AXA Bank Belgium
member of Crelan Group

Management Report

AXA Bank Belgium 2021 Results

Message from the Chief Executive Officer

In 2021, AXA Bank Belgium managed to deliver very strong results driven by both increased revenues and decreased costs, but also release of previously constituted provision thanks to the improved quality of our loan book. Net consolidated Profit increased to 93 million euro. This was achieved in yet another challenging year for the banking sector, characterised by a continued regime of low interest rates, the required high pace of investment in new tools and applications and the absorption of many regulatory and compliance requirements. But perhaps even more important, all of us were impacted by the COVID-19 crisis. We would like to extend our warmest thanks to our bank agents and employees who demonstrated an impressive flexibility and resilience by continuing to provide a high quality of services to our customers in these challenging times.

These financial results followed excellent commercial results, reached in several key business areas:

With regard to Loans, AXA Bank Belgium serviced high volumes in mortgages, keeping its market share stable despite the impact of the moratorium (government allowing postponement of loan prepayments) and lockdown, during which the bank managed to service and support its customers. The new omni-channel approach continues to show its worth, providing a future-oriented customer journey experience. Thanks to the growth in its loans business, AXA Bank Belgium managed to limit the downturn in its interest revenues caused by the continued low interest rate environment impacting both mortgage refinancing and liabilities margins.

AXA Bank Belgium's fee revenues increased, with growth in Invest revenues in particular (growth in net new inflow of +38% compared to 2020) and higher revenues from daily banking activities. In the midst of the pandemic, AXA Bank product 'Delegio Privileged portfolio' for affluent customers (launched in 2020) almost tripled and generated 462 million euro net inflow. Against the background of a struggling world economy and volatile stock markets, the Invest portfolio of AXA Bank Belgium increased from 4.9 billion euro to 6 billion euro.

General expenses continued to decline due to tight cost control and increased automation practices to compensate the COVID-19 impact. The rhythm of investment in innovation and transformation was kept at the same pace as in previous years, strengthening the bank in the delivery of its strategy. The bank taxes (incl. deposit guarantee fund contribution & SRF contribution) at 44.9 million euro still constitute a big part of the total operational costs (21%).

Throughout 2021, AXA Bank Belgium continued to execute its transformation plan set in motion in 2017. Nearly half our customer base is now digitally active, allowing our agent network to focus on their key strength: serving customers at key moments by leveraging both their proximity and their expertise through appropriate advice and guidance. AXA Bank Belgium was awarded "most innovative bank" (Spaargids survey), confirming the digital enhancements and their added value for our customers.

More expertise and more frequent contacts with customers require larger but fewer branches, the latter being supported by increased digitalisation. The decrease from 393 to 367 branches during 2021 did not prevent the bank from realising sustained commercial volumes. Combining a flexible and high-performance online platform for banking services with the proximity and the expertise at the local agencies, has led to an overall appreciation of our customers shown in a further increased Net Promoter Score, up from 32 to 37.

The Crelan Group closed 2021 magnificently with the acquisition of AXA Bank Belgium on the last day of the year. Until recently, Crelan was a less significant financial institution in terms of size, but we were nevertheless able to acquire a larger bank under the supervision of the European Central Bank (ECB). This is a first for Belgium and also a rare occurrence at European level.

The acquisition makes Crelan Group the fifth largest financial banking group in terms of total assets among Belgian retail banks. We also acquire the status of significant financial institution and will therefore be directly monitored by the ECB.

We are proud of and grateful for the trust placed in us by the regulators and we want to handle this responsibly.

There are no changes on the street at the moment. Crelan and AXA Bank remain separate banks. But in the meantime, the Crelan and AXA Bank teams are enthusiastically preparing the merger of both banks.

The merged bank is planned for spring 2024. It is our ambition to realize the merger of both banks as smoothly as possible for our customers and to offer them an even better service through the combined knowledge and experience.

Philippe Voisin

Chief Executive Officer

"AXA Bank up among the top Belgian banks. Our results are very good: customer satisfaction and net result improved, despite a challenging COVID context"

AXA Bank Belgium SA

AXA Bank Belgium is primarily a retail bank, focusing on retail daily banking, savings and lending, i.e. servicing customers with their financing needs and facilitating savings and investment possibilities.

RETAIL ACTIVITY

AXA Bank Belgium offers an extensive range of financial products to retail customers, self-employed professionals and small companies. To do so, it relies on a network of exclusive, independent bank agencies that also supports the sale of AXA Belgium insurance products and AXA Investment Managers' products. The product range is easy to understand and covers all elementary banking needs. The core products are a current account and related savings account, mortgage loans, consumer and professional loans and investment funds.

As AXA Bank Belgium's balance sheet is predominantly composed of mortgage loans and customer deposits, a significant part of AXA Bank Belgium's revenue is derived from net interest income. In order to increase revenue diversification, AXA Bank Belgium is increasing its effort and focus in developing sources of fee income through investment products, as well as credit production in professional loans.

ASSET AND LIABILITY MANAGEMENT

AXA Bank Belgium's ALM is in charge of monitoring and hedging the risks arising from the mismatches between the assets and liabilities; the optimisation of the funding mix, and the protection of the commercial margin (negotiation and application of Fund Transfer Pricing or FTP).

AXA Bank Belgium's ALM also manages the investment portfolio. This bond portfolio is held in order to guarantee a minimum level of unencumbered high quality liquid assets and to provide a natural hedge to variable rate mortgage loans through OLOs.

TREASURY

The primary focus of the treasury is the short-term (from intraday to 1 year) liquidity management.

Non-Financial Information

AXA COMPLIANCE AND ETHICS GUIDE

AXA Bank Belgium is committed to conducting its business to the highest standards of honesty and fairness: this commitment is designed not only to ensure compliance with applicable laws and regulations but also to earn - and keep - the trust of customers and business partners.

The Compliance and Ethics Guide, published on www.axabank.be, establishes the principles governing the bank's actions.

FIGHT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM

AXA Bank is well aware of the risks of money laundering and financing of terrorist activities. It therefore applies a customer acceptance policy and monitors transactions in accordance with applicable legislation and Group policy.

The bank has set up an independent function that identifies, assesses, advises on, monitors and reports on the bank's compliance risk.

AXA GROUP INSTITUTIONAL UNDERTAKINGS

In appendix to this report, the AXA Group presents its institutional undertakings, which are aligned with its sustainable development strategy, focusing on Human Rights and the Environment. AXA is creating value through its work and plays a key role in economic development throughout the world.

AXA Hearts in Action, AXA's volunteering programme, is not a stand-alone initiative, but is firmly embedded in AXA's core philosophy. Based on the idea that we are all responsible for each other. This means that we support people and themes that are close to our heart and that we work together for a better future, share our knowledge and experience and help vulnerable people. Our dedicated employees are our main weapon here! In 2021, 49% of our employees (incl AXA Belgium) participated in different activities, adding up to 10 820 volunteer hours.

TADA is a splendid example. AXA Belgium has been a partner right from the start. The organisation tackles social exclusion and offers more than 1 500 disadvantaged children from Brussels the opportunity to learn from professionals like our employees.

For the 9th year in a row, we are a national partner of Relay for Life, an initiative of the Foundation against Cancer. The fundraising and solidarity on which Relay for Life depends, gives thousands of cancer patients hope for a future. Our employees were encouraged to run/bike/walk to raise funds for cancer research.

Every year, no fewer than 1 400 lifeguards are in action on the North Sea coast to ensure the safety of swimmers. They are real ambassadors of risk prevention! This common goal – with prevention as a core business – is the starting point for the partnership between AXA and IKWV. Apart from a few peak days, the coasts weren't too busy last season. This resulted in a lower number of responses for our lifeguards compared to previous years. The lifeguards had to respond 395 times and brought 860 lost individuals safely back to their parents or family members.

During the Christmas exchange breakfasts, AXA's employees receive a breakfast in return for a cash or in-kind donation to associations. This year, we're giving an educational Christmas present to a child in the affected region for every participant in our famous – but unfortunately still virtual – Christmas breakfasts. As a result, a total of 1

Economic Context

+6.1%

Belgian GDP Change (1)

+20%

Mortgage loans granted in Belgium(3)

Fina

The Economic And Financial Context

A year and a half after the start of the COVID-19 pandemic, the world economy is posting an exceptional rebound in 2021 (+5.9% compared to -3.1% in 2020), with a recovery of unprecedented vigour compared to other recessions recorded for eight decades. But this recovery is marked by strong disparities: the major economies have achieved sustained growth, while many developing economies have lagged behind.

The rebound in global activity in 2021, combined with supply disruptions and higher food and energy prices, is driving headline inflation higher in many countries. More than half of emerging and developing economies with inflation-control targets saw price increases above their targets in 2021, prompting central banks to raise policy rates.

2021 was the year of the recovery but the global economy enters 2022 in a weaker position than expected. As the new variant of COVID-19, Omicron, spreads, countries are once again restricting travel. Moreover, the war in Ukraine added geopolitical instabilities. Due to the increase in energy prices and supply disruptions, the recovery is slower while inflation is higher and more widespread than expected.

Elevated inflation is expected to persist longer than forecast by the end of 2021 as supply chain disruptions and high energy prices are expected to persist into 2022.

The emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Raising policy rates by advanced countries could jeopardize financial stability and pose risks to capital flows, currencies and public finances in emerging and developing countries. Other global risks, such as geopolitical tensions (Russia-Ukraine) or the high probability of major natural disasters will influence the coming year.

UNITED STATES

In the United States, as price and wage pressures became more widespread in 2021, the Federal Reserve decided to accelerate the reduction in asset purchases and made it clear that it would raise rates further. The sharp decline in unemployment has been accompanied by sustained growth in nominal wages, which seems to indicate that the US labour market has tightened somewhat, thus fuelling a rise in prices. Growth in the United States finally rose to around +5.6% in 2021 (vs -3.4% in 2020).

The S&P 500 rose steadily in 2021, reaching a record high of 4,793 points at the end of December (vs 3,572 points at the end of 2020).

CHINA

In China, growth rose to around +8.1% in 2021 (against +2.3% in 2020), marking a sustained recovery in global orders. Given the strict zero-COVID strategy, which regularly restricts mobility and degrades job prospects in construction, private consumption and investment in real estate have augured a more general slowdown.

JAPAN

Japan introduced fiscal support at the end of 2020, but this was not enough to offset the impact of the exceptional measures taken to combat the virus. Growth in 2021 was therefore limited to 1.6% (instead of the expected 3.1%). However, the country sees an upgraded outlook thanks to anticipated improvements in external demand and continued fiscal support.

RUSSIA

In Russia, growth amounted to +4.5% in 2021 (compared to -3% in 2020). This rebound was held back at the end of 2021 by a poor harvest and a worse than expected third wave. In addition, the Russian aims on Ukrainian territory generated strong geopolitical instability at the beginning of 2022 and repercussions on the markets. International sanctions against Russia are also expected to weigh heavily on growth in 2022.

INDIA

India experienced one of the strongest growths in the world in 2021 (+9.0%) after one of the strongest declines also in 2020 (-7.3%). Note the improvement in credit growth, and therefore in investment and consumption, all thanks to the financial sector, which posted more satisfactory results than expected.

UNITED KINGDOM

In the United Kingdom, growth was around +6.8% in 2021 (against -9.8% in 2020). Disruptions associated with the Omicron variant and supply-side constraints (particularly in the labour and energy markets) severely dampened the recovery at the end of 2021 and are expected to continue to weigh down next year.

EUROPE

Eurozone growth fell to -6.4% in 2020 before picking up to +5.2% in 2021. this recovery. In addition, Germany, held back by supply chain shocks, posted weak growth of +3.1% (vs. -4.6% in 2020). Mobility restrictions imposed towards the end of 2021 are also expected to slow growth in the Eurozone in early 2022.

The Euro Stoxx 50 started 2021 at 3,565 points and rose steadily to reach 4,306 points at the end of December, with a record high of 4,400 points in mid-November

BELGIUM

Thanks to the success of successive vaccination campaigns (76.5% of the population fully vaccinated at the end of December 2021) and the gradual reopening of its economy, Belgium has well compensated for the negative growth of 2020 (-5.7%) by achieving an economic growth of +6.1% in 2021.

NBB Economic Review Dec.2021	2020	2021	2022 Forecast
Belgian GDP *(Change)*	-5.7	+6.1	+2.6

Inflation has increased in recent months to levels it has never seen recently, driven mainly by the unexpected surge in energy product prices. It reached 3.2% in 2021 and is expected to rise further in 2022.

The recovery in post-covid global demand is particularly strong in terms of fuels and there is a sort of bottleneck in refining capacity. Oil prices rose sharply throughout 2021 to reach $86 per barrel (Brent) at the end of December, equivalent to the peak of October 2018.

Through the interplay of indexation mechanisms, high rates of inflation in turn push up labour costs.

The harmonized unemployment rate increased in 2021 to around 6.3% (compared to 5.7% in 2020).

OLO rates (10 years) rose to -0.02% in 2021 (compared to -0.14% in 2020). The interbank rate remained around 0% in 2021, oscillating between -0.37% and +0.24%.

Household consumption recorded a particularly marked catch-up movement in the third quarter of 2021, which enabled it to return to its pre-crisis level. Supported by the stimulus, the household savings rate, having peaked in 2020 at 20.2%, fell to 15.6% in 2021.

The inflow of new money into savings accounts reached a new record in June 2021 with 295 billion EUR for Belgian household deposits. Since then, it has fallen slightly to 293 billion at the end of the year (vs 292 billion EUR in 2020 and 282 billion EUR in 2019)(5).

During the third quarter of 2021, the number of loans granted, excluding external refinancing, increased by almost 20% compared to the third quarter of 2020 while the corresponding amount rose by almost 30%(4).

Last year, the Belgian real estate market was still very active. The annual inflation rate for house prices(5) amounted to 8,2% in Q3 2021 compared to 7,4% in Q3 2020. The house price index stood at 129.46 points (2015 = 100) in Q3 2021 compared to 125.71 points in Q3 2020.

