Introduction

AXA believes it is critical to accelerate the transition of the energy sector towards a more sustainable model, consistent with net-zero trajectories. This transition can only happen by encouraging companies to implement ambitious climate transition plans. AXA’s role, as an insurer and investor, is to focus its support to companies which have engaged on the path of transition.

Over time, AXA has put in place restrictions to address certain activities in sectors that may pose certain risks to AXA as an investor and insurer, whilst also aiming to contribute to the transition toward a more sustainable and less carbon-intensive economy. Despite significant differences between investment and underwriting when it comes to decarbonizing its activities, AXA will continue to strive for progressive alignment between its decisions as an asset owner and as an insurer.

Coal
Thermal coal is one of the most carbon-intensive sources of energy, and it remains one of the largest sources of anthropogenic greenhouse gas emissions. Since 2015, AXA has restricted investments in thermal coal extraction and energy generation. In 2017, these restrictions were extended to its insurance activities. In 2019, AXA announced a long-term exit from thermal coal industry, by reducing exposure to the thermal coal industry to zero by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world, as suggested by the main climate scenarios (such as the IEA “Beyond 2°C” scenario).

Oil & Gas
Massive investments will be required to decarbonize an energy system that is still dependent on fossil fuels. To address the energy transition, scale, industrial and financial strength, as well as production capacity are needed at a global level. Companies that recognize early the changing operating environment and adjust their business models, redeploying capital into renewables and new energy solutions will be better placed to meet this long-term challenge. Oil and gas is less replaceable than coal today. Some individual companies may need to be supported in their transition.

Since 2018, AXA has substantially reduced its corporate debt investments in the oil and gas sector, with a selective approach to any new direct investment, and no longer invests in companies which fail to address the transition. However, AXA permits investments in companies showing strong and convincing transition strategies, albeit with stringent credit constraints. In 2021, AXA announced restrictions on greenfields oil and certain forms of unconventional oil and gas, for both investment and insurance activities.
Thermal Coal

Investment

1) The following thermal coal investment restrictions apply to AXA’s General Accounts, including, notably, direct investments in equity and corporate bonds,\(^1\) new direct infrastructure investments and Unit-Linked assets in dedicated mandates.

2) With immediate effect, AXA will not directly invest in a company with one or more of the following characteristics:
   a) Mining company with either:
      i) an annual thermal coal share of revenues greater than or equal to 15%; or
      ii) an annual thermal coal production greater than or equal to 20Mt; or
      iii) engaged in thermal coal exploration activities or planning to develop new thermal coal mines.
   b) Power generation company with either:
      i) an annual thermal coal share of power production greater than or equal to 15%; or
      ii) an annual thermal coal power production greater than or equal to 10 GW; or
      iii) planning to develop any new thermal coal-fired power capacity.
   c) Thermal coal industry partners developing new thermal coal assets will be assessed on a case-by-case basis for exclusion.

3) From 1 January 2026, AXA will not directly invest in a company which is established in or principal operations are in an EU or OECD country with one or more of the following characteristics:
   a) Mining company with either:
      i) an annual thermal coal share of revenues greater than or equal to 10%; or
      ii) an annual thermal coal production greater than or equal to 20Mt; or
      iii) engaged in thermal coal exploration activities or planning to develop new thermal coal mines.
   b) Power generation company with either:
      i) an annual thermal coal share of power production greater than or equal to 10%; or
      ii) an annual thermal coal power production greater than or equal to 10 GW; or
      iii) planning to develop any new thermal coal-fired power capacity.
   c) Thermal coal industry partners developing new thermal coal assets will be assessed on a case-by-case basis for exclusion.

4) By 2030 AXA will not invest or hold any investment in a company with any exposure to thermal coal established or with principal operations in an EU or OECD country and by 2040 AXA will not invest or hold any investment in a company with any exposure to thermal coal with principal operations in a Non-EU or Non-OECD country.

