# Tax Transparency Report

## 2021

# CONTENTS



***"The role of AXA is to be socially engaged. Our financial performance serves all our stakeholders: our customers, our employees, our shareholders and more globally the economy with €40Bn of investments each year and more than €10Bn of taxes and social contributions"***

**THOMAS BUBERL**
AXA Group Chief Executive Officer

# WELCOME

**In 2021, economy needs help to recover from the effects of the COVID-19 pandemic so the payment of tax by companies is more important than ever.**

AXA generates a positive impact on society through our investments and our products and helps meet major environmental and societal challenges through its business, commitments and taxes. Our commitments regarding tax and our tax policy are fully aligned with our company's purpose and values.

As a global insurance company operating in many countries around the world, AXA believes it is important to pay its fair share of tax where they are due and where its business generates economic values. The Group is strongly committed to being a responsible taxpayer that works closely and continuously with experts, auditors and tax authorities in an effort to ensure it pays the right amount of taxes in the right place and at the right time. It is an AXA commitment not to use non-cooperative jurisdictions to avoid taxes on activities conducted elsewhere.

**The total tax contribution of AXA Group worldwide amounted to €11 billion in 2021.**

***"Our commitments regarding tax and our tax policy are fully aligned with our company's purpose and values"***

Today I am proud to share with you AXA's fourth Tax transparency report. We believe that this tax transparency report provides more context and gives further explanations to the information that is already provided in our annual report.

While we kept the same structure of the report as in the previous years, we went a step further this year by starting to publish Country-by-country data for EU members states, our non-EU flagship countries and countries that have been listed as non-cooperative by the European Union. By doing so, AXA Group is anticipating the disclosure that will be soon mandatory in the European Union. Furthermore, in this path to more tax transparency, we also decided to give additional details about our presence in low-tax jurisdictions and jurisdiction listed as non-cooperative by the European Union – presence which is always driven by operational purposes.

**ALBAN DE MAILLY NESLE**
Group Chief Financial Officer

## 2021 Group Activity Highlights

Facing the covid-19 pandemic and its various waves since, 2021 has been a good year for AXA who demonstrated its strength, agility and commitment to act for the benefit of all in a volatile and uncertain environment. In this context, wherever we operate, AXA continued its actions to protect and finance the economy, investing in future growth and contributing to SME funding and recovery schemes.

In line with our purpose "act for human progress by protecting what matters", AXA stepped up in our commitments to fight against climate changes and protection of biodiversity. AXA also confirmed that the objectives of the "driving progress 2023" strategic plan should be met. The excellence performance in 2021 is mainly due of the turnaround completed by AXA XL.

During 2021, in line with its transformation and simplification journey, AXA finalized the sales of its insurance operations in Greece, Gulf and Bharti-AXA GI in India and its banking operations in Belgium. AXA has further announced the sale of its insurance operations in Singapore and Malaysia.

# 2021 Tax Regulatory Environment

In 2021, after the covid-19 crisis, most of the countries have witnessed a significant economic rebound compared to 2020. Despite all the help provided by governments, very few countries have enacted tax reforms to offset the public deficits generated by the pandemic. The two-pillar OECD BEPS 2 project has nevertheless quickly progressed after a political agreement during the July 2021 G20 summit. **Pillar 1** addresses the re-allocation of the taxing rights in countries where the business is performed whereas **Pillar 2** addresses a 15% minimum taxation of the multinational groups in each and every country where they operate.

In addition, in the European Union, the directive for a Public Country-by-Country Report (CbCR) was endorsed in November 2021 and will have to be transposed in the EU member's local legislation before mid-2023.

## OECD - Globe model rules under Pillar 2

In December 2021, the OECD issued the Global Anti-Base Erosion (GLOBE) Model Rules which provided the framework for the calculation of a 15 % minimum tax. The purpose of this initiative is to ensure that all multinational groups pay a minimum tax of 15% in all countries in which they operate.

These rules defined at a very high level the main principles of the computation of the minimum tax, but clarifications were provided through commentaries and examples issued in March 2022. In most of the cases, this minimum tax will be paid by the Ultimate Parent Entity (UPE) of the Group. For AXA, it will be AXA S.A., registered in France.

OECD recommends that the 137 countries implement the Globe Rules for the financial year starting January 2023. In the European Union, the minimum tax should be implemented by a directive and be transposed in local legislation. At the time of the publication of this report (June 2022), this directive has yet to be endorsed as no unanimous agreement has been reached between the EU member states.

AXA supports the OECD initiative preventing tax competition between states. AXA is currently working on implementing the new rules and assessing their impacts together with the first application of IFRS17 and IFRS9, both of which are likely to trigger changes in the presentation of the consolidated accounts starting 2023.

## EU directive - Public Country-by-Country Report

The public CbCR was endorsed by a EU directive effective from 1st December 2021. EU member States have until 22 June 2023 to transpose the directive into domestic legislation. The rule will apply for the first financial year starting on or after 22 June 2024 at the latest.

The Ultimate Parent Company of a multinational Group will have to publish the report on its website, within the 12 months following the closing of the financial statements and keep it available for 5 years.

The report should include **the following details** : name of the ultimate parent company, financial year concerned, currency used, list of all its subsidiary undertakings consolidated in the financial statement (established in the EU or in tax jurisdictions listed on the EU's blacklist and grey list), a brief description of the nature of their activities, number of employees (FTE basis), revenues as per IFRS, profit or loss before income tax, income tax accrued during the year (excluding deferred tax and UTP), income tax paid on a cash basis, accumulated earnings at the end of the relevant financial year.

This information is to be broken down by **individual EU Member State**, on a disaggregated basis for **the EU's blacklist** and **relevant EU grey** list countries (see lists in appendix 1), and on an **aggregated** basis for other **third countries**.

As stated on page 22, AXA has decided to anticipate this mandatory requirement and published its 2021 CbCR for the first time in this report.

