisis. The Group has met its responsibilities as a company, by protecting its employees and providing customers with the support and services they need. And it has met its responsibilities as a member of society, by leading numerous solidarity initiatives and investing in struggling companies to reinforce their equity.

This crisis will leave scars, and as the world considers how to rebuild its economy, AXA has chosen to send a strong signal by building its strategy on climate commitments. For a long time now, the Group has understood the urgent need to take action against global warming. In 2020, we added a new target of reducing by 20% the carbon footprint of AXA’s general account assets by 2025. We also took measures to support and accelerate the transition: getting involved in the Net-Zero Asset Owner Alliance, launching new transition bonds and further developing our environmental and social positive impact funds. These are tangible, forward-looking actions that demonstrate our purpose in practice.”



## Action. — AXA has always worked with its partners and its ecosystem to build solutions for the future.

*Thomas Buberl, CEO of AXA*

**“2020 was an exceptional year, marked by the Covid-19 pandemic, as well as large number of natural disasters. In this difficult context, AXA can be proud of its performance,** not least because the pandemic confirmed the relevance and utility of our strategic priorities. Health, digital – for maintaining contacts with our customer – and business protection were crucial at the height of the crisis. We also proved our resilience as our business held strong with very robust results, as demonstrated by our solvency ratio.

We are entering a new phase in our strategy with all the right strengths for helping our customers and society meet the major challenges ahead: preventing health risks, rebuilding our economy, accelerating digital adoption and limiting climate change. Our new Driving Progress 2023 plan will enable us to pursue our transformation and reinforce our position in these critical fields of human progress.

‘Act for human progress’ is not, however, an ambition we can achieve alone. AXA has always worked with partners to build solutions for the future. More than ever, we believe in the value of cooperation: this is why we have called for the creation of a Net-Zero Insurance Underwriting Alliance to make underwriting a tool for driving the transition to a low-carbon economy. This kind of joint effort will enable us to not only act responsibly as a company but also drive the transition required to build a world compatible with the +1.5°C scenario.”



# Committed to overcoming the crisis



## ACTIONS AND HIGHLIGHTS

**CUSTOMERS.** As the first company to contribute to the French government's solidarity fund, AXA France donated more than €175 million to help struggling companies during the first lockdown. The company also paid back more than €200 million of premiums to business customers (artisans, shopkeepers, self-employed workers and the owners of micro enterprises or SMEs) who were forced to close in 2020. In total, the impact of the crisis on Covid-19 claims and solidarity reached €1.5 billion for AXA in 2020.

**HEALTH.** All over the world, AXA entities supported medical personnel, for example by buying extra intensive care equipment in Milan or donating 2 million masks and meals to French hospitals. The Group contributed to continuity of care by opening assistance services in Hong Kong and extending its telehealth solutions in many countries. AXA also helped the Alliance for International Medical Action (Alima) introduce prevention and emergency protocols to limit the spread of Covid-19 in 12 African countries.

**RESEARCH.** The AXA Research Fund supported global research throughout the crisis, allocating a further €5 million to projects focusing on infectious diseases, including Covid-19, and solutions for ending the crisis. AXA was also one of the first companies to support Institut Pasteur's Covid-19 task force aimed at understanding the spread of the virus and researching treatment.

**RECOVERY.** AXA mobilized significant sums to supporting business recovery efforts. In France, the company allocated €700 million to shore up SME equity and supported employment by announcing 5,000 new jobs, including 30% for young people.

# Health orchestrator



## ACTIONS AND HIGHLIGHTS

### TELEMEDICINE.—

As a e-health pioneer (500,000 telemedicine consultations in 2020), AXA continues to further its expertise by launching enhanced modules. With Angel in France, the Group provides the beneficiaries of corporate health programs with access to a medical platform and specialist or emergency consultations. Patients can also chat directly with health professionals to obtain advice for themselves or their families.