(1) Data Source: FMI World Economic Outlook Report
(2) Data Source: Federal Planning Bureau
(3) Data Source: NBB Inflation rate = HICP
(4) Data Source: BVK
(5) Data Source: Statbel
(6) Data Source: Bloomberg
(7) Data Source: Stoxx
(8) Data Source: Le Soir

Results 2021

"In 2021, the net growth in invest is booming."

€ 4.2 bn

Mortgage Loans Production

€ 713 m

Professional Loans Production

€ 749 m

Net Growth Invest

 # 429 k

Digital active users

Results 2021

CUSTOMER JOURNEY CREDITS

Mortgage loans – In 2021, the production of new mortgage loans reached a level of 4.2 billion euro and was achieved without loosening the credit standards. We managed to achieve a market share of approximately 9% in 2021, which remained stable compared to 2020. The portfolio of outstanding mortgage loans continued to grow to 22.4 billion euro and is of an excellent quality. Thanks to the launch of Mortgage loans in Homebanking and Mobile banking, we now have a full omnichannel approach. An important milestone was set for offering a future-oriented customer journey experience to our customers in accordance with our strategy: Mortgage loans is an 'advise product' which is now digitally supported.

Professional loans - The improved commercial activities on the self-employed and micro-enterprise segment and the renewal of the offer in professional loans started in April 2015. From then on, professional loan production has increased yearly with double digit percentages until 2019. The Covid19 crisis forced us to focus more on servicing our existing professional customers rather than on expanding the credit portfolio, and the growth rate slowed down to single digit percentages in the last 2 years. Since the Covid pandemic, we managed to adapt the original Go 2 Market plan to the new situation and different initiatives were launched via webinars instead of live seminars, towards the agent network to accompany our professional customers with good advice. The classic Accountant events which, since last year, were already transformed into very successful digital events with participation by more than 1 000 accountants all over the country, were carried out in hybrid format for the first time in the second half year. So the accountant had the choice to participate physically live at the location or to follow the streamed event online.

The roll out of the Business Banking Model continued at a good pace, which resulted in the nomination at the end of the year of 37 Business Bankers, who delivered the target of 6 million professional loans production.

The growth of the professional credit production this year of 7% (from 665 million euro in 2020 to 713 million euro in 2021) was higher than the previous year (4%) and we are confident that after the Covid crisis we can pick up again with the double digit growth rate in the professional loans segment. The sustained commercial efforts during the last years in the B2B segment and the continuous investment in the expertise and the pro-activity of our agent network of the previous years, will continue to pay off. Two years of a slightly slower growth pace in production is however visible in a slower growth rate of the outstanding portfolio (increase of 10% from 2,112 million euro to 2,332 million euro instead of 6% in 2020). The impact of the Covid19 crisis on the quality of the portfolio from a credit risk view is very limited until now , not least thanks to the bank's choice to continue to support its customers in these difficult times.

Consumer loans – The consumer loans market was heavily impacted in 2021 by the semi-conductor crisis in the car market, especially in the 2nd part of the year. This heavily impacted the volume in car loans in the last months of 2021. However, thanks to a good commercial positioning, an annual production of 345 million was still achieved. This is a raise of 3% compared to the production in 2020. Our market share remained stable at 4.2%. In 2021 we focused on digital Consumer loans for existing customer. The share of the digitally introduced loan requests increased substantially.

CUSTOMER JOURNEY INVEST

2021 was a record year in terms of growth in investments. Thanks to a combination of record net inflows and the very solid performance of the customers' portfolio, the total outstanding off-balance portfolio grew by 24% year-on-year from 4.9 to 6.1 billion euro.

The total net new money (NNM) invest collected in 2021 amounted to 749 million euros, an increase of 38% compared to 2020. This is the net result of strong positive growth in mutual funds of 819 million euro, combined with a net outflow in EMTN of 45 million euros and a negative net growth in third party products of 24 million euros.

Mutual funds – The very strong growth in NNM came primarily from the very big success of the Delegio formula launched in 2020 - an all-in profiled funds solution targeting the personal banking segment – with a net growth of 462 million euro. An important part of this growth was driven by the very strong commercial results of Delegio Privileged Portfolio. Inflows in other mutual funds of the AXA Bank offer amounted to 355 million euro in 2021, an increase of 6% compared to 2020. These funds saw an uptake following the extension of the offer with 3 new (ESG-labelled) funds.

Next to the retail segment, AXA Bank extended its invest offer to the professional segment and launched a dedicated DBI solution for this segment. Even though the project was delivered end Q3 and thus available from Q4 only, the professional segment contributed for 17Mio to the total NNM.

EMTN (as third party product) - In 2021 and because of complicated market circumstances, only 2 new EMTN were launched, with a gross production of 20 Mio. But with maturities of existing EMTNs and limited early redemptions, the net outflow amounted to 45 Mio, compared to a net inflow of 38 Mio in 2020.

Third party products – Volatility on the financial markets because of the Covid-19 pandemic boosted the brokerage activity in individual lines of stock in 2020, despite the fact that this offer is no longer actively promoted. In 2021, this trend slowed down slightly, but still showed a much higher volume than before the pandemic. A total volume of 156 million euro (-25% vs 2020, but +62% vs 2019) in stocks were traded, nevertheless resulting in a net outflow (-16 MM). In combination with strong inflows in pension savings products (+16 MM) and limited outflow in external funds and euro bonds (-24 MM), third party products saw a negative growth of 24 million euro, in line with expectations.

CUSTOMER JOURNEY DAILY BANKING & DEPOSITS

Daily Banking - indicators show a continuous growth.

The number of current accounts increased by 12,872 (net growth). For private accounts, the portfolio-growth was mainly notched up within the (fee-generating) comfort2bank accounts (+9,093). The portfolio of (free) start2bank accounts increased by 1,791.

The number of connected customers increased by 16,693 (273,202 end of 2021 versus 256,509 end of 2020). A connected customer is a private customer that simultaneously has a recurring income on her/his current account, has sufficient transactions and is digitally active (used home- or mobile banking during the past 3 months). As in the previous year, the focus in 2021 was on increasing the number of digitally active customers, creating extra features in the mobile app and homebanking

The credit card portfolio increased by 4,734 cards, of which 1,872 High-end Visa Premium Plus cards.

The assets under management of current accounts continued to increase with 538 million euro versus an increase of 514 million euro in 2020, resulting in a closing balance of 3,913 million euro. The increase in NNM (both for current accounts and savings accounts) can a.o. be explained by the increased savings ratio during lockdown-periods.

Deposits - Assets under management have increased by 467 million euro in 2021 versus 210 million euro in 2020. This increase was composed of a rise in savings accounts (591 million euro), but a decrease in certificates of deposits (-7 million euro) and in term deposits (-117 million euro). The drop in term deposits can be explained by the fact that maturities were not reinvested in new term deposits due to low interest rates.

Fee income Daily Banking & Deposits - Mainly as a result of increasing card-transaction volumes, due to the easing of corona measures, combined with the success of the new value proposition, the total fee income for current- and savings accounts showed a growth of 2.5 million. It reaches a total of 36.6 million euro in 2021 compared to 34.2 million euro in 2020.

ASSET & LIABILITY MANAGEMENT

AXA Bank Belgium's Asset and Liability Management (ALM) is an essential component of the bank's balance sheet management. Its main purpose is to price correctly the balance sheet risks, on the one hand, through Fund Transfer Pricing and to manage AXA Bank Belgium's exposure to risks related to interest rates, liquidity and exchange rates, on the other hand. These risks are managed as part of a risk appetite framework, set by AXA Bank Belgium's Board of Directors and within the applicable regulatory constraints.

During 2021, a special focus was put on the liquidity and funding management with an uncertain closing timing with Crelan Group. We continued to diversify our sources of liquidity and prepared the issuance of bail-in able instruments planned for 2022. We prepared a new hedge accounting model for our embedded caps in variable mortgages and the necessary adjustments of our swaptions portfolio to be applied as of 2022. We continued to work on the improvement of our prepayment model.

Managed within strict limits, the investment portfolio is made up exclusively of high-quality European sovereign debts, guaranteed supranational bonds and secured bonds. Given the context of extremely tight credit spreads and in order to improve AXA Bank Belgium's leverage ratio and to reduce risks, the size of the portfolio continued to decrease down to 0.439 billion euro (book value) at the end of 2021.

TREASURY

The bank Treasury manages the short-term liquidity and interest rate risk of the bank, optimising the short-term funding at any time. The Treasury has been particularly active in maintaining a sufficient liquidity buffer in 2021 while reducing as much as possible its cost.

Comments on the 2021 consolidated IFRS results

PROFITS AND LOSSES

In million EUR	2020	2021
Financial & operating income and expenses	323	341
Administrative costs and amortisations	-227	-223
Modification gains or losses	-1	
Provisions	-8	10
Total profit *(From continuing operations before taxes and minority interests)*	87	128
Net Profit	66	93

Financial & operating income and expenses – Financial & Operating income and expenses overall increased by 18 million euro compared to 2020. Despite a difficult interest rate environment leading to a lower interest margin, AXA Bank Belgium managed to stabilise its net banking product thanks to increased revenues from fee business (+14.3 million euro).

Administrative costs and amortisations - Administrative costs (-1.9 million euro) were further reduced and amortisations (-2 million euro) decreased given the finalisation of the transformation plan investments, as migration with Crelan will introduce a new IT integration development plan. The decrease in administrative costs is a consequence of continuing structural and Covid-related cost reduction measures allowing for a pursuit of focused investments in our core business.

Provisions – Whereas 2020 was characterised by a significant increase of provisions on the credit portfolio as a result of the COVID-19 crisis and the corresponding macro-economic uncertainty, a release of provisions of 5.2 million euro is observed in 2021 as the impact of the COVID-19 crisis was lower than expected. Internal credit risk models indicate that the quality of the credit portfolio is at a record high level. Management overlays in provisions are still present at the end of 2021 to cover the remaining macro-economic uncertainties and to mitigate the effect that client's behaviour in 2021 is positively impacted by various governmental interventions which may give rise to a distorted view on the intrinsic quality of the credit portfolio. In addition, a part of the delta can also be explained by some other reversals of provisions (eg: write back on provision for Hungarian loans, less provision for consolidation of agencies).

Total profit from continuing operations before taxes and minority interests – Total profit or loss from continuing operations before taxes and minority interests stands at 128 million euro, which is up 41 million euro compared to 2020.

Net profit – Net profit stands at 93 million euro, which is up 27 million euro compared to 2020.

BALANCE SHEET AND OFF-BALANCE SHEET

Balance Sheet

In Million EUR	2020	2021
Cash balances	3.738	1.784
Financial Assets	25.394	26.815
Held for trading	*64*	*46*
At Fair value through OCI	*733*	*405*
At amortised cost	*24.597*	*26.364*
Investments in subsidiaries, joint ventures and associates	9	9
Derivatives – Hedge accounting	0	1
Fair value changes	1.101	558
Other assets	216	113
Total Assets	30.458	29.281

Assets – The balance sheet decreases by 1.2bn where the growth on the retail loans portfolio (+€1.9bn) is more than compensated by the decrease in cash balances (-2bn), the bonds portfolio (-328m) and the decrease and less significant revaluation of the fair value hedged mortgage loans portfolio (-543m), which is mainly explained by the increase in market interest rates over the year and other assets (-103m). It should be noted that the decrease in cash and bonds portfolio is partially offset by +1.5bn borrowed liquid bonds.

In Million EUR	2020	2021

Financial Liabilities	28.872	27.754
Held for trading	*73*	*43*
At Fair value through P&L	*882*	*743*
At amortised cost	*27.917*	*26.968*
Derivatives – Hedge accounting	47	20
Provisions	234	101
Other liabilities	83	95
Equity	1.222	1.313
Total Liabilities & Equity	30.458	29.281

Liabilities – Please refer to section on liquidity and funding.

Equity – Equity increased by 91 million euro mainly thanks to the net income of the year.

Off Balance Sheet

In Billion EUR	2020	2021
Intermediation derivatives	0.04	0
ALM portfolio hedges	7.34	6.04
Commercial hedges	23.32	29.08
Treasury derivatives	2.25	1.89
Total Derivatives	32.96	37.03
Loan commitments given	1.59	2.06
Other commitments & guarantees given	0.06	0.06
Total Off Balance	34.61	39.15

The off-balance sheet portfolio increased by 4.54 billion euro to 39.15 billion euro (2021 compared to 2020), following the usual hedging of the balance sheet explained by the transactions done to cover the interest rate risk of the bank.

Consolidation Scope

On 31 December 2021, the scope of consolidation for AXA Bank Belgium consisted of the following companies: AXA Bank Belgium SA, AXA Bank Europe SCF, AXA Belgium Finance BV, CASPR and Royal Street SA.

Comments on the statutory accounts and the allocation of earnings

Statutory profit for 2021 amounts to 68.5 million euro. Accumulated profit amounted to 135.8 million euro by the end of 2020. Consequently, accumulated profit, as at 31 December 2021, amounts to 204.3 million euro.

The main difference between the result of the statutory accounts (68.5 million euro) and the consolidated accounts (92.7 million euro), relates to:

→ The **scope of the legal entity** (AXA Bank solo versus AXA Bank consolidated) explaining a difference of 25.4 million euro (result SCF of 25.2 million euro);

→ The **framework differences** (local GAAP versus IFRS), explaining a difference of – 1.3 million euro. The latter is mainly driven by the difference regarding the impairment methodology related to the incorporation of IFRS 9 stage 1 within IFRS, the amortisation of activated commissions, indemnity fees and file handling costs via the effective interest rate method within IFRS and the interest on the contingent convertible obligation booked via retained earnings, partly compensated by deferred taxes.

The Board of Directors proposes, after allocation to the legal reserves (-3.4 million euro) and a profit sharing premium (-0.4 million euro), to carry forward the 2021 result to the next financial year.

Significant events after 2021

Impact of the war between Russia and Ukraine on the banks portfolios.