# Group Tax Policy

# Our commitments regarding tax

**C** — CONTRIBUTE
our fair part by paying our taxes at the right time and at the right place

**O** — OPERATE
as a transparent and collaborative partner with tax authorities and states

**M** — MANAGE
a tax organization to ensure full tax compliance

**M** — MONITOR
limited appetite for tax risk with adequate governance and appropriate processes

**I** — INCLUDE
tax as a key contributor to the ESG Group Policy

**T** — TESTIFY
to transfer pricing compliance with taxation of profits where activities are performed

# Tax risk management and internal governance

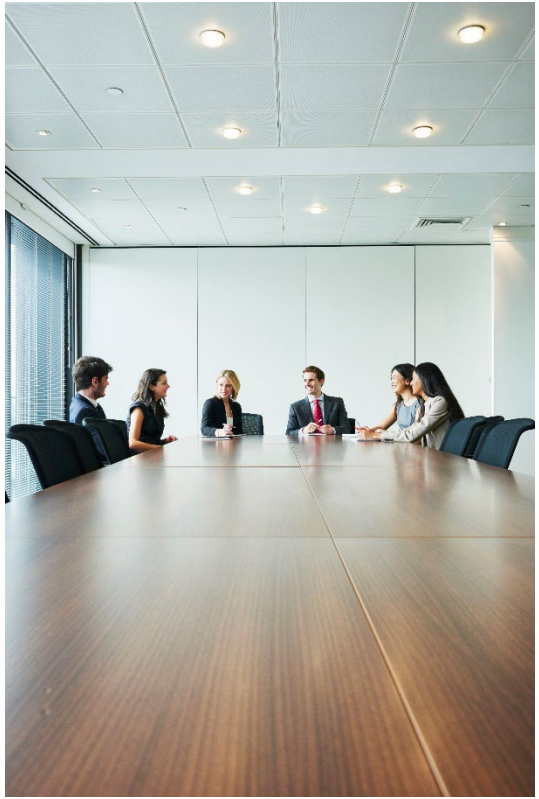
Within AXA Group the Group Tax Department is part of the central Finance function and is therefore under the responsibility of the Group Chief Financial Officer. It is led by the Head of Tax who directly reports to the Group Chief Financial Officer and updates him on tax-related matters on a regular basis.

The Group Tax Department is accountable and responsible for the Group's :

- tax positions and group-level tax strategy
- tax policies, controls and instructions
- global transfer pricing model

In local entities, tax teams are accountable and responsible for tax compliance and the day-to-day tax matters in line with the Group Tax Department guidance.

AXA Group has a strong corporate Governance around tax, which is described in the AXA Group Tax Policy, published annually in the Universal Registration Document. We consider tax risk management fundamental to maintaining efficient and effective operations, and to ensuring full compliance with tax regulations.



In order to ensure an effective tax risk management, a number of actions and processes are in place throughout the Group to identify, assess and monitor tax risks such as :

- Handling tax-related topics by in-house **highly qualified tax experts** who are provided with **ongoing training** and access to external advice when needed
- Ensuring consistency in approach on some technical topics, as well as agreements on guidelines connected to specific items, with a particular attention to tax risks and tax audits. An **International Tax Committee** and **an International Tax conference gather** various senior tax executives throughout the different entities of the Group (due to the COVID-19 pandemic, the 2020 & 2021 sessions of the International Tax conference were held virtually).
- Implementing a uniform and well-established **reporting of the uncertain tax positions** regularly provided to the Group Tax Department by local entities
- Monitoring of **updates to changes in tax laws** and their impacts on AXA and industry
- Updating the **Group Audit Committee** of the significant tax risks on a regular basis
- Including internal controls on tax processes in the Group's **internal finance control program**
- **Defining Group standards for tax compliance**, and ensuring their full satisfaction, in particular for cross-border life business, and more globally for compliance with tax regulations

Moreover, the Group is actively involved in the discussions about tax regulations through its membership in different national or international business and insurance associations in the countries where it operates. These memberships allow the Group to ensure an ongoing transparent exchange on tax-related matters with a variety of stakeholders.

# Tax aspects in relation to AXA as a multinational company

In the countries where it operates, **AXA is both a taxpayer and a tax collector**, given that many specific taxes are levied on insurance and reinsurance policies and collected from our customers as part of the insurance, reinsurance and asset management revenues while others are remitted to the various state and federal administrations around the world.

The tax function is organized within the Group to ensure full compliance with all tax legislation in the countries where AXA operates. In addition to the Group Tax Department based in France, all key operational entities/countries/geographic zones have a tax team in charge of ensuring that tax regulations are well understood and satisfied by the entities.

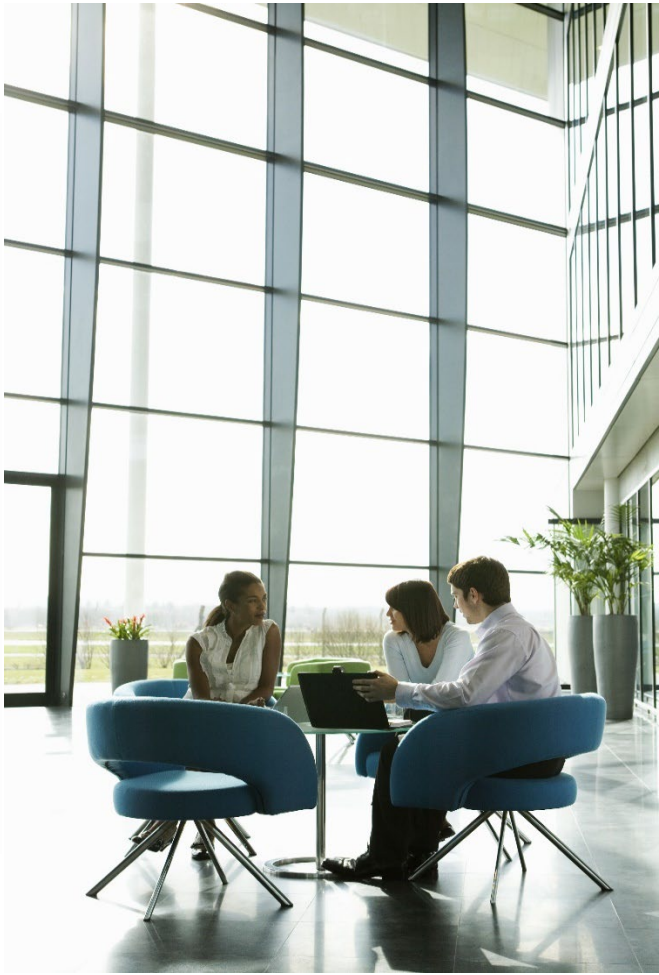
As a part of the global internal risk assessment, a specific tax internal control program is implemented. These controls must be reported and documented by each team in scope to ensure full compliance.