### HEALTH CENTERS.—

In 2020, AXA pursued its vertical integration strategy for health services. The Group aims to open around 50 health centers in emerging countries by 2023 and already manages clinics in Colombia, Mexico, Egypt and Spain. In addition, AXA extended its local expertise by investing in diagnostic centers (Italy) and offering home-based blood tests (United Kingdom).

### MENTAL HEALTH.—

In 2020, AXA launched a unique report on European mental health during the Covid-19 crisis. Based on a survey of 5,800 people in seven countries, the report reveals the extent of mental issues and their impact on society. The results were widely shared with the Group's stakeholders, providing ideas for detecting and treating this silent disease.

**DIGITAL.**— AXA created a digital health platform in partnership with Microsoft. This agile, intuitive interface will enable the Group's European entities to offer health platforms combining telehealth with other health services (diagnostics, referrals, well-being programs, etc.). Italy and Germany have already launched their health platforms successfully.

# A climate action leader



## ACTIONS AND HIGHLIGHTS

### GREEN INVESTMENTS. —

The Group continues to increase the volume of its green investments. These rose from €12 billion in 2019 to €16 billion at the end of 2020, and should reach €25 billion, according to the Driving Progress 2023 strategic plan. Investments in companies meeting strict environmental criteria account for a growing proportion of the Group's financial assets.

### FINANCIAL INNOVATION. —

In 2020, AXA launched a new series of transition bonds valued at €100 million. These bonds finance transition projects at companies determined to improve their carbon footprints. A first €100 million issue was launched in 2019.

### CARBON FOOTPRINT. —

AXA has committed to cutting the carbon footprint of its general account assets by 20% between 2019 and 2025. At the center of its new Driving Progress 2023 strategic plan and in line with the work of the Net-Zero Asset Owner Alliance, this ambitious target will enable the Group to use its investments to drive the energy transition for the economy and prepare its trajectory to general account assets compatible with a +1.5°C scenario by 2050.

### JOINT ACTION. —

On the fifth anniversary of the Paris Agreement in November 2020, AXA called for the creation of a Net-Zero Insurance Underwriting Alliance. Immediately approved by the United Nations and already supported by around a dozen companies, this sector alliance aims to improve the pricing of negative externalities in commercial underwriting to make insurance a driver of the energy transition.

# On the road to 2023



## ACTIONS AND HIGHLIGHTS

**SIMPLIFICATION.**— AXA continued simplifying its business in 2020. The Group sold its protection, savings, and property and casualty activities in Greece, along with its entire insurance business in the Gulf region. It also finalized the sale of its protection, savings, property and casualty, and retirement businesses in Poland, the Czech Republic and Slovakia. These operations are fully aligned with the Group's simplification strategy. In India, AXA and Bharti signed an agreement to merge their property and casualty insurance activities with ICICI Lombard, one of the country's leading insurers.

**STRATEGY.**— In December 2020, AXA revealed its Driving Progress 2023 strategic plan. Focused on completing the major transformations initiated since 2016, this new plan draws inspiration from the Group's purpose: "act for human progress by protecting what matters." The Group's priority action in the fields of health, climate and economic protection will build its strategic leadership on meeting the essential needs of people and society.

**SMART WORKING.**— AXA is extending its smart working strategy to all its entities. Based on its successful remote working experiments and its experience during the health crisis, the Group intends to generalize this hybrid strategy enabling employees to work remotely two days a week and on site the rest of the time. Each entity will define a policy on this basis and all teams will be supported by training, adapted workstations and IT support. The main entities will switch to smart working in 2021 and the remainder will follow in 2023.

**HEALTH.**— AXA announced a vast health program for all its teams worldwide. This includes a personalized digital check-up every two years and a full check-up every four years for employees over 40. Very active in the treatment of mental health issues, the Group is also reinforcing its psychological assistance services and including stress measurement in its internal surveys.

# Our impact in 2020

Our financial and extra-financial reporting details our impact, resilience and performance, also measured by rating agencies.