5) Companies above the stated thresholds with a publicly-disclosed thermal coal phase out or closure plan aligned with AXA’s 2030 – 2040 thermal coal exit (“AXA’s Phase Out Plan”) may be considered for an exception on a case-by-case basis. Exceptions will not be granted for companies developing new thermal coal-fired generation capacity, new thermal coal mines or thermal coal assets.

6) AXA uses a range of third-party data sources, currently including the Global Coal Exit List and publicly available information. AXA reserves the right to diverge from the third-party databases on a case-by-case basis when more up-to-date or relevant data is identified.

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\(^1\)Any corporate bonds held which are within the restrictions will be put into run-off.
7) AXA will review the policy at least annually to ensure that it remains aligned with AXA’s Phase-Out Plan. As investee companies may change the share of thermal coal in their business activities, AXA will continue to monitor, at least annually, the sources listed in paragraph 6 above, to confirm the continued eligibility of banned companies.

Insurance

1) The following thermal coal underwriting restrictions apply to all Lines of Business, including Facultative Reinsurance, except Workers Compensation, Employers Liability, Employee Benefits (health, savings, protection) and Treaty Reinsurance.

2) From 1 January 2024, AXA will not provide new insurance policies to a company (existing or new clients) established or with principal operations in an EU or OECD country with one or more of the following characteristics:
   a) Mining company with either:
      i) an annual thermal coal share of revenues greater than or equal to 15%; or
      ii) annual thermal coal production greater than or equal to 20Mt; or
      iii) planning to develop new thermal coal mines.
   b) Power generation company with either:
      i) an annual thermal coal share of power production greater than or equal to 15%; or
      ii) planning to develop any new thermal coal-fired power capacity.
   c) Thermal coal infrastructure owners or operators (dedicated port terminals and railways) or thermal coal exporters or traders with either:
      i) coal share of revenues greater than or equal to 30%; or
      ii) developing new thermal coal assets.
   d) The rule in this clause (1) applies to new business only.

3) From 1 January 2026, subject to paragraph (c) below, AXA will not provide insurance to a company (existing or new clients) which is established or with principal operations in an EU and OECD country with one or more of the following characteristics:
   a) Mining company with either:
      i) an annual thermal coal share of revenues greater than or equal to 10%; or
      ii) annual thermal coal production greater than or equal to 20Mt; or
      iii) planning to develop new thermal coal mines.
   b) Power generation company with either:
      i) an annual thermal coal share of power production greater than or equal to 10%; or
      ii) planning to develop any new thermal coal-fired power capacity.
   c) The rule in this clause 2 (a) and (b), is subject to 2-year grace period and will come into effect on 1 January 2028. The restrictions do not require underwriters to cancel a policy before its next inception date, or to cancel Long-Term Agreements existing prior to 1 January 2026.

4) By 2030 AXA will not provide insurance to a company established or with principal operations in an EU or OECD country with any exposure to thermal coal and by 2040 AXA will not provide insurance to a company, established or with principal operations in a Non-EU or Non-OECD country, with any exposure to thermal coal in all markets.

5) AXA reserves the right to provide exemptions on a case-by-case basis for project-level, single-site/stand-alone cover for renewable energy projects.

6) Companies above the thresholds with a publicly disclosed thermal coal phase out or closure plan aligned with AXA’s 2030 – 2040 thermal coal exit may be considered for a potential exception on a
case-by-case basis. Exceptions will not be granted for companies developing new thermal coal-fired capacity, new thermal coal mines or thermal coal assets.

7) AXA uses a range of third-party data sources currently including the Global Coal Exit List and publicly available information. AXA reserves the right to diverge from these databases on a case-by-case basis when more up to date or relevant data is identified.

8) AXA will review the policy at least annually to ensure that it remains aligned with AXA’s Phase-Out Plan. As insured companies may change the share of thermal coal in their business activities, AXA will continue to monitor, at least annually, the sources listed in paragraph 7 above, to confirm the continued eligibility of banned companies.