A **Tax Code of Ethics**, agreed between the Group Tax Department and the local tax teams, highlights the key principles guiding the actions of the various tax teams:

- to remain up to date with respect to applicable laws and regulations;
- to comply with tax laws and regulations;
- to maintain a good relationship with the local tax authorities; and
- not to engage in aggressive tax-driven transactions that could compromise the good reputation of the Group.

The satisfaction of this Code of Ethics is a prerequisite of the activities performed by all AXA tax teams and gives rise to an annual certification by each head of tax, which is provided to the Group tax team. In addition, a bi-annual tax review process of each key entity or business line is performed by the Group Tax Department in connection with each local team. During these reviews, specific attention is given to tax audits and associated tax risks as well as market positions on tax matters that may impact AXA. These reviews offer a global framework for the tax teams to identify, analyze, control, and report tax risks.

Lastly, an **International Tax Committee** composed of various senior tax executives within AXA tax teams meets every quarter to ensure consistency in approach on some technical topics, as well as agreements on guidelines, when necessary, connected to specific items



# Tax aspects of the Group's activities

The Group's activities are subject to strict regulations and rigorous control in each territory in which AXA operates. In addition to these regulations, AXA has developed a set of detailed internal standards that applies to all Group entities that are managed or controlled by AXA, regard less of the activities undertaken by the entity or its ownership structure.

According to these internal standards, **Chief Executive Officers must ensure that staff are fully conversant, and comply with applicable laws, mandatory Codes of Conduct, rules and regulations** (including applicable tax laws and regulations) relevant to their area of operations.
This means that local senior management must appreciate the tax implications of the activities in their entity.

The main considerations are:

- compliance with the taxation of employees in the territory in which they are employed;
- compliance with the taxation of business undertaken in the territory (including levies and sales taxes); and
- cross-border tax issues.

A specific focus on **transfer pricing** is made in application of these standards, to ensure that the pricing of our intra-group activities is consistent with the OECD "arm's length" principle as well as with local transfer pricing rules to pay adequate tax on profits where the value is created.

In particular, Chief Financial Officers must ensure that insurance and reinsurance policies entered into represent a true transfer of risk and that their status as insurance or reinsurance contracts could not be subject to challenge.

Business between Group companies must be transacted at market prices where a market price exists, or in the absence of market prices, must be supported by formally documented justification for the charge made.

# Tax aspects of products offered by the Group

**AXA products are not designed to allow or encourage tax evasion.**

The Group has set up a validation framework to ensure that new products undergo a thorough **approval process** before they go to market.

The local decision to launch a new product must result from a documented approval process that complies with the **AXA Group's standards in terms of product features, pricing, asset liability management and aspects related to legal, compliance, regulatory, accounting and reputation.**

Moreover, **AXA has established strict policies regarding its cross-border activities and its customer knowledge** to ensure our products and services are not misused for money laundering or tax evasion purposes and are governed by specific rules requiring cross-border life insurance proposals to be presented to the Group Tax and Compliance Departments for validation.

While all Group entities must in any case comply with local regulations, the Group Tax Department can veto a product if this product is not compliant with internal rules.

Pursuant to Directive (EU) 2018/822, AXA may, as a provider of investments and savings products, have tax reporting obligations with respect to certain cross-border products it designs or implements. In particular, certain investments and savings products with no particular tax motive may be reportable under the above-mentioned Directive.

# Transfer Pricing

# Clarifying key concepts

### What is transfer pricing?

Transfer pricing refers to the terms and conditions of transactions within a multi-national company. It concerns the prices charged for inter-company transactions (i.e. transfer of goods and services) between associated enterprises established in different countries.
Since the prices are set within connected entities belonging to the same group, these may fail to reflect an independent market price.

### What is the arm's-length principle?

Under international standards, any transaction operated by an entity with another connected entity belonging to the same worldwide group, must be done as if it were done with a third party. This is what is usually named as the "arm's length principle" defined by the provisions of article 9 of the OECD double tax treaty model. It states that the price of a transaction between connected entities cannot in principle differ from one between third parties and must thus be documented for that purpose.

### What are the main cross border intercompany transactions in AXA Group?

- ✓ **Usual company cross-border flows** such as: IT, management expenses, loans and guarantees, trademark fees.
- ✓ **Insurance-specific business cross-border flows:** reinsurance is a mechanism through which insurers can manage insurance risk by shifting or ceding one or more insured risks to reinsurers in exchange for payment of premiums and commissions. It is an insurer's fundamental risk management tool.

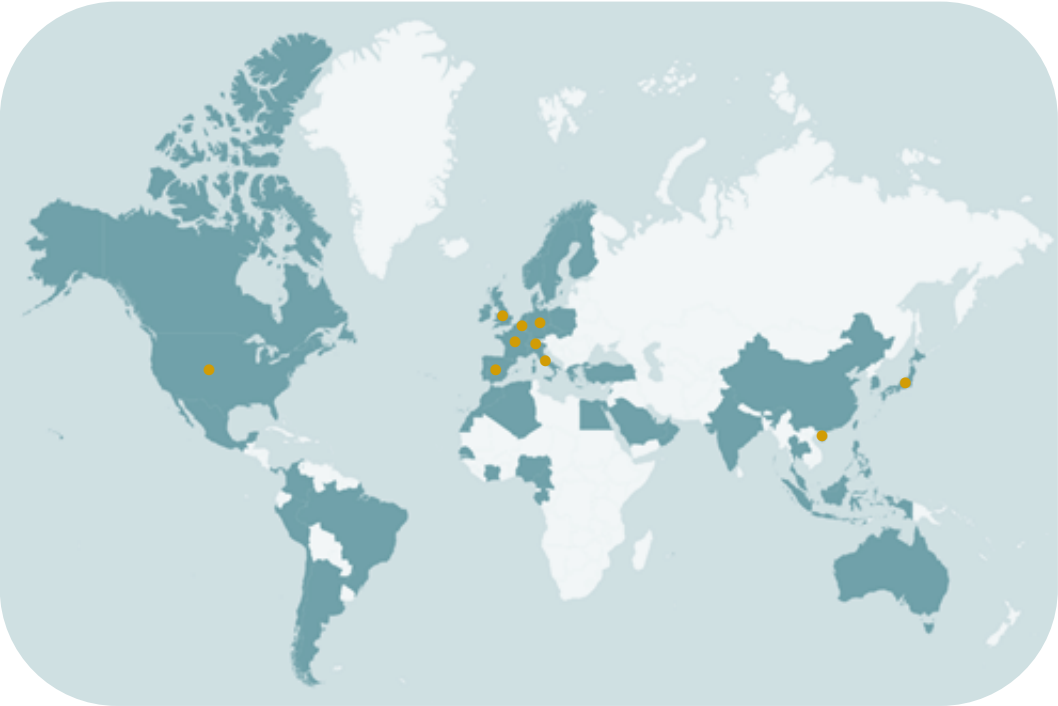
### What is the documentation required for transfer pricing?