## 2020 FINANCIAL INDICATORS

REVENUES  
**€97 Bn**  
-1%

+2%  
PROPERTY  
AND CASUALTY  
COMMERCIAL LINES

+6%  
HEALTH

+2%  
PROTECTION

UNDERLYING  
EARNINGS  
**€4.3 Bn**

CASH AT  
HOLDING  
**€4.2 Bn**

SOLVENCY II RATIO  
**200%**  
+2 pp

DEBT GEARING  
**26.8%**  
-2 pp

DIVIDEND  
**€1.43**  
PER SHARE

## FINANCIAL STRENGTH RATINGS

STANDARD & POOR'S  
**AA-**  
STABLE

MOODY'S  
**Aa3**  
STABLE

FITCH  
**AA-**  
STABLE

## 2020 EXTRA-FINANCIAL INDICATORS

## Social

## PEOPLE

153,400

— including:

114,600 salaried  
workforce  
and 38,700 agents

## DIVERSITY

34%

— women in  
top senior  
executives

## EMPLOYEE NPS

x5

— between 2018  
and 2020

## Customers

## E-HEALTH

500,000

— medical  
teleconsultations  
in 2020

## COVID-19

€1.5Bn

— of claims  
and solidarity

## NPS

94%

— of AXA entities  
have a Net Promoter  
Score in line or  
higher than their  
market average

## Climate

GREEN  
INVESTMENTS

€16Bn

— at the end of 2020

TRANSITION  
BONDS

€200M

— launched since 2019

DIRECT  
FOOTPRINT

-38%

— CO<sub>2</sub> emissions per  
employee between  
2012 and 2020

## NON-FINANCIAL RATINGS

99<sup>th</sup>— percentile ranking  
in the Dow Jones  
Sustainability Index

1/49

—Vigeo Eiris ranking  
in the insurance  
sector

AAA

—MSCI ESG  
rating

# Our Driving Progress 2023 strategic plan

Resulting from collaborative and iterative work started in 2019, Driving Progress 2023 is an operational plan focused on implementing the Group's transformation with concrete, manageable objectives year to year.

**4 LONG-TERM  
TRENDS**  
REINFORCED  
BY THE CRISIS...



## **PROPERTY AND CASUALTY PRICE INCREASES**

Low interest rates  
pushing up prices

## **PROTECTION**

Growing protection  
needs

## **SIMPLICITY AND SPEED**

Demand for easier,  
faster interactions

## **SOCIAL ROLE**

Contribution to building  
a better society

... AND  
**AXA WELL**  
**POSITIONED TO**  
**MANAGE THEM**



# 2/3

— of our business  
focused on  
technical risks,  
with pricing  
momentum

# #1

— World leader in  
property and casualty  
commercial lines  
— Health insurance  
leader in Europe  
and Asia

# 94%

— of entities with  
above-average  
customer satisfaction  
(NPS)  
— Major digital  
investments

# #1

— Leader in the  
climate transition  
(+1.5°C trajectory)  
and social  
inclusiveness  
in investment  
and insurance