**Oil & gas**

**Investment**

The following oil and gas investment restrictions apply to AXA’s General Accounts including, notably, direct investments in equity and corporate bonds, infrastructure and Unit-Linked assets in dedicated mandates.

**Conventional Oil and Gas**

AXA does not directly invest in oil and gas companies in developed markets belonging to upstream, oilfield services and downstream subsectors, as well as midstream companies. Given the undiversified nature of their core business, AXA believes these companies will be the hardest to transition in the oil & gas value chain.

For integrated oil and gas companies, after a comprehensive review of its transition strategy, AXA allows direct investments in certain selected companies based on consideration of the following selection criteria:

1) Companies which have sufficient financial capacity to fuel investments in low-carbon activities (large CAPEX) and the willingness to have a material impact on the transition (for example, with credible long-term commitments backed by intermediary science-based targets, ambitious low-carbon development plans).

2) Qualitative assessments to monitor developments/implementation of strategy, key risks (including stranded assets risk) and positioning relative to peers. AXA focuses on the following factors and key performance indicators:
   a) energy transition strategy
      i) fuel mix
      ii) strategy in low-carbon assets
      iii) climate governance and policy
   b) emissions management based on:
      i) GHG intensity
      ii) methane emissions
      iii) emissions reduction targets.

3) The oil and gas company’s safety management, environmental management system and social cohesion.

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2 Scope: listed equities and corporate bonds in developed markets.
AXA will also consider exceptions, on a case-by-case basis, for pure players which are focusing on transition with a majority of CAPEX in low carbon activities.

AXA’s selection process currently results in a very limited number of companies meeting the investment criteria; less than 2% of the approximately 900 companies identified in the Global Oil and Gas Exit List by NGO Urgewald.

AXA allows investments in corporate bonds of eligible companies, according to AXA’s Financial Risk Management rules, and with specific maturity constraints and AXA monitors the delivery of their low-carbon plan. For all other companies, no new direct investments will be made, including in infrastructure assets.

AXA continuously monitors and adjusts its investment policy to take into account new developments and align investments with AXA Group’s overall decarbonization targets.

**Unconventional Oil & Gas**

AXA does not directly invest in the following forms of unconventional oil and gas exploration and production:

**Tar Oil Sands**

Direct investments in companies deriving more than 5% of their production from tar oil sands and new direct investments in companies producing more than 5% of the worldwide volume of tar oil sands.

**Arctic**

Direct investments in companies deriving more than 10% of their production from the AMAP\(^3\) region (relative threshold) or producing more than 5% of the worldwide volume of total AMAP\(^4\)-based Oil and Gas (absolute threshold).

AXA has aligned its definition of the Arctic region with the Arctic Assessment & Monitoring Programme (AMAP)\(^5\), based on ecosystems. The AMAP region extends beyond the Arctic circle and AXA’s previous 70°N zone. However, AXA excludes Norwegian operations from the scope, given their high environmental standards and lower operational carbon footprint.

**Fracking**

Direct investments in companies deriving more than 30% of their production from shale oil and gas.

**Ultra Deepwater**

Direct investments in companies deriving more than 20% of their production from Ultra Deepwater oil & gas projects.

Ultra Deepwater oil & gas extraction is defined as drilling that takes place at least 1,500 meters below sea level.\(^6\)

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\(^3\) Excluding Norwegian operations, given their high environmental standards and lower operational carbon footprint.

\(^4\) Excluding Norwegian operations, given their high environmental standards and lower operational carbon footprint.

\(^5\) [https://www.amap.no/](https://www.amap.no/)

\(^6\) As defined by Rystad Energy: [https://www.rystadenergy.com/](https://www.rystadenergy.com/)
Infrastructure assets

Direct investments in infrastructure assets exposed to unconventional oil and gas exploration and production.