Following the OECD's recommendations, especially in its BEPS action 13, many countries have adopted **the three-tiered transfer pricing documentation** requirements that include:

- ✓ **The Master file** presenting the company's business, its organizational structure, an overview of the company's business processes, its intangibles, and a description of its intragroup financial transactions.
- ✓ **The Local file,** in compliance with Local Transfer Pricing Regulations, presenting a breakdown of intragroup transactions with foreign jurisdictions.
- ✓ **The Country-by-country Reporting** presenting aggregated tax jurisdiction-wide information on various KPIs such as current tax indicators (i.e. tax paid and accrued) and a list of the controlled entities registered in each tax jurisdiction where the Group operates. The CbC report is to be filed by the parent company of a Group to its local Tax Authority which, according to information exchange agreements, is in charge of sharing it with other foreign tax authorities. More details on CbC Report is available on page 22.

AXA Group is committed to complying with the regulations of every tax jurisdiction in which it operates regarding the Transfer Pricing documentation and notification requirements.

# AXA locations worldwide



*Existing AXA locations* *Not present in this location* *Flagship countries*

more than **55** countries

where AXA Group operates

**10** flagship countries

representing nearly 85% of AXA Group third-party revenues in 2021

France, Belgium, Germany, Hong Kong, Italy, Japan, Spain, Switzerland, the United Kingdom and the United States

***Any presence in countries in which AXA operates are driven by business operations***

AXA has no licensed insurance or operating business activities in the countries specifically identified as non-cooperative jurisdictions under French and European rules[1], except in Panama (see details page 14). The presence in this jurisdiction is purely driven by operational purposes.

More globally, AXA does not use non-cooperative jurisdictions to avoid taxes on operational activities performed elsewhere.

Any presence in countries in which AXA operates with tax rates lower than France are driven by business operations.

*[1] The list of non-cooperative jurisdictions under French tax rules is given by a ministerial decree dated February 26, 2021, and is composed of the following countries: Anguilla, Dominica, Fiji, Guam, US Virgin Islands, British Virgin Islands, Palau, Panama, Samoa, American Samoa, Seychelles, Trinidad and Tobago and Vanuatu. Pursuant to Article 238-0A of the French Code Général des Impôts, this list is updated at least once a year and any update must include the states and jurisdictions on the blacklist set out in Annex I to the conclusions adopted by the Council of the European Union on December 5, 2017, as updated from time to time. On October 5, 2021, the Council of the European Union adopted a revised list of non-cooperative jurisdictions which is composed of US Virgin Islands, Fiji, Guam, Palau, Panama, American Samoa, Samoa, Trinidad and Tobago and Vanuatu. The list of non-cooperative jurisdictions under French tax rules adopted on February 26, 2021, may be amended as a result of this new list adopted by the Council/of the European Union adopted on October 5, 2021. However, the update of such list is not automatic and requires a decree to be adopted in order to amend the list of non-cooperative jurisdictions.*

# Focus on AXA presence in low-tax countries and EU black/grey lists[1] at year end 2021

## BERMUDA
(low-tax country)

Bermuda is not considered a non-cooperative jurisdiction according to the French and European Union laws at the end of 2021. Bermuda, a low-tax jurisdiction, is a center of expertise and one of the key locations of the worldwide reinsurance market.

Since acquiring XL Group in September 2018, AXA has had a material presence and substance in Bermuda with nearly 200 AXA XL employees there. Our presence is mainly driven by Bermuda's local capital management regulation that enables flexibility on the required capital for (re)insurance activities. AXA supports the Economic Substance legislation enacted in this country.

## MALAYSIA
(EU Grey List)

Malaysia is included in the EU Grey because the country has a harmful foreign-source income exemption (FSIE) regime that it committed to amend of abolish.

At the end of 2021, AXA holds a consolidated general insurance company and a non-consolidated life insurance company in joint venture with a local bank. In June 2021, AXA announced the disposal of these companies (closing expected in 2022).

In addition, AXA operates an assistance and a reinsurance business through branches of AXA Assistance and AXA XL.

## THAILAND
(EU Grey List)

Thailand was included in the October 2021 EU Greylist because the country did not ratify the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

At the end of 2021, AXA holds one consolidated general insurance company, and holds half of a life insurance company in joint venture with a Thai bank. As per IFRS accounting standards, this company is accounted under equity method in AXA consolidated financial statements.

## BARBADOS
(low-tax country)

Barbados is not considered a non-cooperative jurisdiction according to the French and European Union laws at the end of 2021.

At the end of 2021, AXA holds two companies in Barbados, an investment company and a reinsurance entity, that were inherited from the 2018 acquisition of XL Group. They are now both in a liquidation process.

## PANAMA
(EU Black list)

Panama was included in the October 2021 EU Blacklist due to its lack of commitment to repealing or amending its harmful foreign-source income exemption (FSIE) regime.

At the end of 2021, AXA holds two non-consolidated operating companies employing around 45 people in Panama: one providing assistance services to local customers, and the other delivering health claim services.

## TURKEY
(EU Grey List)

Turkey was maintained in the October 2021 EU Greylist as the country was not effectively exchanging information will all EU member states to satisfy the transparency requirements.