Wholesale risk – investment portfolio

The bank's portfolio consists out of sovereign and corporate bonds but within this portfolio there are currently no exposures that are directly related to both countries. In the current context we do not expect any losses related to this war. On the contrary, we see investors taking refuge in low-risk bonds ("flight to quality"), which pushed interest rates lower.
On the level of the stock markets we see a rather steep decline of stock prices an a flight into gold and other commodities. The decrease of stock prices will negatively impact client portfolio's and this will lead to a decline in the fees received and potentially a decline in appetite to invest. We factually see more sale transactions and a delay in investment decisions from our retail clients. It remains to be seen what evolution we will see in the coming weeks.

Direct impact on the credit portfolio

1. Retail segment

Based on the Finrep reporting we checked the exposures and deposits ABB has in relation to clients who's country of residence is Russia or Ukrania:

k€	Russian Federation	Ukrania
Deposits		
- Housholds	11	74
Loans		
- Houshold mortgage loans	81	

Based on this table we can conclude that direct impacts both on loans and deposits are extremely limited in related to the banks portfolio's. There were no material exposures / liabilities on Belarus.
We are still performing a check on the assets/liabilities of clients with a Russian / Ukranian nationality.

2. Agricultural segment

On the level of the agricultural portfolio 2 sectors historically had the closest ties with Russia nl. Apple and pear growers and the pigs sector.

2.1. Apple and pear growers

Russia used to be an important export market for Belgian Apple and Pear growers. However, already since the sanctions against Russia in 2014, Russia has banned the import of European fruit. In the meantime Belgian growers have developed other markets and as such this sector is currently not impacted by the conflict.

For information, the total outstanding exposure on this sector amounts to 63 m EUR.

2.2. 2.2. Pigs

In fact the same goes for the pigs sector where Russia used to be an important market for Belgian farmers. However, also here after the sanction of 2014, Russia became self-sufficient in pork.

For information, the total outstanding exposure on this sector amounts to 100 m EUR.

2.3. General impacts

Russia and Ukraine are, among others, important exporters of cereal and fertilizers. It is obvious that these products will increase sharply in price due to the war, which will negatively affect the cost structure of some farmers. On the other hand, there will be a positive effect for Belgian cereal growers.

3. Professional segment

In the professional sector we see no specific sectors or individual clients that are heavily impacted by the war (at least not more than the general economy, see below). Currently we only identified a limited number of transactions over our accounts with Russia and Ukraine. Yet, we know that for many of our professional clients we are not the only (and not the first) bank. So, it might be that we have a number of clients with sizeable transactions over the accounts of another bank.

General impact

In general, we can say that this crisis will most likely have a negative impact on economic prospects. The amplitude of the shock and the duration of the impact will highly depend on the evolutions on the terrain and on potential further escalation.

More concretely, energy prices are expected to rise further with important impact on a number of professional clients with a high energy dependency (fe serre-teelt/tuinbouw) and a more general impact on all clients including households. Although impact on household budgets will be partially mitigated by the automatic salary indexation, we should take into account a potentially important negative impact on repayment capacity of all customer segments.

Uncertainty may lead to a slowdown in investments, supply chain ruptures, lack of resources, a stagflation scenario, … with all the consequences that this entails. Today it is too early to make any concrete statements on overall economic impact; hence we will apply “hope for the best and prepare for the worse” method and will intensify stress testing exercises (including reverse testing and worst case considerations). and

Risk will continue to follow this topic in the coming weeks. The evolutions certainly will have an effect on the following exercises:

- In terms of provisions, it is highly likely that the existing management overlay in relation to Covid needs to be transformed as a result of this new crisis.
- The ongoing climate stress testing (CST) will be used as input for assessing the adequacy of IFRS9 impairment levels as some scenarios currently unfolding are similar to some CST scenarios.
- ICAAP/ILAAP: other type of scenarios to be considered impacting solvency/liquidity

Solvency and Liquidity

Solvency

The capital ratios of AXA Bank finish at a solid 21.6% (total capital) and 20% (CET1 capital) on 31/12/2021, further strengthened compared to 2020 (total capital ratio was reported at 19.9% and CET1 ratio at 18.38%).

CET1 capital increased to 1192 million euro on 31/12/2021 (from €1102m in 2020), mainly explained by €93m net income fully included in capital since the Board of Directors decided not to pay a dividend out of the net income 2021.

Tier 1 capital lies €90m higher than CET1 capital thanks to an outstanding contingent convertible bond issued by AXA Bank in 2014 that Crelan purchased from AXA Group.

Risk weighted assets (RWA) end the year almost stable at 5949 million euro (5995 million euro in 2020), which is mainly explained by the increase of the retail loans portfolio (€+1.9bn), however compensated by a decrease in risk weights thanks to the improved economic context.

The leverage ratio of AXA Bank Belgium increases to 4.3% (3.9% in 2020). This increase is explained by the higher Tier 1 capital and the downwards evolution of the reported leverage exposure. The reported leverage exposure decreases by c. €2.5bn to [€28.4bn] (from 30.9bn in 2020) of which €1.7bn is explained by the exclusion of exposures to central banks on 31/12/21 (whereas these exposures were included on 31/12/20). The remaining -0.8bn is mainly explained by less cash (-2bn) and less significant revaluation of the fair value hedged mortgage loans portfolio (-0.5bn) partially compensated by higher loans and receivables (+1.8bn). It should be noted that the decrease in cash is largely compensated by c. +€1.5bn borrowed highly liquid bonds.

Liquidity / funding

In 2021, ABB managed its liquidity buffer at a high level, with a liquidity coverage ratio reaching 186% on 31/12/21 (197% in Dec-20).

In terms of funding:

- Retail funding significantly increased by 950m over the year, notably explained by the continuous uncertain economic and sanitary context.
- ECB funding decreased by c. 1.5bn mainly explained by the maturity of 1Y PELTRO.
- It should be noted that ABB did not issue any public covered bonds in 2021.

In addition, in terms of liquidity:

- the retail loans portfolio of AXA Bank Belgium increased by €1.9bn over 2021.
- ABB borrowed c. 1.5bn highly liquid bonds.

Main risks and uncertainties

The **macro-economic environment**, and particularly the level and shape of the EUR yield curve, the Belgian housing market or the state of the Belgian economy (GDP, unemployment rate, residential property market, etc.), affects the profitability of the bank, which is focused on the Belgium retail market: i.e. the transformation of Belgian deposits into loans to the Belgian economy, mostly mortgage loans and, to a lesser extent, professional loans and consumer loans. AXA Bank Belgium's business model also implies some concentration risk on Belgian mortgage loans and hence the Belgian residential property market. In 2021, the COVID-19 pandemic continues to create uncertainty with regard to macro-economic conditions. Massive governmental interventions supported the financial health of Belgian households and companies in 2020 and 2021, confirmed by a low default inflow on ABB's credit portfolio in 2021. Nevertheless, uncertainty remains about how the unprecedented impact of the COVID-19 pandemic will affect the quality of the credit portfolio in the mid term when government measures are phased out with a special attention to the self-employed and companies with business models vulnerable to health restrictions. Given the prudent credit policy focusing on residential mortgage lending, the recent evolutions in 2021 give indications that the impact of the COVID-19 pandemic will be smaller than expected at the end of 2020. With respect to (non-interest rate) market risk and non-retail credit risk, ABB remains little exposed to those wholesale risks after carving out the intermediation activity in 2020. This leads to a subdued impact of stressed market parameters on ABB's profitability and capital position.

The evolution of the **banking landscape** in Belgium is a material factor of business risk. Customer behaviour or customer expectations in their interactions with their banking partner are changing. While this is not so much a risk as a fact, the extent to which the change will materialize, or the speed, remains uncertain. The increasing use of technologies and the digitalisation of banking also imply dedicated attention to **information security, cyber-risk and e-fraud.** In addition, banks are also facing the **ESG (Environmental, Social and Governance) risk**, due a.o. to the negative consequences of climate change and the related transition risk.

The **regulatory and tax environment** significantly impact AXA Bank Belgium's activities. Changes in regulations or tax regimes can be highly impactful, especially given AXA Bank Belgium's simple business model, thus a concentration on a limited number of activities. As an illustration, the following regulatory measures in particular have affected retail banks that transform deposits into mortgage loans: (a) the legal lower limit of 11bps on Belgian savings accounts (despite the negative interest rate environment) or (b) the prudential measure of the NBB to increase the capital requirements for mortgage loans. Other examples of evolving regulations or standards are MREL-requirements (Minimum Requirement for own funds and Eligible Liabilities), Basel III finalisation, IFRS9 (International Financial Reporting Standards), EMIR (the European Market Infrastructure Regulation), MiFID II (Markets in Financial Instruments Directive), AMLD IV and V (Anti-Money Laundering Directive), GDPR (General Data Protection Regulation) and potential new regulation with respect to central bank digital currencies.

AXA Bank Belgium is particularly committed to implementing a zero-tolerance approach towards **misconduct and compliance risks**. To this end, AXA Bank Belgium rolls out a multi-disciplinary programme, combining training courses, certifications, controls, incentives or sanctions.

Overall, AXA Bank Belgium monitors and manages risks within the risk appetite framework set by the Board of Directors and according to the prescribed risk governance. More information is available in Chapter 4 of the annual report.

Covid-19 impact

Since March 2020, AXA Bank Belgium is, like all economic actors, impacted by the Covid-19 pandemic in its day to day operational way of working. As part of its crisis management, the bank therefore immediately took the necessary measures from an organisational, processes, governance and health and safety point of view to ensure full business continuity and, first and foremost, making the health and safety of its employees and customers its first priority. AXA Bank Belgium periodically tested that business continuity procedures were implemented: the level of digitalisation and our flexible way of working contributed to an effective implementation and will certainly continue to play an important role going forward. This crisis management mode was applicable for the major part of 2021 and ended in September 2021 when we switched to a BAU mode.

The high level of uncertainty resulted in an increase in expected credit losses in line with IFRS9 accounting standards at the end of 2020. In 2021, the expected credit losses are revised downward given the consensus that the impact on the quality of the credit portfolio is smaller than expected in 2020 as described in section 'Comments on the 2021 consolidated IFRS results – Provisions'.

We will continue to scrutinise the developments of the pandemic on the activities of the Company and remain vigilant for any risks which might emerge in the course of 2022.

Management bodies and corporate governance

COMPOSITION OF MANAGEMENT BODIES

Applicable until 31/12/2021

Board of Directors	Management Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
Jef Van In, Chairman				President	President
Peter Devlies	Chairman				
Philippe Rucheton (independent director)		✓	President		
Michael Jonker (independent director)			✓		✓
Patrick Keusters (independent director)		Chairman		✓	
Patrick Lemoine		✓	✓		
Marie-Cécile Plessix					
Benoît Claveranne (until 18.11.2021)				✓	✓
Emmanuel Vercoustre	Vice Chairman				
Peter Philippaerts	✓				
Jeroen Ghysel	✓				
Frank Goossens	✓				
Pieter Desmedt	✓				

Auditors: PwC Bedrijfsrevisoren BV / PwC Réviseurs d'Entreprises SRL, represented by Gregory Joos (accredited auditor)

AXA has the ambition to become the most inclusive company in the financial services industry worldwide. Therefore we are opposed to any form of discrimination.

Applicable as of 31/12/2021 after the closing with Crelan happened at the end of 2021:

Board of Directors NV Crelan:

MODIFICATIONS OCCURRING IN 2021 (until 31/12/2021)

BOARD OF DIRECTORS:

- Resignation of Benoît Claveranne as non-executive director on 18/11/2021

MANAGEMENT BOARD:

- NO

AUDIT COMMITTEE:

- NO

RISK COMMITTEE:

- NO

NOMINATION COMMITTEE:

- Resignation of Benoît Claveranne as non-executive director on 18/11/2021

REMUNERATION COMMITTEE:

- Resignation of Benoît Claveranne as non-executive director on 18/11/2021

COMPETENCE OF THE MANAGEMENT BOARD

The Management Board is created by decision of the Board of Directors and manages AXA Bank Belgium and all of its branches and subsidiaries.

The management board is a collegial decision-making body. The Management Board's role is to propose the corporate strategy to the Board of Directors and execute that strategy. The Management Board is responsible for managing the bank's operations. Its management is governed within the framework of the general policy defined by the Board of Directors. The Management Board operates under the supervision of the Board of Directors, which keeps the exclusive authority to determine the strategy and for all matters that are reserved exclusively to the Board of Directors by law.

Members of the management board (voting): applicable until 31/12/2021

- CEO (Chairman): Peter Devlies
- Deputy CEO/CFO (Vice Chairman): Emmanuel Vercoustre
- CRO: Pieter Desmedt
- Head of Customer Journey Invest: Peter Philippaerts
- Head of Customer Journey Daily Banking & Savings: Jeroen Ghysel
- Head of Customer Journey Credits: Frank Goossens
- Permanent invitees: Corporate Secretary of Management Board (secretary)
- Invitees: as required

Applicable as of 1/1/2022 after the closing with Crelan:

Executive Committee:

COMPETENCE AND INDEPENDENCE OF THE AUDIT COMMITTEE AND THE RISK COMMITTEE

This chapter is only applicable to the situation before 31/12/2021. The new set-up is integrated in the annual report of Crelan.

AXA Bank Belgium's Audit Committee is composed of Patrick Keusters, who chairs it, Philippe Rucheton and Patrick Lemoine. It is thus made up of a majority of independent individuals so that it meets the requirements of article 27, paragraph 1 of the law of 25 April 2014 relating to the status and monitoring of credit institutions.

Its members have collective competencies in the fields of banking, accounting and audit and at least one member has competencies in terms of accounting and/or audit.

The Risk Committee has been operational since 1 January 2015 and is composed of Philippe Rucheton (Chairman), Michael Jonker and Patrick Lemoine, all three being independent directors. Its members hold the status of non-executive directors.

Each of its members possesses the knowledge, competencies and experience required for understanding and identifying the bank's strategy and level of risk tolerance. On these subjects, they are called upon to advise the members of the Management Board and to assist them in their supervisory role for the Management Board’s implementation of the strategy.

Philippe Rucheton, Patrick Keusters and Michael Jonker meet each of the independence criteria set out in article 3, 83° of the law of 25 April 2014 relating to the status and monitoring of credit institutions.