**5 STRATEGIC ACTIONS:**  
DRIVING PROGRESS  
2023



**KPIS**  
FOR EACH  
STRATEGIC ACTION



**MAIN FINANCIAL TARGET**



**1** STRENGTHEN UNDERWRITING PERFORMANCE, NOTABLY AT AXAXL

**93%**  
— Group property and casualty combined ratio, by 2023

**3% to 7%**  
— Average annual growth in underlying earnings per share between 2020 (rebased) and 2023

**2** EXPAND HEALTH AND PROTECTION ACROSS ALL GEOGRAPHIES

**> 5%**  
— Average annual growth in our health revenues between 2020 and 2023

**13% to 15%**  
— Underlying return on equity between 2021 and 2023

**3** SIMPLIFY CUSTOMER EXPERIENCE AND ACCELERATE EFFICIENCY

**€0,5Bn**  
— lower cost base (2023 vs. 2019)

**~190%**  
— Target Solvency II ratio

**4** SUSTAIN OUR CLIMATE LEADERSHIP POSITION

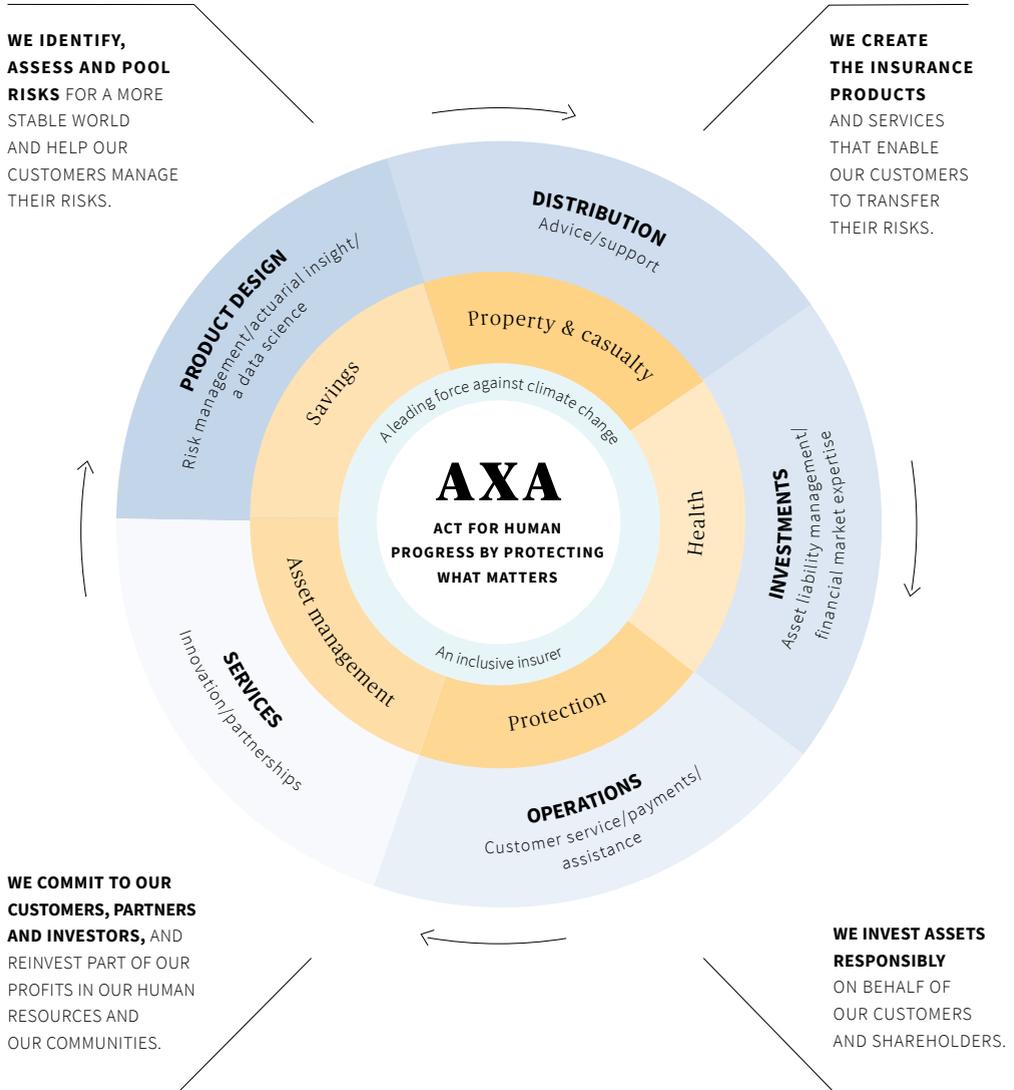
**-20%**  
— Reduction in the carbon footprint of AXA's G/A assets by 2025

**€14Bn**  
— cumulative cash upstream from 2021 to 2023

**5** GROW CASH FLOWS

**€5 to 6Bn**  
— p.a cash upstream by 2023

# Creating sustainable value



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