At the end of 2021, AXA holds several operating entities in Turkey providing :
- General insurance services (P&C)
- Life Insurance (L&S)
- Credit Lifestyle Protection
- Assistance.

[1] *EU grey and black list as of December 31, 2021. See detail on the list on page 13.*

# 2021 Total tax contribution

# Total tax contribution by type of tax

**100 €Billion**

Gross revenues

**9.1 €Billion**

Profit before tax

**105 Million**

Customers worldwide

**110 Thousand**

Employees

(Open-ended and fixed-term contracts)

**€1.6Bn**

Corporate income tax paid

**€4.9Bn**

Insurance premium tax collected

**€2.3Bn**

Social charges

(Borne both by employees and by employers)

**€1.8Bn**

VAT/GST paid

**€0.4Bn**

Other taxes

(i.e. Stamp duties, property taxes, financial transactions taxes)

**€11Bn**

**2021 tax contributions worldwide**

# Total tax contribution by flagship countries

These figures include: corporate income tax paid, the insurance premium tax collected, social charges borne both by employees and employers, VAT/GST paid and other taxes (i.e. transactional taxes, property taxes, excise taxes, financial taxes)

**AXA Group total tax contribution** in its 10 flagship countries amounted to **€10.1Bn in 2021**

**France**: €4.0 Bn

**Belgium**: €1.1 Bn

**Germany**: €1.4 Bn

**Hong Kong** : €0.1 Bn

**Italy**: €0.7 Bn

**Japan**: €0.4 Bn

**Spain**: €0.5 Bn

**Switzerland**: €0.6 Bn

**United Kingdom**: €1.1 Bn

**United States**: €0.2 Bn

# IFRS corporate income tax figures - Clarifying key concepts

### What is income tax accrued?

In IFRS, according to IAS 12, income tax accrued encompasses current and deferred income tax. It also integrates the repercussions of tax disputes and any penalties and interests for late payments arising from such disputes.

- ✓ **Current income tax** refers to the amount of income tax payable or receivable for a given period's taxable profit or loss. Its assessment is based on the country's applicable local tax legislation for that period.
- ✓ **Deferred income tax** is recognized when the reporting period for profits differs from the one for submitting financial statements and the tax return.

### What is the effective tax rate ?

It is the ratio of corporate income tax accrued (current and deferred tax) compared with the IFRS profit (or loss) before tax. Every year, the theoretical tax rate and the effective tax rate's reconciliation figures in the Annual Report's Tax Note (Note 19 of the Consolidated Financial Statements).

### Why do the tax basis and the accounting basis often differ?

It is because they are built on different principles, meaning that, if the difference is temporary, the recognition of a tax and its accounting occur in different periods. In this case, a deferred income tax asset or liability is booked in the IFRS consolidated accounts. Deferred tax hence allows to reconcile the tax and accounting basis in the same financial period and prevents volatility in the financial statements.

### Why is the current income tax accrued different from current income tax paid ?

Current income tax accrued corresponds to the tax amount impacting an accounting period's results. Current income tax paid represents all the (in or out) cash flows between the company and the Tax Administration in an accounting period.

These two amounts are often disconnected as:

- ✓ in most countries, entities pay instalments based on the prior year's taxable results and a balance payment occurs the year after
- ✓ after a tax audit or a claim, the Tax Administration can either refund or require an additional payment on prior years' accounting periods.

### Why does the effective tax rate differ from the corporate tax rate?

The effective tax rate differs from the corporate tax rate any time an IFRS income/expense is either non-taxable or non-deductible according to the local tax regulation (called a permanent difference). All jurisdictions have their own rules triggering specific permanent differences.

In an insurance company, financial transactions represent a significant part of the results and therefore, the main permanent adjustments come from:

- ✓ dividends that are partially or totally non-taxable
- ✓ non-taxable capital gains/non-deductible capital losses

# IFRS corporate income tax figures – 2021 in more detail

In the table below, we provide an overview of the 2021 IFRS income tax figures both for our significant countries - representing 90% of the total - and for the Group, as reported in our IFRS Group Financial Statements.

*Sign convention: Income (+) / Expense (-)*

| *€M* | Profit before tax | Income tax accrued (Current and deferred) | Effective tax rate | Corporate income tax rate | Corporate income tax paid |
|---|---|---|---|---|---|
| France | 2 047 | (121) | 5,9% | 28,41% | (307) |
| Belgium | (30) | (75) | (250%) | 25% | (125) |
| Bermuda | 393 | (3) | 0,8% | 0% | (3) |
| Germany | 1 065 | (257) | 24,1% | 32% | (223) |
| Hong Kong | 293 | (5) | 1,7% | 16,5% | (49) |
| Ireland | 248 | (35) | 14,1% | 12,5% | (30) |
| Italy | 443 | (138) | 31,2% | 30,82% | (69) |
| Japan | 1 081 | (305) | 28,2% | 28% | (208) |
| Mexico | 96 | (27) | 27,6% | 30% | (37) |
| Spain | 251 | (68) | 27,1% | 25% | (136) |
| Switzerland | 1 389 | (266) | 19,2% | 18% | (151) |
| Turkey | 190 | (49) | 25,6% | 25% | (16) |
| United Kingdom | 567 | (60) | 10,7% | 19% | (102) |
| United States | 721 | (157) | 21,8% | 21% | (110) |
| Rest of the world | 298 | (123) | 41,8% | N/A | (64) |
| TOTAL | 9 052 | (1 689) | 18,7% | N/A | (1 630) |

Differences between the applicable corporate income tax rate and the effective tax rate mostly result from incomes or expenses that are either non-taxable or non-deductible according to the countries' tax regulations.