In terms of competence, Philippe Rucheton has been appointed an independent director of AXA Bank Belgium since 24 April 2014. He is a graduate of the *École Polytechnique*, the *Institut Supérieur des Affaires* (Higher Business Institute) and of the Sorbonne. He was director and finance director of Dexia between December 2008 and March 2014. Before that, he worked at Société Générale as CFO for Newedge Group, a brokerage firm; as Vice-President of its Czech banking subsidiary between 1995 and 2002, as ALM director. He started his career at Louis-Dreyfus Bank and at BERD and was a director for 20 years of Bernard Controls, an industrial company. Philippe Rucheton therefore has very broad experience in the banking and investment fields, in general management and in financial management and control, both in Belgium and abroad.

Patrick Keusters was appointed an independent director of AXA Bank Belgium on 1 January 2016. He has a Law degree and a Master's degree in management from the Vlerick School. He started his career in 1985 at Citibank, where he specialised in Corporate Banking. He moved to Banque Degroof in 1992 where, in 2000, he became director and member of the executive committee. In 2002, he took on the role of managing director, first at Banque Degroof Luxembourg and then, between 2004 and 2015, at Banque Degroof Belgium. His responsibilities there covered Operations, Accounting, Compliance, Loans, Legal and Tax Affairs and Facilities. He was also president of the specialised banks section of Febelfin.

Michael Jonker was appointed an independent director of AXA Bank Belgium on 29 January 2018. Michael Eduard Jonker holds an MBA in Finance from the University of Oregon. He started his career in 1978 at ABN Bank, after which he joined Bank of America, before becoming Senior Account Manager at Paribas Netherlands. At ING, he acquired experience in departments related to credits. He carried out the duties of Global Head of Credit Risk Management there. From 2002 to 2016, he held the post of Chief Risk Officer and sat on the Executive Committee of ING Belgium. He has also accumulated experience as Chairman of the Supervisory Board at ING Lease Belgium and as member of the Board of Directors of Record Bank.

Patrick Lemoine was appointed as an independent director of AXA Bank Belgium on 1 January 2010. He is a Mining Engineer (EMSE), has a degree in Higher Accounting Studies, holds an MBA from INSEAD and is an actuary. He started his career in 1981 at Credit Lyonnais and has since acquired broad experience as technical director of non-life insurance and as a financial director in the insurance sector, both in France and Canada. He has recently been appointed Head of the AXA Group P&C’s operations Department.

Based on the above, the Board of Directors is able to justify the individual and collective competence of the members of the Audit Committee and the Risk Committee.

COMPETENCE AND INDEPENDENCE OF THE NOMINATION COMMITTEE AND THE REMUNERATION COMMITTEE

The Nomination Committee is made up of Jef Van In, Benoît Claveranne (until 18.11.2021) and Patrick Keusters.

The Remuneration Committee is made up of Jef Van In, Michael Jonker and Benoît Claveranne (until 18.11.2021). The Remuneration Committee was held 3 times in 2021.

Both committees are chaired by Jef Van In and are composed uniquely of non-executive directors. Each committee has an independent member who meets each of the independence criteria laid out in article 3, 83° of the law of 25 April 2014 relating to the status and monitoring of credit institutions.

For the competencies of the independent directors, Michael Jonker and Patrick Keusters, see above for the competencies described for the Audit and Risk Committees.

The chairman of the committees, Jef Van In, is a Commercial Engineer (K.U.L.) and holds an Executive MBA from Flanders Business School. After a national and international career at ING Bank, he became CEO of AXA Bank Belgium in 2011. In addition, in 2012 he was put in charge of AXA's life insurance business in Central & Eastern Europe. In July 2016, Jef Van In became CEO of AXA Belgium and, at the beginning of 2017, he became Chairman of the Board of Directors of AXA Bank Belgium. On the 29th of March 2019, Jef Van In was confirmed as member and Chairman of the Nomination and Remuneration Committees.

Benoît Claveranne is a graduate of the Institut d'Etudes Politiques in Paris. He holds a Master's degree in economics from the University of Paris. He joined AXA in 2009 as the Group's Director of European and Institutional Affairs, after having worked as a Director within the International Monetary Fund, the World Bank and the Ministry of Finance. From 2011 to 2013, he was General Director at AXA Prévoyance & Patrimoine, a network of exclusive AXA France agents. From 2014 to 2016, Benoît Claveranne was Director-General of the Life, Savings and Pensions Business for the Asia Region. In July 2016, he became the Group's Transformation Director and member of AXA Group's Executive Board. Since 1 December 2017, he has carried out the duties of Chief Executive Officer International and New Markets.

Consequently, the Board of Directors is able to justify that the Nomination and Remuneration Committees are made up in such a way as to allow them to make relevant and independent assessments, both on nomination and remuneration policies and practices, and on the workings of AXA Bank Belgium's administration and management bodies.

Remuneration policy

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All the members of the Board of Directors are considered as “Identified Staff” (Category 1). As a consequence, the principles set out under point 2 hereunder apply to them in full.

NON-EXECUTIVE DIRECTORS

For the remuneration of the independent, non-executive AXA Bank Belgium directors, their contribution to the work of the Board of Directors and of the committees within the Board of Directors will be considered. This is in accordance with the market standards.

The Directors concerned are reimbursed in the form of allowances and benefits in kind laid down by the Board of Directors for both the exercise of their mandates in the Board of Directors, and for their mandates in the committees which have been set up within the Board of Directors.

The mandate within the AXA Bank Belgium Board of Directors of the non-independent, non-executive directors who are part of an AXA Group entity do not entitle them to any additional compensation.

Non-executive directors do not receive any variable compensation.

EXECUTIVE DIRECTORS

The remuneration policy applied by AXA Bank Belgium rests on the AXA Group's remuneration policy, and is in accordance with the Law relating to articles of association and monitoring credit institutions of 25 April 2014, known as the Banking Act. The main objective involves aligning the principles and structure of AXA Bank Belgium’s remunerations with sound and efficient management of the company (including risk monitoring).

So as to guarantee conformity with the remuneration policy, this is regularly reviewed by the Remuneration and Governance Committee of the Group, and by the Remuneration Committee of the Executive Board concerned.

The policy concerning the remuneration of the directors should make it possible:

- to attract, develop, retain and motivate talent,
- to encourage and reward the best performance,
  - both on an individual and collective level, and
  - in the short, medium and long term
- to align the remuneration level with the results of the company,
- to guarantee adequate and efficient risk management.

- The Remuneration Guidance follows three main guiding principles:
    - the competitiveness and market consistency of remunerations,
    - coherence and internal equity, based on individual and collective performance, in order to ensure fair and balanced remuneration reflecting employees' individual quantitative and qualitative achievements and impact; and
    - the results and the financial capacity of the company.

REMUNERATION OF THE "IDENTIFIED STAFF"

"IDENTIFIED STAFF"

Taking into account article 67 of the law of 25 April 2014 on the status and supervision of credit institutions and the implementing decrees and the Delegated Regulation, and subject to additional criteria, the Board of Directors of AXA Bank Belgium has determined the scope of the Identified Staff as follows:

- **Category 1**: The members of the Board of Directors;
- **Category 2:** The members of higher management;
- **Category 3**: The staff members with a position that implies risk-taking determined in accordance with the Delegated Regulation and other regulations;
- **Category 4**: The control functions that are responsible for the operational independent control functions;
- **Category 5**: The staff members determined in accordance with the Delegated Regulation, whose total remuneration places them on the same remuneration level as the senior management and the persons with a position that implies risk-taking.

STRUCTURE OF THE REMUNERATION OF IDENTIFIED STAFF

The remuneration policy is structured in such a way that the total remuneration package is divided in a balanced way between the fixed component and the variable component.

The composition of the total package is designed so as not to encourage any excessive risk-taking. The fixed component of the total remuneration package is significant enough to reward the staff members for their work, seniority, expertise and professional experience and to guarantee a totally versatile variable remuneration policy, and notably the possibility of not paying any variable remuneration.

Fixed remuneration

Determining the fixed remuneration

The base pay of the Identified Staff is determined by taking into account the organisational responsibilities, as defined in the job description and the positioning in relation to the external benchmark.

Certain categories of Identified Staff receive a recurring role based allowance. They are allocated transparently, in a non-discriminatory way, on the basis of objective parameters and are not associated with or subject to performance criteria. In the event of changing position to a position not considered as Identified Staff, the person might no longer be entitled to the role based allowance.

The fixed remuneration can also include benefits in kind.

Evolution of the fixed remuneration

Decisions concerning the evolution of the fixed remuneration of Identified Staff are based on performance (sustainable job fulfilment) and the positioning in relation to the external benchmark.

Individual increases are granted, based on the following principles:

- equitable treatment;
- strict delegation rules; and,
- a systematic double control by the line management and the HR department.

Every performance year, AXA Bank Belgium determines the budget available for the evolution of the fixed remuneration of Identified Staff.

The results of AXA Bank Belgium's past performance year (compared with the objectives defined) will be a determining factor in setting the budget for the evolution of the fixed remuneration.

If AXA Bank Belgium’s statutory results of the past performance year are negative or significantly lower than the set objectives, or for reasons of legal restrictions, AXA Bank Belgium may decide to limit the budget to award those increases that are due based on legal and/or contractual provisions.

Variable remuneration

Determining the variable remuneration

The variable remuneration is determined within the limits of the available budget and depending on the local and/or professional market practices, the profits generated by the activity and the achievement of quantitative and qualitative objectives on an individual level and on the level of the bank and the business line, as well as the contribution to the risk management and the observance of the compliance rules.

Determining the bonus budget

Each year, AXA Bank Belgium defines the total available budget.

The bonus pool is determined on the basis of a decision process that is based on the business results as well as on the risk results. Checks & Balances are key in this respect.

The budget envelopes for variable remuneration are determined on the basis of:

- the results generated by the activity (annual bonus pool);
- the market and achievements, amongst others with regard to risk;
- the financial situation of AXA Bank Belgium, including the capital base and requirements and the liquidity;
- the realised profits; and,
- the profit expectation and long term expectation.

Each year, the bonus pools are determined in the course of the budget process by AXA Bank Belgium in consultation with the Finance and the General Management department under the surveillance and with approval of the Board of Directors upon advice from the Remuneration Committee. In doing so, account is taken of the direct input from Risk Management on the "cost of risk" (risk-adjusted performance) or equivalent risk measures, depending on the scope of the budget.

Only the results realised by the institutions within the AXA-group to whom CRD IV and the Banking Law apply are taken into consideration.

In the context of an ex ante risk adjustment, a risk analysis will be executed on the level of the enterprise and on the level of the business line or a particular section thereof, without prejudice to the evaluation on an individual level.

Variable bonus pools for supporting functions and integrated control functions are - by way of derogation from the above – determined independently of the performance of the business line that they validate or control.

In the event the entity performs poorly, the individual variable remunerations determined within the scope of the funding available will automatically be reduced proportionately.

(Individual) performance

The **performance of AXA Bank Belgium** is taken into consideration by means of the result of the STIC (Short Term Incentive Compensation) Grid. This "STIC Grid" consists of key indicators of activities and results with each receiving a certain weighting, and taking risk criteria into account.

The **(individual) performance** is measured by the achievement of (individual) financial and non-financial performance criteria, defined as:

- quantitative objectives (which are taken into account for at least 25% of the variable remuneration); and,

- qualitative objectives (general attitude, risk awareness, alignment with the interests of the customer, the employee and the shareholder).

They are measured over various periods of time (achievements on a yearly basis, but also on a multiannual basis) for the years to come by means of observed performances and individual assessments with regard to the fixed objectives.

These objectives are determined in accordance with a fixed system, whereby objectives are:

- determined based on the 'SMART' principle: Specific, Measurable, Assignable, Realistic, Time-related;
- determined by 'success criteria';
- balanced;
- validated by both parties; and,
- formalised in the 'YES Performance' performance document within the AXA Bank Belgium deadline.

The Individual Performance Plan applies to the Identified Staff in all business lines of the bank and consists of an individual part that is linked to the performance score, which takes into account the results and risk/risk management objectives.

Ratio fixed remuneration – variable remuneration

The variable remuneration of each Identified Staff is limited to the maximum of the following two amounts:

- 50,000 euro, without this amount being able to exceed that of the fixed remuneration
- 50% of the fixed remuneration

This restriction of the difference between the fixed remuneration and variable remuneration also applies for allocations of variable remuneration in case of exceedance of the objectives ('above target') or in case of extraordinary achievements.

Process of allocation and individualisation – individual assessment

Within AXA Bank Belgium, the performance of the team to which the Identified Staff belongs and his or her individual performance (performance is measured on the basis of the profit- and risk level with regard to that profit) is assessed (a compulsory **annual individual assessment** carried out by the line manager) on the basis of at least the following elements:

- qualitative accomplishments in relation to the objectives set;
- professional behaviour with regard to the values, compliance requirements and procedures applicable at AXA Bank Belgium, and aligned with the values and the leadership attitudes of the Group ("AXA Leadership Framework");
- contribution to risk management, including operational risk;
- the managerial behaviour of the person where appropriate.

The Board of Directors, on the advice of the Remuneration Committee, will carry out an additional assessment for all members of the Identified Staff taking into account:

- the contribution to the permanent control framework of the Bank;
- the involvement with material risks and subsequent decisions;
- any incidents that have occurred during the year and the corrective actions taken by the individual or his managers.
- This assessment may lead to an impact on the variable remuneration.

The assessment will be executed as much as possible with predetermined and applicable formulas and rules regarding the assessment. Score cards or other equivalent methods will be used for this purpose, whereby from 2017 onwards a formal evaluation will take place with regard to:

- compliance-criteria;
- a sound risk management.

The level of achievement of every objective and of the relevant leadership attitudes will be indicated amongst others on the score card by a score and concrete remarks. In addition, an overall score (on WHAT and HOW) and a total performance score will be attributed with a qualitative motivation in the relevant comment fields.

Depending on the realised quantitative and qualitative objectives, proposals for decisions will be determined.

Payment of the variable remuneration

In accordance with the Banking Act, at least 40% of the variable remuneration (up to 60% for the highest variable remuneration) is granted in the form of **deferred variable remuneration**, and at least 50% of the variable remuneration must be paid in “**financial instruments**”.