Insurance

Conventional oil and gas

From 1 January 2024, for upstream oil greenfield exploration and development projects, and from 1 September 2025, for upstream gas greenfield exploration and development projects, AXA will not provide new stand-alone site-specific insurance policies for upstream greenfield oil and gas exploration or upstream development projects licensed after 31 December 2021.

Underwriting restrictions will apply to all lines of business for stand-alone insurance policies and facultative reinsurance (except for employee benefits and treaty reinsurance).

Exceptions may be granted to companies with climate transition plans in place. A climate transition plan is a time-bound action plan that clearly outlines how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations.

As for investments, after a comprehensive review of its transition plan, AXA may provide new stand-alone site-specific insurance policies to companies based on consideration of the following selection criteria:

1) Companies which have sufficient financial capacity to fuel investments in low-carbon activities (large CAPEX) and the willingness to have a material impact in the transition (for example, with credible long-term commitments backed by intermediary science-based targets, ambitious low-carbon development plans).

2) Qualitative assessments to monitor developments/implementation of strategy, key risks and positioning relative to peers. AXA focuses on the following factors and key performance indicators:
   c) energy transition strategy
      i) fuel mix
      ii) strategy in low-carbon assets
      iii) climate governance and policy
   d) emissions management based on:
      i) GHG intensity
      ii) methane emissions
      iii) emissions reduction targets.

3) The relevant oil and gas company’s safety management, environmental management system and social cohesion.

4) For insurance clients, AXA will also consider the relevant oil & gas company's pollution prevention plans and oil spill response certification.

Unconventional Oil and Gas

Tar Oil sands

From 1 January 2024, AXA will not provide insurance coverage (either for new or existing business) for tar oil sands activities for companies with:
(a) 50% of production generated from tar oil sands activities; or
(b) 50% of revenues generated from tar oil sands production and oil sands-related transportation (pipelines).

Underwriting restrictions apply to all lines of business for insurance and facultative reinsurance (except for employee benefits and treaty reinsurance).

In addition, from 1 January 2024, AXA will not provide stand-alone, site-specific insurance policies for tar oil sands projects for new and existing clients.

**Shale oil and gas**

From 1 January 2024, AXA will not provide insurance coverage (either for new or existing business) for shale oil and gas projects carried out by companies deriving more than 30% of their total oil and gas production from shale oil and gas.

Underwriting restrictions apply to all lines of business including facultative reinsurance (except for employee benefits and treaty reinsurance).

In addition, from 1 January 2024, AXA will not provide new stand-alone, site-specific insurance policies for shale oil & gas projects for new and existing clients.

**Arctic**

From 1 January 2024, AXA will not provide new stand-alone site-specific insurance policies and facultative reinsurance (excluding employee benefits and treaty reinsurance) for greenfields oil and gas exploration and development projects carried out in the AMAP\(^7\) region licensed after 31 December 2021.

AXA uses the definition of the Arctic region with the Arctic Assessment & Monitoring Programme (AMAP)\(^8\), based on ecosystems. The AMAP region extends beyond the Arctic circle. However, AXA excludes Norwegian operations from the scope, given their high environmental standards and lower operational carbon footprint.

**Ultra Deepwater**

From 1 January 2024, AXA will not provide new stand-alone site-specific insurance policies and facultative reinsurance (excluding employee benefits and treaty reinsurance) for greenfields Ultra Deepwater Oil & Gas exploration and development projects licensed after 31 December 2021.

Ultra Deepwater oil & gas extraction is defined as drilling that takes place at least 1,500 meters below sea level.\(^9\)

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7 Excluding Norwegian operations, given their high environmental standards and lower operational carbon footprint.
8 [https://www.amap.no/](https://www.amap.no/)
9 As defined by Rystad Energy: [https://www.rystadenergy.com/](https://www.rystadenergy.com/)