The 18.7% Effective Tax Rate of the group in 2021 was mainly driven by the weight of the Bermuda profit with no tax charge associated. Additional explanations are provided below :

- **France:** the low effective tax rate is mainly due to specific tax regime on disposal of participations and to the impact of some investments funds for which the profit booked in the operating entities is already net of tax. If we gross-up the tax of these funds the effective tax rate is 15 %.
- **Belgium:** the negative effective tax rate is due to a significant loss at AXA Bank Belgium coming from derivatives, without tax benefit associated.
- **Bermuda:** corporate tax does not exist in Bermuda, so the profits do not generate any taxation. The tax burden booked corresponds to foreign withholding tax.
- **Germany:** the lower effective tax rate is mainly due to the positive settlement of the 2010-2013 tax audit and, to a lesser extent, to non- taxable financial incomes.
- **Hong Kong**: the taxable profits of a life insurance business are deemed to be 5% of the net premiums. The economic rebound in 2021 has generated non-taxable incomes, lowering the effective tax rate.
- **United Kingdom:** the lower effective tax rate is mainly coming from the recognition of deferred tax asset on prior years tax losses, following better than anticipated taxable results.
- **Rest of the world**: the high effective tax rate is due to the significant loss following the held-for-sale classification of Singapore insurance operations. The main contributors of the net profit before tax are Australia, Canada, Finland, India, Morocco, the Netherlands and Singapore.

# Other taxes by flagship country

*Figures reported in €million*

## Insurance premium taxes collected

| | |
|---|---|
| France | 1 902 |
| Belgium | 484 |
| Germany | 860 |
| Hong Kong | - |
| Italy | 372 |
| Japan | 18 |
| Spain | 227 |
| Switzerland | 120 |
| United Kingdom | 584 |
| United States | 84 |
| Rest of the world | 210 |
| TOTAL | 4 861 |

The Insurance Premium Tax (IPT) is an indirect tax levied in some countries on gross premium written issued by insurers and allocable to the country where the risk is located. The IPT is usually charged to the policyholder and remitted to the local tax administration.

The applicable IPT rate depends on the type of insurance contract, the risk covered and the country.

## Accrued Social Charges borne by AXA and its employees

| | |
|---|---|
| France | 1 097 |
| Belgium | 192 |
| Germany | 207 |
| Hong Kong | 18 |
| Italy | 53 |
| Japan | 115 |
| Spain | 50 |
| Switzerland | 198 |
| United Kingdom | 188 |
| United States | 41 |
| Rest of the world | 179 |
| TOTAL | 2 338 |

These social contributions are paid to the government where entitles' employees reside to give them access to future social benefits such as unemployment insurance, pensions, medical services.

Contributions are levied on both employees and employers.

## Value Added Taxes (VAT) and Gross Sales Taxes (GST) paid

| | |
|---|---|
| France | 518 |
| Belgium | 91 |
| Germany | 121 |
| Hong Kong | - |
| Italy | 185 |
| Japan | 91 |
| Spain | 99 |
| Switzerland | 123 |
| United Kingdom | 211 |
| United States | - |
| Rest of the world | 366 |
| TOTAL | 1 805 |

In most countries where AXA Group operates, insurance products are exempted from VAT and GST.

When the Group cannot fully recover its VAT and GST, the non recoverable VAT/GST paid is a cost that fully impacts the P&L of the Group.

# 2021 AXA Country-by-Country information

# Country-by-Country Report - Clarifying key concepts

### What is the Country-by-Country Report?

**In 2013**, the OECD and G20 adopted a BEPS (Base Erosion and Profit Shifting) action plan to counter tax avoidance and profit shifting by multinational corporate groups. This plan is made of 15 action points in order to achieve the goal of preventing tax-aggressive structures; **Action 13** is the implementation of a Country-by-Country report. **In May 2016**, the European Union modified its directive 'DAC 4' in order to implement within the EU the OECD BEPS Action 13 CbCR requirement. In **December 2016**, the CbCR requirement is transposed into French tax law through the adoption of 2016 Finance bill.

Large multinationals ("MNE") must file to the tax authority of the country of the headquarters a CbC report that will provide a breakdown of financial and tax indicators of economic activities **for each tax jurisdiction in which the MNE group does business**. It only applies to MNE groups with annual consolidated group revenues of €750 millions or more in the preceding fiscal year.

The CbC Report **includes three tables** which contain information on the global activities and financial characteristics of the group:

- Table 1 sets out the global allocation by tax jurisdiction of an MNE group's third-party revenues, related party revenues, profit before tax, current tax paid, current tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets.
- Table 2 lists all constituent entities of the MNE group by tax jurisdiction, together with their main business activities.
- Table 3 allows for the provision of additional information by the MNE group in the form of free text to facilitate the understanding of the information contained in Tables 1 and 2.

### Is AXA preparing a Country-by-Country report ?

As a Multinational Group with a consolidated revenues of more than €750 million, AXA is required to prepare a Country-by-Country report and to file it to the French Tax Authorities since 2017 (based on 2016 data). Accordingly, in December 2021 AXA prepared and filed its fifth CbCR.

### Is the Country-by-Country report a public document?

In compliance with the OECD guidelines and with the French tax code (article 223 quinquies C), the Country-by-Country report filed to the French tax authorities is **not a public document**.
Nevertheless, an EU Directive on public CbCR has been adopted in November 2021 (Directive n°2021/2101) which provides for the compulsory disclosure, starting 2024, of the CbCR data relating to activities conducted in the EU Member States and in the countries which are part of a so-called "grey list" and "black list" of non cooperative jurisdictions (NCST's) for at least two years. The CbCR data related to third countries, non-NCST's, will have to be published on an aggregated basis.

### Is AXA making its Country-by-Country Report public?

For several years, and particularly since the publication of its first tax transparency report in 2019, AXA has committed to greater tax transparency. In this journey, AXA has decided, two years ahead of the entry in force of the EU Directive requiring it, to publish its 2021 CbCR data on a voluntary basis. AXA is going a step further, publishing also its CbCR data for some flagship countries which are not part of the mandatory country disclosures required by the EU directive.

# Glossary

## 1. Stated Capital

It is the stated capital of all Constituent Entities resident for tax purposes in a relevant tax jurisdiction.

The stated capital of Constituent Entities is aggregated so the stated capital invested through a sequence of companies can be counted more than once.

## 2. Revenues

In the CbC report revenues should be split in two categories :

- Third-party revenues: which are generated from transactions with independent parties;
- Related party revenues: which are generated from transactions with associated parties,

## 3. Profit before tax

The profit before tax is based on AXA's consolidated statements prepared according to IFRS standards.

As, in accordance with local tax legislation, the IFRS are often not the standards used for the computation of the corporate income tax, the IFRS profit can vary significantly from the taxable income driving corporate income tax.