This manner of remuneration, supported by employees’ long-term profit-sharing, allows a significant part of the variable remuneration to be deferred, all in accordance with the requirements of laws and national and international regulations, and the requirements of national and international regulators.

Conditional cash

The 50% in “financial instruments” will be paid as “conditional cash”.

To ensure the differentiation with cash variable remuneration, the conditional cash is subject to a retention period and targets after the retention period set in relation to

- Solvability (lower limit 2021: 10.75%), liquidity (lower limit 2021: 100%) & leverage (lower limit 2021: 3%
- A retention period of 1 year (as from grant/vesting) before the conditional cash payment will be effectively made.

This leads to the following payment scheme:

ASSUMPTIONS	
Performance year	Year N
Upfront	60%
Deferred	40%
Spread over (years)	5
Cash	50%
Conditional Cash	50%

	Year N	Year N+1	Year N+2	Year N+3	Year N+4	Year N+5	Year N+6
Upfront							
Cash	30%						
Conditional cash		30%					
Deferred							
Total deferred granted		8%	8%	8%	8%	8%	
Cash		4%	4%	4%	4%	4%	
Conditional cash			4%	4%	4%	4%	4%
Total cash-flow profile	**30%**	**34%**	**8%**	**8%**	**8%**	**8%**	**4%**

Exception for variable remuneration below 75,000 euro and above 200,000 euro

The BNB's current administrative circulars authorise an exception to this rule for members of the Identified Staff whose variable remuneration is lower than 75,000 euro. This exception has been applied.

Variable pay above 200.000 euro will be deferred for 60%

Malus and Clawback framework

The Bank's malus and clawback provisions allow the Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted or the already paid/vested variable remuneration recovered in certain situations.

AXA Bank Belgium will reduce the parts of the variable remuneration that are not yet acquired and paid of all (possibly former) Identified Staff (malus) if AXA Bank Belgium has a decreased or negative financial return on investment or if one of the following situations is discovered:

- the Identified Staff does not comply with the applicable standards of expertise and professional integrity;
- the Identified Staff is involved with practices that have led to considerable losses for AXA Bank Belgium or is responsible for such practices;
- the Identified Staff is involved with a special mechanism that has as its purpose or effect the promotion of fiscal fraud by third parties;
- any circumstance that implies that the payment of the variable remuneration constitutes an infringement of the good remuneration practices of AXA Bank Belgium or of the risk management strategy or of its limited to medium risk profile.

AXA Bank Belgium will reclaim the variable remuneration that is already paid or acquired from all (possibly former) Identified Staff (clawback) if AXA Bank Belgium has a decreased or negative financial return on investment or if one of the following situations is discovered, and this within three years following the payment or, if the case may be, the acquisition of the variable remuneration:

- the Identified Staff does not comply with the applicable standards of expertise and professional integrity;
- the Identified Staff is involved with practices which have led to considerable losses for AXA Bank Belgium or is responsible for such practices;
- the Identified Staff is involved with a special mechanism having as purpose or effect the promotion of fiscal fraud by third parties

The use of a reduction (malus) or reclaim (clawback) needs to be appropriate. In case of attribution of variable remuneration in the context of a change of control or structure (e.g. merger), that is not based on performances, but on a condition of presence (e.g. retention bonus), the use of a reduction (malus) or reclaim (clawback) based on the situation of reduced or negative financial return of AXA Bank Belgium or an operating unit is only considered appropriate if the Identified Staff has contributed in a significant way to the reduced or negative financial return.

In case of dismissal for misconduct (or for employees that have already left AXA Bank Belgium or its affiliated enterprises, the conduct that would have led to a dismissal if it were discovered while the staff member was still employed) and particularly when there is a breach of risk management procedures or a breach of the compliance or conduct rules or dissimulation or an action that resulted in a distortion of the conditions under which the variable remuneration which was initially allocated were set, all or part of the rights to the deferred parts of the initially allocated variable remuneration shall immediately be lost (“malus”) and all elements of variable remuneration already paid shall possibly be reclaimed (“clawback”). This principle will be entered into each plan that will be submitted to an Identified Staff member for approval.

Specific rules relating to variable remuneration of Identified Staff employed within Treasury investment management

The variable remuneration pool is determined every year, based upon internal and external benchmarks. The pool is impacted by the achievement of AXA Bank Belgium’s targets and also by the achievement of the targets of the Head of ALM Treasury & Lond Term Funding. The distribution of the pool among the employees concerned is at appreciation of the management, and is based on the achievement of the individuals’ respective quantitative and qualitative objectives set at the start of the year, including the strict respect of risk limits and controls.

Specific rules relating to variable remuneration of independent control functions

The above mentioned principles of remuneration are similar for category 4 of the Identified Staff, namely persons occupying independent control functions (and including the Chief Risk Officer); with the following exceptions:

- AXA Bank Belgium’s performance is not taken into account for determining variable remuneration effectively paid.

- Non-deferred variable remuneration is wholly and exclusively determined based on specific individual criteria associated with the position (individual performance).

COMPENSATION IN THE EVENT OF CONTRACT TERMINATION

Without prejudice to the application of legal and regulatory provisions and agreements binding the company, severance payment that might be agreed with a person affected is determined so as not to reward failure or irregular behaviour.

For salaried members of staff, AXA Bank Belgium undertakes to respect the application of the legal provisions.

If an agreement relating to the granting of severance pay is concluded with a non-salaried director, the total of the payments granted shall not exceed 12 months of fixed and variable remuneration. An opt-out clause is only possible on the condition of a reasoned opinion from the Remuneration Committee and prior approval from the General Meeting.

GOVERNANCE OF THE REMUNERATION POLICY

AXA Bank Belgium has a long-term remuneration plan, the rules of which are determined by the remuneration policy. These rules may be adapted regularly, notably depending on decisions taken at the level of the AXA Bank Board of Directors and the evolution of the (inter)national regulatory framework.

The Executive Board has decision-making competence concerning the establishment of the remuneration policy and decision-making relating to the individual remuneration of the persons affected. In this domain, it is assisted by 2 committees: the Remuneration Committee and the Risk Committee.

The Remuneration Committee actively contributes to implementing the remuneration policy. It consists of non-executive directors, at least one of whom is independent within the meaning of the Companies Code. It is composed so as to allow it to exercise pertinent and independent judgment on remuneration policies and practices, and on the incentives created regarding the control of risks, equity requirements and the liquidity position.

The work of the Remuneration Committee consists in proposing, in the form of advice and in accordance with the remuneration policy, decisions to be taken by the Executive Board relating to remuneration principles and procedures. It is also entrusted with preparing decisions to be taken by the Executive Board, taking into account the repercussions on the company's risk and risk management, on the one hand, and the long-term interests of shareholders, investors and other stakeholders in the institution, on the other, as well as the public interest.

The remuneration policy may be revised by decision of the Executive Board on a proposal from the Remuneration

Committee at any time, and notably in the event of legislative amendment associated with labour, accounting and tax law, as well as in the event of the rules of governance changing.

Its implementation is subject, at least once a year, to an internal assessment aiming to verify whether it respects the remuneration policies and procedures adopted by the Executive Board. If need be, the Remuneration Committee will make any necessary adaptation proposals.

The Risk Committee, consisting of non-executive directors, at least one of whom is independent within the meaning of the Companies Code, examines whether the incentives provided by the remuneration system take into account the appropriate manner of risk control, equity requirements and the liquidity position of AXA Bank Belgium, as well as the probability and staggering of profits, so as to ensure sound and efficient management of risk, preventing risk-taking exceeding the level tolerated by AXA Bank Belgium.

QUANTITATIVE INFORMATION ON REMUNERATION AWARDED TO IDENTIFIED STAFF FOR THE FINANCIAL YEAR 2021

Total Remuneration of Identified Staff in 2021 (Excluding non-executive board members compensation)

The quantitative information set out below concerns the remuneration awarded for the year 2021 to Identified Staff within the meaning of CRDIV and the Belgian banking law, but does not reflect remuneration awarded to other employees:

Business Area*	Number of People Concerned	Amount of Total Compensation	Amount of Fixed Remuneration	Amount of Variable Remuneration Awarded
CEO & Deputy CEO	6	**€ 2 684 483**	**€ 1 889 267**	**€ 795 217**
Affluent & Distribution	2	**€ 668 945**	**€ 452 432**	**€ 216 513**
Credits & Customer Care	4	**€ 1 038 757**	**€ 737 394**	**€ 301 363**
Risk & Compliance	5	**€ 954 043**	**€ 773 422**	**€ 180 621**
Retail & Transformation	2	**€ 655 376**	**€ 468 305**	**€ 187 071**
Total	19	**€ 6 001 604**	**€ 4 320 819**	**€ 1 680 785**

*The business areas are based upon the customer journey business model of AXA Bank

Structure of the variable component of remuneration

		Fixed remuneration	Variable remuneration	Sign-on bonus	Severance payment		
					Paid	Awarded	Highest awarded
Executive Board Members	Amount (euro)	2 494 815 €	1 152 512 €	€ -	€ 1 185 828	€ -	€ -
	# people concerned	6	6	0	3	0	*0*
Higher management	Amount (euro)	€ 1 063 172	€ 348 073	€ -	€ -	€ -	€ -
	# people concerned	7	7	0	0	0	*0*
Other Identified Staff	Amount (euro)	€ 762 832	€ 180 200	€ -	€ -	€ -	€ -
	# people concerned	6	6	0	0	0	*0*
Total	Amount (euro)	€ 4 320 819	€ 1 680 785	€ -	€ 1 185 828	€ -	€ -
	# people concerned	19	19	0	3	0	0

	Forms of variable remuneration (awarded)				Outstanding deferred remuneration		Deferred remuneration		
	Cash	Shares	Share linked instrum	Other types(*)	Vested	Unvested	Awarded	Paid out	Reduced
Executive Board Members	€ 611 256	N/A	N/A	€ 541 256	€ 290 405	€ 636 247	€ 557 235	€ 238 557	€ -
Higher management	€ 348 073	N/A	N/A	€ -	€ 35 762	€ 53 130	€ -	€ -	€ -
Other identified staff	€ 180 200	N/A	N/A	€ -	€ 50 105	€ 26 542	€ -	€ -	€ -
Total	€ 1 139 528	€ -	€ -	€ 541 256	€ 376 272	€ 715 918	€ 557 235	€ 238 557	€ -

*Conditional Cash

Number of MRT employees whose total remuneration for 2021 exceeded 1 million euro

Total compensation	Number of MRTs for the year 2021
Between 1 million euro and 1.5 million euro	1
Between 1.5 million euro and 2 million euro	0
Between 2 million euro and 2.5 million euro	0

Directors with external mandates

AXA senior manager as from 31/12/2017	Position at AXA Bank Belgium (ABB)	Company where the external mandate is carried out	Registered office	Business sector	Registration on regulated market	External position held	List of shareholders with more than 5% ABB
Patrick Keusters	Independent director and Chairman of the Audit Committee	Tribeca AIFM	Avenue Louise 65 boîte 12 1050 Brussels Belgium	Investment company	No	Non-executive director, Chairman of the Board	No
		Orcadia Asset Management SA	13, rue de l'Industrie, L -8699 Windhof GD Luxembourg	Investment company	No	Non-executive director	No
		Stoll Security SA	Z.A.R.E. Ilot Ouest L 4384 Ehlerange Luxembourg	Security	No	Non-executive director, Chairman of the Board	No
Philippe Rucheton	Independent director and Chairman of the Risk Committee	Bernard Controls SA	4, rue d'Arsonval BP 76091 95505 Gonesse France	Electrical and mechanical	No	Non-executive director	No
		Société générale SFH	17 cours Valmy 92800 Puteaux France	Housing financing company	No	Non-executive director	No
		Société générale SCF	17 cours Valmy 92800 Puteaux France	Mortgage company	No	Non-executive director	No

Sustainability

AXA Bank Belgium (ABB) promotes the values of a society where sustainability and corporate responsibility are a central component of everything that we do. In this context, ABB recognises the role that it has to play as a credit institution with respect to the environment, social and governance (ESG) related matters.

Governments, international organisations and regulators have increasingly started to focus on ESG and the integration by financial market participants of ESG within their strategy, business model and risk management framework. In 2015, the United Nations published its 2030 Sustainable Development Goals (SDGs). While the UN SDGs focus on general sustainability topics, the UN also adopted a legally binding international treaty on climate change in December 2015 (the Paris Agreement). Its goal is to limit global warming to well below 2 degrees Celsius, and preferably below 1.5 degrees compared to pre-industrial levels. To achieve this long-term temperature goal in Europe, the EU presented its European Green deal in 2019, which sets out how the EU intends to make Europe climate neutral by 2050. ABB, as an important financial intermediary within the Belgian financial sector, recognises its role within society with respect to sustainability and corporate responsibility. Therefore, the bank has integrated sustainability and corporate responsibility within its business model, the strategy of the bank and the risk management framework.

Until 2021, ABB was part of a worldwide insurance group and contributed to AXA Group's ambitious goals and key performance indicators while still acknowledging the specific banking context in which it operates. On 31/12/2021, AXA Group completed the sale of ABB and ABB became part of the Crelan Group. Due to the recent nature of the closing, the next section still describes ABB's sustainability policy as part of the AXA Group. ABB and Crelan will work on a joint sustainability strategy and governance in the course of 2022.

ABB has set out a bank-wide strategy which embraces sustainability and corporate responsibility via the integration of key performance indicators on ABB's own operations: starting from the base year 2019, ABB wants to decrease its own CO_2 footprint (measured as the sum of the CO_2 footprint stemming from power, transportation (car fleet and business travel) and paper by 26% towards 2025.

ABB also strives to improve the environmental impact of its financed activities (investment products and credits): it has expanded its offering of green retail products and has set key strategic targets on these financed activities. ABB wants to increase its current offering of ESG investment funds to its customers to reach 60% of new production and 30% of total AuM as sustainable by 2025 (measured via the Belgian towards sustainability Febelfin label or the French ISR label). In addition, ABB wants to increase its offering of retail credit products in comparison to its overall credit production, starting with consumer loans: Eco car loans target of 20% (compared to all vehicle loans) and loans for sustainable renovation 56% of all renovation consumer loans by 2024.