## 4. Income tax paid (on a cash basis)

This is the amount of the corporate income tax actually paid during the reporting fiscal year.
This includes installments in relation to forecasted taxable profit of the year, the previous year current tax balance and payments related to reassessments or refunds of previous years. It also includes withholding tax.

## 5. Income tax accrued (current)

Current tax accrued only reflects operations in the current year, irrespective of whether or not the tax has been paid. The basis of the current tax is the taxable result, that is usually different from the IFRS one.

It does not include deferred taxes or provision for uncertain tax liabilities.

## 6. Accumulated earnings

Accumulated earnings is the sum of a company's profits, after dividend payments, since the company's inception. The amount can be negative in case of accumulated losses.

The accumulated earnings of Constituent Entities are aggregated so the accumulated earnings invested through a sequence of companies can be counted more than once.

## 7. Employees

It is the number of employees on a full-time equivalent (FTE) basis of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction.

The number of employees on page 16 is based on legal number at the closing and includes entities consolidated under equity method which are not included in the CBCR.

## 8. Tangible Assets

It is the book values of the tangible assets as per the IFRS financial statements.

It does not include cash or cash equivalents, intangible assets or financial assets.

In AXA, it mainly represents own-used real estates and equipment.

# AXA 2021 Country-by-country information

*Figures reported in € thousands*

| | Main Activities | Revenues: Third-Party Revenues | Revenues: Related-Party Revenues | Revenues: Total Revenues | Profit Before Tax | Income Tax Paid (cash basis) | Income Tax Accrued (current) | Stated Capital [1] | Accumulated Earnings | Number of Employees | Tangible Assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Member States of the European Union** | | | | | | | | | | | | |
| **France** • | P&C / L&S / AM / ASS / REINS / OTH | 29 975 989 | 2 934 149 | 32 910 137 | 2 046 991 | (307 064) | (110 611) | 18 377 863 | 29 842 832 | 19 969 | 451 660 | The low current income tax is mainly due to specific tax regime on disposal of participations and recognition of profit net of tax of some investment funds (more detail page 19). |
| **Austria** | P&C / OTH | 299 985 | 13 694 | 313 679 | (19 370) | (1 135) | (1 174) | - | 5 062 | 99 | 970 | |
| **Belgium** • | P&C / L&S / ASS / OTH | 3 695 578 | (253 263) | 3 442 315 | (30 371) | (125 196) | (95 662) | 1 395 447 | 3 605 616 | 3 486 | 190 819 | The loss before tax in IFRS includes a significant loss on derivatives, which is not deductible for tax purposes leading to a positive taxable result and payment of income tax. |
| **Czech Republic** | ASS | 52 429 | 525 | 52 953 | 4 003 | (85) | (351) | 80 | 1 452 | 375 | 2 064 | Use of carryforward losses to offset the taxable profit of the year. |
| **Denmark** | P&C / L&S | 10 794 | - | 10 794 | 4 983 | (1 072) | (65) | - | 2 059 | 12 | 4 | |
| **Finland** | P&C / L&S | 74 681 | - | 74 681 | 64 130 | (2 003) | (5 837) | - | 11 786 | 100 | 135 | Use of carryforward losses to offset the taxable profit of the year. |
| **Germany** • | P&C / L&S / AM / ASS / OTH | 12 439 250 | 385 229 | 12 824 479 | 1 064 479 | (223 338) | (238 612) | 494 996 | 2 651 074 | 9 421 | 377 229 | |
| **Greece** | P&C / L&S / ASS | 66 813 | 1 154 | 67 968 | (7 371) | (1 140) | (1 756) | 43 930 | 18 482 | 46 | 383 | The loss before tax in IFRS is made of a consolidation of profit-making and loss-making entities. Nevertheless, such consolidation is not possible for tax purposes in Greece. |

[1] *No Stated Capital when AXA is only operating through branches in the country*

• *Flagship Countries*

**ACTIVITIES – P&C**: General Insurance **L&S**: Life Insurance **REINS**: Reinsurance **AM**: Asset Management **ASS**: Assistance **OTH**: Others (administrative, holding, investment funds,…)

# AXA 2021 Country-by-country information

*Figures reported in € thousands*

| | Main Activities | Revenues: Third-Party Revenues | Revenues: Related-Party Revenues | Revenues: Total Revenues | Profit Before Tax | Income Tax Paid (cash basis) | Income Tax Accrued (current) | Stated Capital [1] | Accumulated Earnings | Number of Employees | Tangible Assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Member States of the European Union** | | | | | | | | | | | | |
| **Ireland** | P&C / L&S / AM / ASS / REIN | 2 010 776 | 25 905 | 2 036 682 | 248 322 | (29 860) | (40 500) | 3 077 115 | 1 966 292 | 1 473 | 29 765 | The profit before tax in IFRS is made of a consolidation of profit-making and loss-making entities. Nevertheless, AXA XL losses can't be surrendered to profit-making AXA entities in Ireland because of the presence in the holding chain of an entity located in a non-EU country which has not signed a tax treaty with Ireland. |
| **Italy** • | P&C / L&S / AM / ASS / | 4 719 925 | 115 099 | 4 835 024 | 443 300 | (68 797) | (97 856) | 952 081 | 2 091 696 | 2 231 | 19 021 | |
| **Luxembourg** | P&C / L&S / AM | 1 249 817 | 436 | 1 250 253 | 29 353 | (11 646) | (12 644) | 223 972 | 186 809 | 312 | 22 338 | The profit before tax in IFRS is made of a consolidation of profit-making and loss-making entities. Nevertheless, such consolidation is not possible for AXA XL entities in Luxembourg because of the presence of a non-UE entity in the holding chain. |
| **Malta** | P&C | 799 | - | 799 | 715 | (82) | - | - | - | - | - | |
| **Netherlands** | P&C / AM | 239 792 | 11 855 | 251 647 | 59 362 | (1 011) | (1 616) | 1 786 | (655 973) | 75 | 1 102 | The low current tax is due to the participation exemption regime applicable to dividends received in the Netherlands. |
| **Poland** | P&C / L&S / ASS | 177 994 | 782 | 178 776 | 13 175 | (1 860) | (2 306) | 436 | (5 409) | 637 | 2 095 | |
| **Portugal** | P&C / L&S / ASS | 83 146 | 234 | 83 380 | 23 262 | (949) | (510) | 150 | 2 355 | 495 | 2 708 | Use of carryforward losses to offset the taxable profit of the year. |

[1] *No Stated Capital when AXA is only operating through branches in the country*

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# AXA 2021 Country-by-country information

*Figures reported in € thousands*

| | Main Activities | Revenues: Third-Party Revenues | Revenues: Related-Party Revenues | Revenues: Total Revenues | Profit Before Tax | Income Tax Paid (cash basis) | Income Tax Accrued (current) | Stated Capital | Accumulated Earnings | Number of Employees | Tangible Assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Member States of the European Union** | | | | | | | | | | | | |
| **Spain** • | P&C / L&S / ASS / OTH | 3 204 158 | 55 087 | 3 259 245 | 250 722 | (136 047) | (82 960) | 419 404 | 2 492 484 | 3 583 | 40 616 | High corporate income tax accrued is due to tax charge incurred by the Spanish tax group which includes, by law, non-consolidated entities. |
| **Sweden** | P&C/ L&S | 239 917 | 3 198 | 243 115 | (14 914) | (1 984) | (521) | 10 | 6 832 | 67 | 474 | |
| **Flagship countries (other than EU Member States)** | | | | | | | | | | | | |
| **Hong Kong** • | P&C / L&S / AM | 4 036 140 | 77 651 | 4 113 791 | 292 399 | (48 998) | (23 649) | 1 477 665 | 2 927 502 | 1 837 | 80 933 | In Hong Kong, life insurance companies are taxed on a net premium basis. |
| **Japan** • | P&C / L&S / OTH | 5 703 367 | 17 333 | 5 720 700 | 1 081 033 | (208 208) | (168 404) | 1 563 993 | 196 716 | 4 007 | 88 203 | The profit before tax computed in IFRS differs from the calculation of the taxable result in Japan. |
| **Switzerland** • | P&C / L&S / REINS | 5 986 023 | 243 749 | 6 229 773 | 1 389 319 | (150 571) | (166 148) | 556 607 | 7 604 883 | 4 659 | 417 891 | The profit before tax in IFRS is made of a consolidation of profit-making and loss-making entities. Nevertheless, such consolidation is not possible for tax purposes in Switzerland. |
| **United Kingdom** • | P&C / REINS / AM / ASS | 8 004 713 | 311 711 | 8 316 424 | 567 091 | (101 885) | (124 521) | 2 465 809 | 6 460 064 | 10 545 | 334 767 | |
| **United States** • | P&C / AM / ASS | 7 045 341 | 5 578 002 | 12 623 343 | 721 822 | (110 473) | (90 640) | 1 936 145 | (1 870 320) | 2 427 | 77 011 | Use of carryforward losses to offset the taxable profit of the year. |

• *Flagship Countries*

**ACTIVITIES** – **P&C**: General Insurance **L&S**: Life Insurance **REINS**: Reinsurance **AM**: Asset Management **ASS**: Assistance **OTH**: Others (administrative, holding, investment funds,…)

# AXA 2021 Country-by-country information

*Figures reported in € thousands*

| | Main Activities | Revenues: Third-Party Revenues | Revenues: Related-Party Revenues | Revenues: Total Revenues | Profit Before Tax | Income Tax Paid (cash basis) | Income Tax Accrued (current) | Stated Capital | Accumulated Earnings | Number of Employees | Tangible Assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Countries in the EU Grey/Black list of non-cooperative jurisdictions[1]** | | | | | | | | | | | | |
| **Barbados** | OTH | - | - | - | 95 | - | - | 1 100 | 22 431 | - | - | The two AXA entities present in Barbados are in a process of liquidation. |
| **Malaysia** | P&C / ASS / REIN | 301 155 | 10 326 | 311 481 | 20 061 | (5 947) | (6 601) | 45 003 | 219 561 | 1 412 | 434 | |
| **Thailand** | P&C | 108 230 | 2 676 | 110 906 | 3 951 | - | 9 | 97 305 | (16 088) | 457 | 1 903 | Use of carryforward losses to offset the taxable profit of the year. |
| **Turkey** | P&C / L&S / ASS | 542 905 | 34 425 | 577 330 | 190 295 | (16 430) | (42 234) | 165 525 | 10 045 | 936 | 9 341 | |
| **Other countries** | | | | | | | | | | | | |
| **Bermuda[2]** | REINS/OTH | 1 957 576 | 2 459 175 | 4 416 751 | 393 326 | (2 685) | (2 787) | 103 305 | 779 532 | 161 | 77 144 | Corporate income tax paid and accrued correspond to withholding taxes. |
| **Rest of the world** | | 7 703 308 | 154 847 | 7 858 155 | 211 878 | (71 314) | (99 998) | 3 701 144 | 370 642 | 23 577 | 213 820 | |
| **TOTAL** | | **99 930 601** | **12 183 980** | **112 114 582** | **9 052 040** | **(1 629 779)** | **(1 417 953)** | **37 100 871** | **58 928 418** | **92 398** | **2 442 829** | |

[1] *EU grey and black list as of December 31, 2021. See detail on the list on page 13.*

[2] *Although Bermuda is not included in the EU Grey/Black list of non-cooperative jurisdictions, it is shown in a dedicated line as it a low-tax country.*

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AXA SA, the Group's holding company, is a French corporation organized in accordance with the laws of France.

The AXA Group Organization chart is available on our website here

The list of the main consolidated subsidiaries of AXA Group is available in our Annual Report
(Note 2 – Scope of consolidation, Consolidated financial Statements).

**DISCLAIMER**
This report has not been audited and signed off by group's external auditors.
The total tax contributions are only disclosed for our flagship countries (France, Belgium, Germany, Hong Kong, Italy, Spain, Switzerland, United Kingdom and United States) and are based on the individual reporting of the most significant subsidiaries.

*Société Anonyme* (a public company under French law) - Share capital: €5,548,360,810.04 - Registered office: 25, avenue Matignon – 75008 Paris – France - Paris Trade and Company Register 572 093 920