In 2021, ABB has stepped up a gear in terms of sustainability and has successfully integrated ESG in its way of doing business. However, the path to the EU's goal of CO_2 neutrality by 2050 is still long and will require a serious effort from all market players. Therefore, ABB has the ambition to continuously improve its impact on sustainability. ABB has set up a multi-year plan which will make it possible to further embed ESG in its business model and to better quantify and monitor environmental risks.

Business Environment & Strategy

ABB regards sustainability and corporate responsibility as a central component of its business model. Therefore, ABB has analysed and defined a strategy based on the business environment in which it operates.

ABB strives to reduces its own carbon footprint and address the climate risk of its core business of providing credits and investments to customers, both in the fight against the causes of global warming and in adaptation to its consequences (mitigation and resilience).

ABB is also committed to being a responsible employer, striving to keep employee engagement at the heart of its strategy and to create a workplace inspired by its values that fosters diversity and equal opportunity for all, promotes engagement, encourages professional development and supports employee well-being.

ABB's strategic positioning has been defined in 2021 as being part of the worldwide AXA Group. ABB set its strategic position and Key Performance Indicators (KPI's) in line with the ambitious target of AXA Group, while still considering the banking environment in which it operates. At the end of 2021, AXA Group successfully sold ABB to Crelan. The strategy set out below is that of ABB as part of the global AXA Group. ABB and Crelan will work on a joint sustainability strategy and governance in the course of 2022.

Climate Change

While ABB contributes to AXA Group's overall environmental strategy, ABB should recognise its unique position of a credit institution within an insurance group. Therefore, the strategy should go beyond the strategy of the Group (which is insurance driven) and deep dive into the specific impacts given the business model of the bank.

Climate related risk and opportunities

Climate change can pose a risk to the bank and its customers through the physical effects of climate change such as floods or storms. Aside from the physical risk, ABB is also exposed to transition risk, which is the risk that arises from the transition to a climate resilient economy.

Inversely, financial institutions also have an impact on the climate. ABB has a direct impact through the CO_2 emissions of its own operations (e.g. office building) and an indirect impact through its financed activities (credits and investments). This gives ABB the opportunity to reduce its direct and indirect impact on the climate and contribute to climate change mitigation and adaption. On the one hand, ABB can reduce its direct carbon footprint by lowering the emissions of its own operations such as the office building or car fleet. On the other hand, the bank can contribute to climate change mitigation or adaption through its financed activities. More specifically, ABB can offer green loans to retail customers to improve the energy efficiency of their houses and to professional customers to reduce the carbon footprint of their businesses. ABB can also stimulate green investments by providing a sustainable investment offer to its customers.

Therefore, ABB has set targets on its own operations and on its financed activities. Currently, the focus of the bank is on the business lines that are the most materially impacted: the Credits department (via the offering of sustainable loans to ABB's customers) and the Invest department (via the offering of sustainable funds).

Strategy and impact on own operations

ABB is committed to reduce the environmental footprint of its own operations, more specifically it has set targets on the emissions originating from its office building, transportation, and paper use.

In line with the AXA Group targets, ABB aims to reduce its total CO_2 emissions by 26% by 2025 (base year 2019). These targets are based on the approach promoted by the "Science Based Targets" (SBT) initiative, which AXA joined in 2015. According to the SBT, targets adopted by companies to reduce greenhouse gas emissions are considered "science-based" if they are in line with the latest climate science expects from companies to meet the goals of the Paris Agreement to limit global warming to well-below 2°C above pre-industrial levels.

The table below shows the current CO_2 emissions of ABB's own operations and the targeted reduction by 2025. The sections below set out the different initiatives ABB has taken or will take over the next years in order to reduce the carbon footprint of its own operations.

	Impact expressed in units			Impact expressed in Ton eq. CO2 emissions		Target
	Unit	EOY 2019	EOY 2020	EOY 2019	EOY 2020	2019 - 2025
Power (Gas & Electricity)	MWh	3,376	2,592	517	378	-34%
Transportation	km	4,872	2,829	581	324	-25%
Paper	kg /FTE	50	27	36	19	-26%
Total				**1,134**	**721**	**-26%**

Table 1 – Own operations: CO_2 emissions and targets

Energy Use

ABB tracks its power consumption per energy source used as well as the corresponding CO_2 emissions resulting from the energy used.

The office building in Berchem uses both natural gas and electricity for its power use. ABB measures the power use by computing the amount of KWhs spent per year. This amount is multiplied by the CO_2 intensity of the power type in order to arrive at a tonne-equivalent CO_2 amount. ABB plans on reducing the power CO_2 t. eq. amount by 34% (compared to base year 2019).

Note that part of the Berchem building is sub-leased and that a large part is also being used by other companies. Therefore, ABB uses the square meters occupied by ABB itself in order to attribute the power consumption.

ABB is discussing the following potential initiatives in 2022 to reach this target by 2025:

- Optimisation of office space;
- Installation of solar panels on its headquarters in Berchem;
- Purchase of green electricity certificates;
- Preparation for zero-net emissions via:
    - The performance of a BREAAM or ECP study. Although the direct impact on CO_2 emissions is hard to quantify, the result of the study should lead to a multi-year roadmap with a list of concrete actions that can be taken in order to reduce power use;
    - The performance of a lighting study in order to replace TL and PL lights by LED lights;
    - A study of renewable power generation options.

Transport

ABB measures both the amount of kilometers spent on business travel (via air plane or via train) and the kilometers spent by the AXA vehicle fleet. The vehicle fleet is divided into groups based on the CO_2/km emitted by the type of car. The amount of kilometers is multiplied by the CO_2 intensity of the vehicle, in order to arrive at a tonne equivalent CO_2 amount. ABB plans on reducing its total CO_2 impact coming from transportation by 25% by 2025.

ABB plans on reaching this goal by deciding on potential initiatives:

- ABB is executing its smart working policy. Before the start of the Covid-19 crisis, ABB's employees were allowed to work from home on 2 days per week. This policy has been updated, removing constraints on home working, but moving towards a smart working (combination of home working and work at the office) format based on agreements made on the level of each team. In practice, this has led to an increase in working from home and therefore also a decrease into kilometers per year of ABB's vehicle fleet;
- Updating the mobility policy which makes it obligatory to use the train for short-term business travel;
- Increase the offering of electric vehicles. Given that the Belgian government will be granting a tax relief on electric vehicles by 2026 and that traditional vehicle deduction will no longer be allowed as from 2028, there is a fiscal incentive to update the car policy and focus on electric vehicles only. This will change the distribution of CO_2 intensity of ABB's vehicle fleet towards a low CO_2 intensity and therefore also reduce the CO_2 emissions.

Paper use

ABB measures both the amount of office paper used as well as the paper used for marketing and distribution purposes. A number of measures have already been taken in 2019 and 2020 which has effectively reduced paper use by ABB. Note that the CO_2 amount linked to paper use is significantly lower when compared to power and transportation.

Other

There is no separate action plan with respect to waste and water, however water consumption and waste should also be positively affected by reducing office space.

Strategy and impact on portfolios and activities

The figure below shows the relative constitution of the balance sheet of ABB as a credit institution. The ABB business model is structured around one core business line: Belgian retail activity. ABB is primarily a retail bank, focusing on retail funding and lending, i.e. servicing customers in their financing needs and facilitating savings and invest possibilities.

ABB's Belgian retail activity and balance sheet consists to a large extent out of retail loans and customer deposits, thus a significant part of ABB's revenue is derived from transformation result. ABB's strategy is to increase its effort and focus in accompanying the retail customers by providing solutions in the form of investment advice and the right product for the right customer. As well as by enhancing professionalism in the network of the group of Professional Masters (agents with a professional loan expertise), ensuring better attraction of new customers and general awareness. In the end, this results in more efficiency and profitability through decentralised decision-making and personalised pricing.

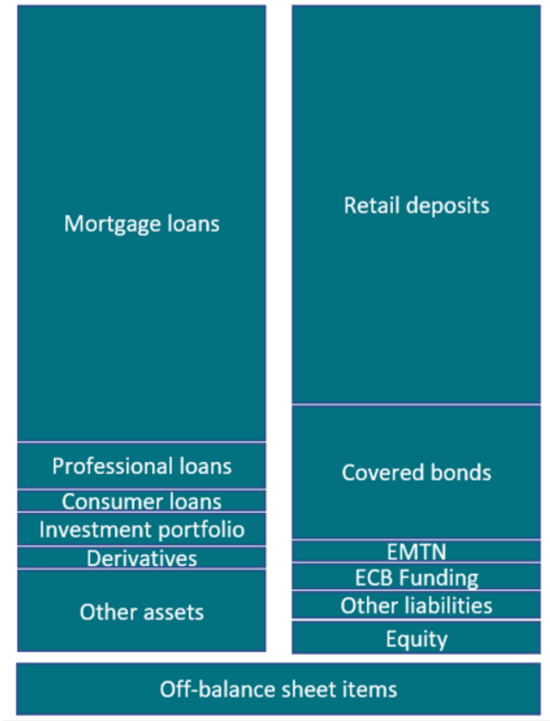

Figure 1 – ABB's balance sheet

Retail lending

As a significant part of emissions of greenhouse gas emissions stem from the housing and transportation of households, banks play an essential role in the reduction of these emissions by providing funding to households. These loans will allow households to improve the energy efficiency of their houses and will allow them to buy less polluting vehicles. Secondly, banks will also have an important impact by providing funding to corporates which contribute to climate change mitigation or adaptation.

ABB can promote green lending in two manners: by raising awareness about green investments among its customers and by providing a green lending product offer.

To stimulate customer awareness, ABB publishes blogs about energy-efficient housing or electric vehicles on its website. A survey conducted by ABB in 2019 shows that customers do not feel sufficiently informed about energy-efficient housing. Therefore, the bank has taken it upon itself to inform customers about the importance and possibilities of energy-efficient housing through the partnership with 'iedereenBEN' (initiative of the Flemish government) or 'construire Q-Zen' (initiative of the Walloon government). BEN and Q-Zen are abbreviations of respectively 'Bijna Energie Neutraal' and 'Quasi Zéro énergie', both meaning Nearly Zero Energy Building

(NZEB). According to the European EPBD (Energy Performance of Buildings Directive), every new home built in Europe must be a NZEB by 2021. The aim of the government initiative BEN and Q-Zen is to demonstrate to people with the intention of building a new house or apartment what the NZEB exactly entails, what it can mean for them and how they can meet the standards. ABB is a direct partner of BEN and Q-Zen and thus informs customers about the possibility of financing those investments. To keep the green lending products top of mind among customers, ABB launches 1 or 2 campaigns a year to promote the Eco car loan and the Energy@Home.

Within ABB's product offer, two 'green' consumer loans are available. Those loans offer a lower interest rate because of the green investment performed by the customer. The Energy@home can be extended for an energy efficient renovation and the Eco Car loan is used for specific climate-friendly vehicles. ABB has put in place a KPI for these two loans:

- Eco Car loan target of 20% by 2024 (compared to all vehicle loans). It is expected that growth will come from an increasing demand for electric vehicles. In the next couple of years, ABB expects that a large share of the vehicle market will still be combustion engine cars, given the price difference with electric vehicles and given that most of the car manufacturers are not yet ready for a 100% electric car offer;
- Share of Energy Efficient renovations (Energy@Home) in Total Renovation Consumer Loans at 56% in 2024. The growth is expected to be rather limited compared to the current level of approximately 50%:
    - The share of 'Energy Efficient renovations' in 'total renovations' via consumer loans is already quite high (50%). Additionally, there was no further 'natural' growth in 2021 relative to 2020.
    - ABB's current market share in 'Energy Efficient renovations' is about 10-11% (which is higher than our mortgage loan market share);
    - Growth in Energy@Home might be cannibalised by initiatives in the Mortgage Loan product offering (to be developed).

With regard to mortgage loans, ABB also participates in the Flemish Renovation loan, an initiative of the Flemish government.

The strategy of professional loans is in line with the overall strategy of the bank. Today in the Belgian market, limited green financing opportunities exist to date for professional activities or investments. Since May 2021, ABB revised its Credit Policy on professional loans however, to take into account the environmental sustainability of a potential borrower upon performing the creditworthiness assessment. The aim of this initiative is to create awareness of the possible impact of the transition to a more sustainable economy on certain companies. Specifically, this means that, should a professional customer potentially be impacted by transition or physical risks, it has to be clearly motivated and detailed why a loan has been granted.

ABB will further develop its sustainable retail loan strategy in early 2022. This involves analysing whether or not new KPIs should be set, new products should be offered, certain sectors should be incentivised and potential incentives to the agent network with respect to sustainable loans.

Off-balance sheet activity

ABB's overall strategy aims at a successful growth in its fee business (via its Invest offer to customers). In Belgium, ABB offers an extensive range of financial products to retail customers, self-employed professionals and small companies. Therefore, it relies on a network of exclusive, independent bank agencies and independent credit brokers. The bank agents typically also have an independent insurance brokerage activity and hence also support the sale of insurance products of AXA Belgium and AXA Investment Managers' products. The product range is easy to understand and covers all elementary banking needs. For investment funds, ABB applies an advice model, with a main focus on AXA Group funds.

ABB's Customer Journey Invest applies AXA Group's investment policy regarding ESG risk. This implies certain restrictions on non-sustainable industry investments:

Coal mining and coal-based energy production*	Palm oil production*
Oil sands production and oil sands-related pipelines*	Food ("soft") commodities derivatives
Tobacco manufacturing	Controversial weapons manufacturing*
Oil extraction in Artic region	Other ad hoc names raising reputational issues*

Figure 2 – Excluded sectors

ABB promotes sustainable investments by offering a range of sustainable investment funds. Investment funds are considered 'sustainable' if they are covered by either the 'Belgian towards sustainability label' or the 'French ISR label'. Under this definition, 20.2% of the 2021 production, and 17% of total AuM can be considered sustainable.

ABB has set a KPI on its green investment offering: 60% of new production and 30% of total AuM should be sustainable (based on the ABB definition) by 2025. Going forward, ABB will closely follow up new regulations, as the possible introduction of an EU Ecolabel for financial products could have an impact on ABB's invest offer.

Social and Corporate Governance

Social Information

AXA is constantly working on being a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this ambition has meant creating a workplace built on AXA's values, which foster diversity and equal opportunities for all, promote employee participation, encourage professional development and support employee well-being.

Employee relations and work conditions

Maintaining sustainable and responsible employer practices and fostering social dialogue and work conditions are priorities at AXA. Over the past years, AXA, as a mature organisation, implemented processes and instances that let the social dialogue and work conditions develop in its different entities globally.

- A continuous and established social dialogue: AXA is a United Nation Global Compact signatory and is committed to upholding the right to freedom of association and collective bargaining. AXA is also an Organization for Economic Cooperation and Development Global Deal signatory aiming at fighting against inequalities, sustaining social dialogue and promoting a more regulated and sustainable globalization. Moreover, labour-management communications and social dialogue pave the way for the stability required to implement the Group's business development strategy. Each AXA entity, therefore engages with staff and/or their representatives for communication on a regular basis. AXA has also set up a European Works Council (EWC), whose extensive role goes beyond regulatory requirements;
- Engaging people and building a feedback culture: AXA is committed to building an environment where the voices of employees are heard, and actions are taken to ensure they remain engaged. AXA uses the short and focused Pulse survey approach to measure its culture and quickly identify areas of improvement;
- Responsible work conditions respecting work-life balance: Offering an inspiring and inclusive work environment plays a significant part in AXA's overall employee value proposition. As a responsible employer making sure that everyone feels valued and empowered to contribute to the Group's success, AXA has also implemented programmes on preventing stress at work and promoting mental health and well-being. The Group is also working on building an inclusive workplace environment through the Smart Working approach: an environment that sustains different forms of flexible work arrangements (teleworking, part-time work, hot desking, desk sharing, flexible hours, compressed work week) and respects work-life balance;

- Secured and processed work conditions: standards are implemented across AXA on the topics of physical security, health, safety and crisis management, making it possible to create a consistent approach in all entities, based on the locally identified risks.

Learning environment and skills management

In an unpredictable business environment, with the emergence of new risks and competitors, AXA needs to ensure that its business, organisation and people are ready to face new challenges. The insurance and banking sector is changing fast as technologies and customers' expectations disrupt the market. Therefore, business and support functions need to constantly adapt to the environment, which opens plenty of opportunities for AXA people to enhance their skills-set. Learning is more than a key lever to enable employees to grow and develop the skills of the future. A lack of career, skills and talent management, in a highly-competitive environment, could impact AXA's competitiveness.

- Talent and skills management framework: A standard performance management process has been set up at ABB. Through the Organization and Talent Review (OTR) that is in place since 2005, AXA performs a systematic review of the organisation structure required by its current business and its future needs. OTR is the review of the senior leadership roles in all AXA markets and functions;
- Global learning and development offer: ABB's learning and development function is dedicated to the progressive transformation of AXA into an adaptive and self-learning organisation. The vision of ABB is to help people to continuously learn at any time of their workday, individually and collectively, and to foster new ways of learning: to learn continuously in order to thrive in a constantly changing environment. This ambition is supported by a dedicated digital ecosystem easily accessible on any device;
- Mobility: ABB established mobility policies and processes which allow people to move within the company and thereby help ABB better source the right people for its business needs.

Diversity and inclusion

To tackle tomorrow's challenges, AXA aims at setting and enriching an environment and culture which values diversity and inclusion, for all employees. AXA's workforce should reflect the diversity of the markets in which AXA operates, and the middle and top management play a central role in reaching those objectives. Indeed, AXA Group is convinced that diversity and inclusion management are key levers to breed talent and innovation within the organisation and to remain a top player of the market.
As diversity and inclusion are recognised as important drivers to breed talent and innovation, attract and retain the best talents and remain the preferred employer of the market, AXA promotes diversity through its recruitment, learning and development and talent management processes. AXA Group has developed a Diversity and Inclusion (D&I) policy and ambitious commitments to drive initiatives, including public commitments, linked to our Group D&I priorities. AXA's leaders act as advocates for those commitments and are committed to supporting the Group to:

- Reach gender balance across all levels of the organisation;
- Raise awareness on disability;
- Maintain the momentum on the inclusion of the LGBT community;
- Embark our senior executives as advocates for D&I.

Business behaviour

AXA is committed to conducting its business according to high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where AXA operates, to earn the continued trust of our customers, shareholders, employees and business partners, but also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

Business ethics

AXA's Group Compliance and Ethics Code seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, anti-bribery and corruption, insider trading, management of confidential information, etc. To prevent this risk of bribery and corruption, AXA Group has introduced a Group ABC Policy that establishes minimum standards for ABC that must be implemented by AXA entities.

Consumer protection regulations have become an increasingly important area for the financial services sector and AXA has taken significant action to comply with these requirements in each of its businesses operating in the EU. Similar regulatory developments regarding business conduct are also taking place in many other parts of the world in which AXA operates and similar measures are in place to respond to those and to share experience between businesses facing similar challenges. Compliance risks, specifically business conduct risks, are assessed on an annual basis and the results and any necessary mitigation actions are developed and shared with senior management. Internal control processes have been developed to ensure controls are effective and cover entities' own operations and those of proprietary sales channels.

Responsible data use and privacy

In line with AXA's sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure customer data is protected.

AXA has implemented a Group Data Privacy policy with the following objectives:

- To ensure that AXA entities adequately protect the personal and sensitive data of customers and other persons obtained during their business activities;
- To minimise the risk of AXA entities breaching applicable data privacy and protection laws (e.g. EU General Data Protection Regulation - GDPR).

Responsible procurement

Translating AXA's CR strategy and commitments into its management of vendors is a continuous activity for AXA. This alignment means AXA includes CR topics to select and monitor its providers. This approach revolves around two axes:

- Responsible People & Processes: all the AXA professionals working in a procurement department, in addition to the Group's Code of Professional Conduct, must sign a dedicated and reinforced Code of Ethics which promotes fairness and neutrality, confidentiality and transparency of our sourcing decisions. They are also aware of the AXA CR strategy and the AXA Responsible Procurement policy through awareness sessions given by the network of Responsible Procurement Champions identified in our various entities;
- Responsible Vendors: AXA requires from its vendors to be socially and environmentally responsible through the mandatory inclusion of a "Corporate Responsibility Clause" in all our contracts.

Risk Management

ESG Governance

In order to support the incorporation of ESG in ABB's business model and strategy, ABB has set in place a sound governance surrounding sustainability. ABB has set out an organisational structure for the follow-up of sustainability and corporate responsibility, defines roles and responsibilities across the organisation and has set up a dedicated Steering Committee to follow-up on the planned actions on a monthly basis.

Sustainability is also incorporated in the risk management framework of ABB, which consists of three lines of defence: the Business lines are the first line of defence, the Risk Management department is the second one, and internal audit is the third line of defence. All lines of defence work in cooperation with different boards and committees.

The figure below shows how this is applied in the context of sustainability and corporate responsibility.

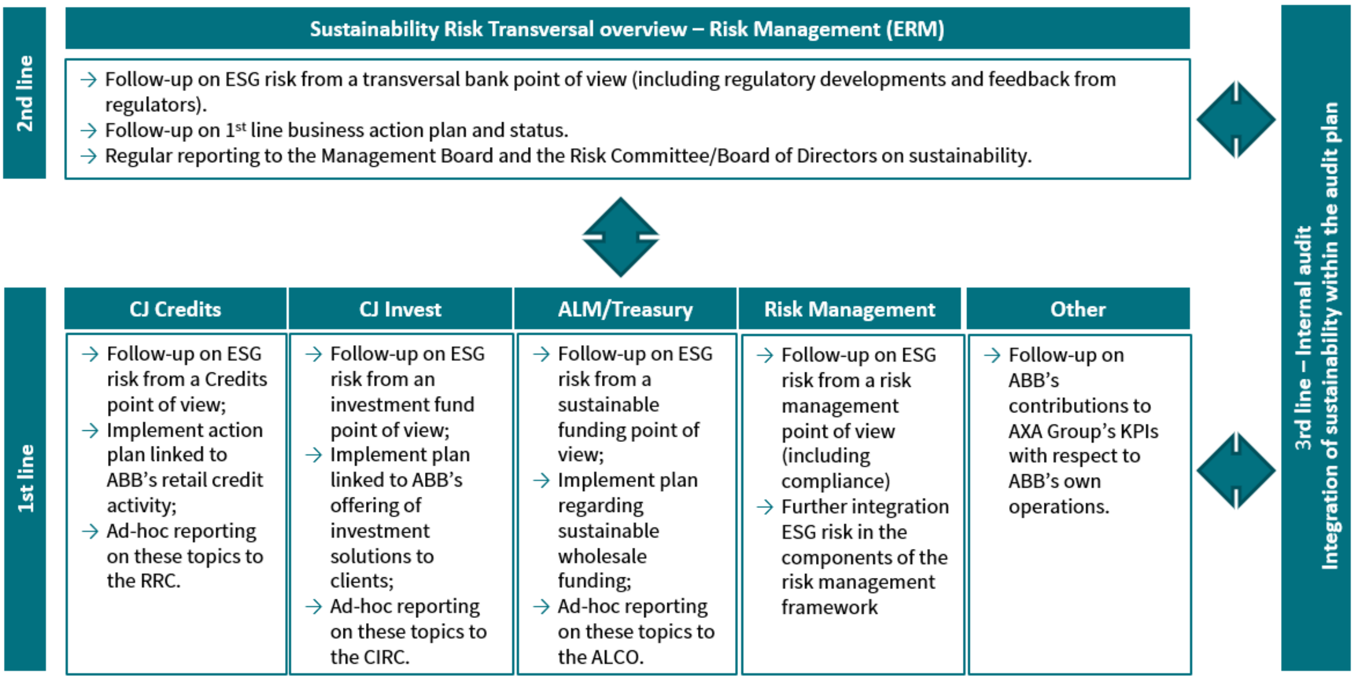

Figure 3 - Three lines of defence in the context of sustainability

ABB has divided the governance of sustainability risks across the traditional three lines of defence. In line with ABB's sustainability and corporate responsibility strategy, ABBs Customer Journeys (more specifically Credits and Invest) as well as supporting business lines (ALM/Treasury) follow-up on ESG risk for their assigned scope. In addition, the action plan that was defined as part of ABB's 3-step strategy are implemented by the business lines for their scope. In addition to the Customer Journeys and the supporting ALM/Treasury business line, a 1st line role is also installed for Risk Management. This involves the execution of the action plan related to risk management items (e.g. risk appetite, disclosure, risk identification and risk assessment and risk reporting). Lastly, other teams, such as ABB's Buildings & facilities team, follow up on ABB's own operations and the related sustainability and corporate responsibility KPIs.

ABB has put in place a transversal overview of sustainability risk within the Risk Management department (more specifically, the Enterprise Risk Management team). This team serves as a second line of defence with respect to sustainability and corporate responsibility and ensures that:

A follow-up on ESG risk is performed from a transversal bank point of view, which includes regulatory initiatives or recommendations made by regulators (e.g. via inspections, SREP process, etc.), internal or external audit;

A follow-up and 2nd opinion is performed on the execution of the sustainability action plan by ABB's first line of defence;

Regular reporting is performed to ABB's highest governance organs, the Management Board and the Risk Committee/Board of Directors;

The third line of defence is performed by ABB's internal audit department. Internal audit develops a risk-based internal audit plan, in compliance with relevant local legal and regulatory provisions and the requirements set in the AXA Internal Audit Policy. This takes into account significant internal anomalies, external events, changes in strategy or any risk or control concerns identified by AXA Internal Audit, management, external auditors, regulators or the relevant Board Committees. Internal audit ensures that the internal audit plan covers each Audit Universe Component within the time horizon set in the AXA Group Policy and agreed by the relevant Audit Committee and considers the on-going relevance of the internal audit plan on a continuous basis; reporting cancellations, additions and deferrals to Group Internal Audit and the Audit Committee. Sustainability and corporate responsibility is integrated in ABB's internal audit plan. In this regard, it serves as an additional control on the work performed by both the 1st and 2nd line of defence.

In addition to this general set-up, ABB also decided to set-up a specific Steering Committee to follow-up on the detailed action plan 2022-2024. The SteerCo is chaired by the CRO and contains stakeholders from Risk management, Credits, Invest, Finance and other teams that contribute to sustainability within the bank. The SteerCo meets on a monthly basis to follow-up on the execution of the specific actions. At least yearly, a dedicated and detailed presentation on sustainability (including the current status of the action plan) is given to the MB and the BoD of ABB.

It should be noted that this section still describes the governance of ABB as a standalone entity. As ABB is part of the Crelan Group since 31/12/2021, a joint governance structure, including ESG governance, will be set out in the course of 2022.

Risk Assessment Process

To assess the impact of climate-related risks, a distinction is made between physical risks and transition risks. Physical risks stem from actual climate change resulting in disruptive events such as extreme weather events (e.g. flooding) or environmental trends (e.g. rising sea level). The prevention and/or mitigation of these physical impacts leads to transition risk, which stems from the transition to a more sustainable and low-carbon economy, either influenced by policy changes, technology changes and changing market sentiment or customer preferences. In Western Europe, the main risks in the short-term mainly stem from transition risk. Physical risks can however also arise, as was evidenced by the floodings in a large part of Belgium in the summer of 2021, which is why this is considered as well in the risk assessment.

In this risk assessment, ABB identifies ESG risk drivers that affect other risks within the bank, assesses the materiality of these risks, puts in place key risk indicators (KRIs) and sets up regular reporting processes. ABB has defined KRIs for risks that are mostly affected by ESG risk drivers and plans to further define KRIs for these areas.

Risk Identification and Measurement

While, until 2020, sustainability risks were considered as a standalone risk (defined in ABB's risk taxonomy as ESG risk), it is considered as from 2021 as a set of risk drivers affecting other risks of the risk taxonomy. On a yearly basis, the exercise will be done to ascertain what the key risk drivers are given ABB's strategy and business model and what risks are affected by these risk drivers.

As a financial institution, ABB considers itself materially exposed to climate and environmental risks. In the short and medium term, it is expected that the main impact on the bank will stem from transition risk. More specifically, ABB believes that transition risk can have a significant impact on its retail credit portfolio and on its fund raising capacities. The next sections set out in detail the main impacts of climate and environmental risks.

Credit risk

Transition Risk

The European Green Deal sets out that Europe wants to be climate neutral by the end of 2050, i.e. net GHG emissions should be zero. The deal requires and entails drastic changes to ensure that GHG emissions are reduced drastically or are compensated e.g. by forests or through technological innovation.

It can be expected that the fastest and heaviest impacts will be felt in those industries that are currently responsible for the majority of all GHG-emissions, since these form the political and environmental priority. Transport, construction, heavy industry, energy industries and agriculture are considered the main contributors, which is why it can be expected that the major transition impacts through policy and technological changes can be seen in these areas.

ABB has a very clear and strict strategy regarding professional loans. First of all, the target group mainly includes family businesses, the self-employed and liberal professions. As is stated within ABB's Credit Policy, companies with a total balance sheet or turnover above € 2 million and more than 10 employees are excluded. Additionally, agricultural companies and general construction companies are excluded in principle as well, although this depends on the customer profile. Transport, on the other hand, is considered as a sector with increased risk in ABB's Credit Policy, which is why loan applications from this sector are treated with more attention.

In general, the above strategy and policy entails that the bulk of ABB's outstanding professional loan portfolio is considered to be attributed to sectors that are less sensitive to transition risk. Moreover, the bank's loan portfolio does not comprise medium-size, large or industry-leading companies. The ABB customers might still be subject to technological changes and/or policy changes, albeit to a lesser extent that these large or industry-leading companies.

Figure 4 below provides a breakdown of ABB's loan portfolio. This detailed segmentation makes it possible to assess the bank's exposure to transition risk, based on the vulnerability of sectors to a possible abrupt transition to a more sustainable economy. From this figure it can be observed that 93% of ABB's outstanding professional loan portfolio is considered to be attributed to sectors that are less sensitive to transition risk. Within the 7% of the sectors that are more sensitive to these risks, most loans have been granted to companies or independent professionals within the agricultural, general construction or transport & automotive sector. The sum of all outstanding loans towards energy, fossil fuel and heavy industry only amounts to 1% of the bank's total outstanding professional loan portfolio.

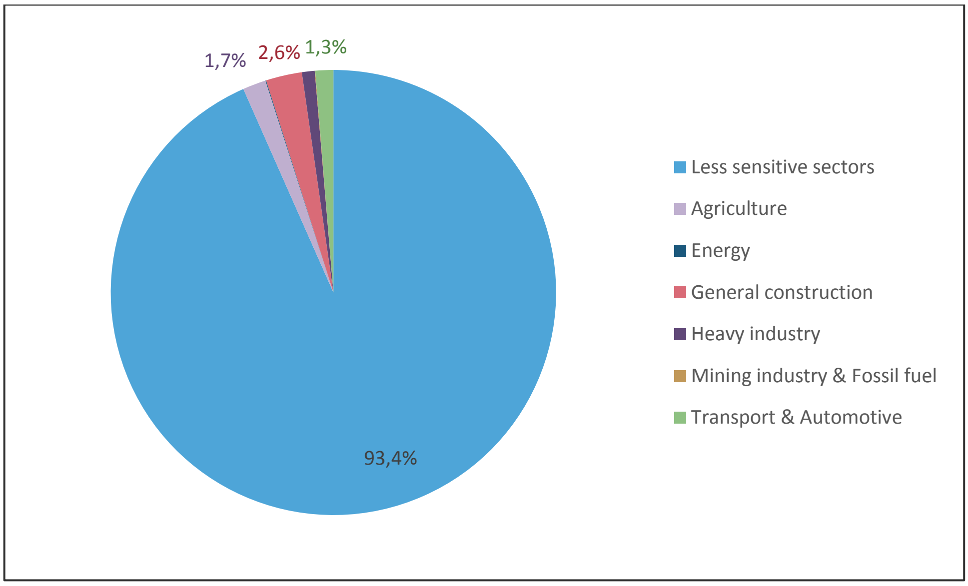

Figure 4 - Distribution of exposure in professional loans (May '21)

Aside from the impact on ABB's professional loan portfolio, transition risk might also be observed within the collateral position of the bank. Commercial and residential buildings are an important contributor to Belgium's general GHG-emissions. In general, it is considered that the transition risk on the collateral position of financial institutions is far greater than physical risk, certainly in Belgium, given the fact that it is likely that impactful policy measures are going to be taken in the short term. As ABB is a retail bank and its lending activity is mainly focused on immovable property, the collateral position of the bank is its main concern when it comes to transition risk and climate change.

The impact on mortgage and commercial housing loans can be two-fold. On the one hand, households could have higher energy costs or renovation costs if they own energy-inefficient houses, lowering their ability to repay their monthly loan advances. On the other hand, more severe regulations on energy performance could lead to lower values of buildings, thereby reducing the bank's collateral position.

The potential impact of transition risk on ABB's collateral position is expected to be mitigated by ABB's substantial collateral position. This high collateral value is reflected in the bank's Loan To Value (LTV) ratio: at the end of June 2021, the weighted LTV of the mortgage portfolio stood at 58%. Besides ABB's substantial collateral position, climate risk is mitigated by ABB's qualitative and well-performing loan portfolio, with a Non-Performing Loan (NPL) ratio of 1.05% at the end of 2021.

Physical risks

It is expected that limited physical risks are present in the short- or medium-term for Belgium, if sufficient and tangible action is taken by, among others, policymakers and financial institution and technological innovation is accelerated.

ABB has already taken the initiative of integrating this risk into its existing risk framework by means of stress testing, as scenario analysis and stress tests will help to identify and measure climate-related risks. A newly created stress test on ESG risks aims at measuring the potential impact of environmental risks, by starting from a physical event that results in severe damages and losses.

Liquidity & Funding risk

The largest part of ABB’s funding consists of retail funding, mainly in the form of sight and saving deposits. From a retail funding point of view, a potential impact could come from a reputational event (social or governance aspects) affecting ABB and therefore leading to retail deposit outflows. Such a scenario is incorporated into ABB’s stress testing framework. Environmental risk drivers are less likely to have an idiosyncratic impact on ABB and are therefore not considered as a material driver for retail funding outflow.

The second largest funding source are covered bonds issued under French law by AXA Bank Europe Société de Crédit Foncier. Moreover, in its liquidity planning ABB expects to remain reliant on covered bond issuances. Currently, ABB is not issuing covered bonds under a sustainability label. One risk that could emerge is that investors' appetite over the coming years shifts towards green covered bond issuances, especially once the EU Taxonomy and the EU Green Bond standard fully enter into force. In such a scenario, ABB would potentially no longer be able to place its issuances, or pay a higher price than its competitors who issue under the EU Green Bond label.

The impact of ESG risks on liquidity and funding risk is therefore considered material. In order to counter this, ABB is:

- starting to investigate the possibility of issuing EU Green bonds (whether it be covered bonds, securitisations and/or senior non-preferred debt instruments). In a first step, this involves applying the EU Taxonomy technical screening criteria to ABB’s assets and new production, as the proceeds of a Green issuance should benefit Taxonomy compliant assets only;
- installing a key risk indicator which monitors the difference between the cost of funding of sustainable issuances and non-sustainable issuances. Therefore, ABB measures this risk by having a risk indicator that calculates the spread between these two types of issuances (over the entire curve of maturities). The monitoring limit is set at 3 bps while the alert limit is set at 5 bps.

Operational risk

Sustainability risks can impact the bank's operational risks. On an annual basis, ABB performs an assessment of the impact of sustainability risks on operational risk. In this analysis, the impact of several natural threats (e.g. heat wave, flood in Paris, flood in Belgium) on operational risk is assessed. Based on the potential financial, reputational, legal/regulatory, operational and data impact, an inherent risk score level is calculated. For ABB, the main risk stems from a flood in Paris which would affect ABB’s data center. However, this operational risk is mitigated by a backup data center not located in Paris.

Stress Testing

Stress testing is an analysis conducted to identify the vulnerabilities of the bank to determine whether the bank has enough capital and/or liquidity to withstand the impact of adverse developments, such as the impact under unfavourable economic scenarios. These tests are meant to detect weak spots in the bank at an early stage, so that preventive actions can be taken by the bank itself. It plays an important role in:

- Providing forward-looking assessments of risk;
- Overcoming limitations of models and/or historical data;
- Feeding into capital and liquidity planning procedures;
- Informing the setting of a banks’ risk tolerance/appetite;
- Facilitating the development of contingency plans;
- Informing supervisors for the annual SREP assessment.

With respect to ESG risk, ABB has defined a physical risk scenario within its stress testing framework. The narrative is that Belgium is hit by a severe flood in several areas of the country. A significant part of collateral for the mortgages at

ABB is affected. The damage to real estate is covered by fire insurance in Belgium, but a lot of damage is not covered: damage to outside furniture, garden sheds, car, alternative housing in case the house is uninhabitable. A part of the damage is also covered by the government (Rampenfonds).

This leads to higher credit losses, as customers will have more difficulties repaying their mortgage (due to damage costs). In addition, the value of collateral decreases due to the flood. As the government has to pay a part of the damage (covered by Rampenfonds, for the damage to public infrastructure), the government is downward revaluated by the foreign market and the OLO spreads increase. In addition, Belgium is hit by a secondary effect: slowdown of economic growth, higher unemployment, political instability, …

To avoid a similar situation in the future, the government is taking stricter measures over the coming years to achieve a transition to a carbon neutral energy system, to energy neutral houses, …. As a result, the real estate that currently does not fulfil these criteria will decrease significantly in value. Another secondary effect of a transition of the Society to a more climate conscious environment is that customers will demand that their savings be invested in "green" investments. If ABB does not follow this evolution, customers will retrieve their money from their deposit at ABB.

The chain of events is shown in Figure 5 – ESG stress test scenarioFigure 5:

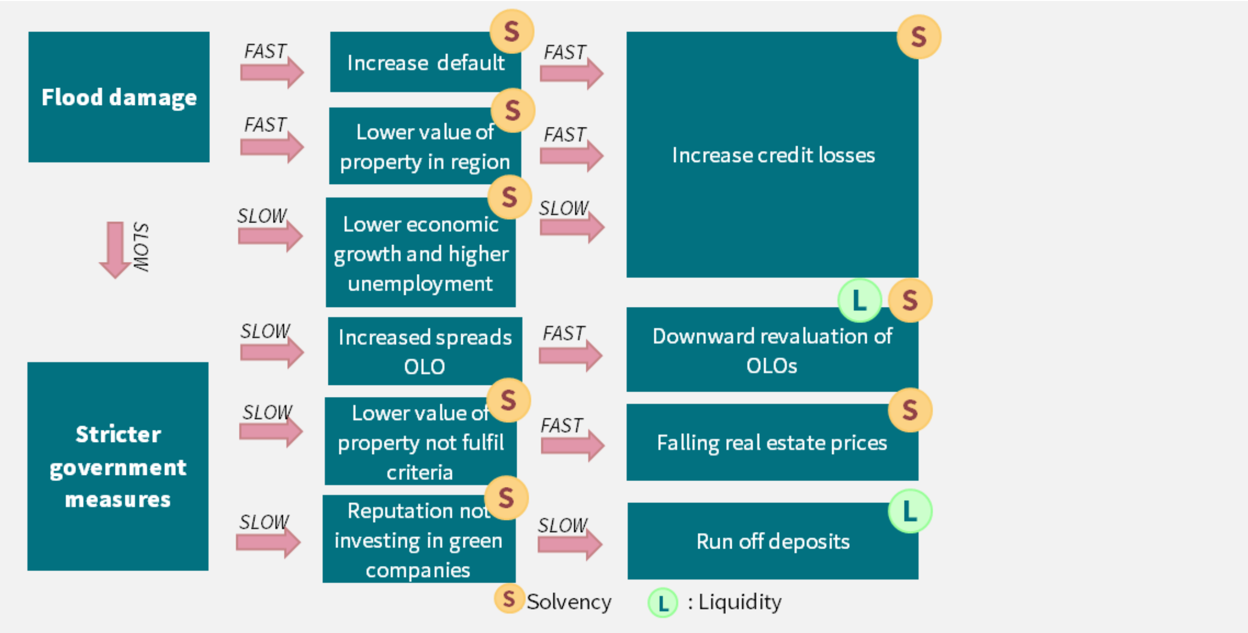

Figure 5 – ESG stress test scenario

The current stress test scenario only considers physical climate risk, therefore ABB plans to also develop a transition risk long-term scenario and estimate credit losses under a dynamic balance sheet model. Moreover, ABB plans to further improve the physical risk scenario, by taking into account the sensitivities of specific regions to physical risks (floodings, rising of sea level,…).

Data collection

An important element in the assessment of ESG related risks is the collection of the relevant data. In order to adequately identify, measure and control ESG related risk, ABB will need to collect additional data such as EPC data of residential/commercial housing, set up methodologies to measure carbon emissions of its financed portfolio (retail loans and investment funds) and collect geographical information on physical risks. This data will also allow ABB to set ESG related key risk indicators and include these risks in its Risk Appetite Framework.

An important element in the ESG data collection is the assessment of the sustainability of ABB's activities. This is supported by the EU Taxonomy, which defines the criteria to be met in order for an activity to be considered sustainable. The classification of activities under the Taxonomy will play an important role for the measurement of ESG risk, the issuance of green bonds and the labelling of invest products offered to retail customers. The next section provides more information on the EU Taxonomy and the steps already undertaken by ABB.

EU Taxonomy

One of the actions included in the EU action plan on financing sustainable growth (March 2018) is the reorientation of capital flows towards a more sustainable economy. To facilitate this objective, the EU Taxonomy has been developed, which provides a clear framework to assess whether different economic activities can be considered sustainable.

In the first step, ABB starts from the total amount of assets reported in FINREP. Based on the EU Taxonomy Delegated Act, ABB splits the reported assets into categories:

- Items inside the scope of the eligibility assessment;
- Items included in the denominator of the green asset ratio (GAR), but not in the numerator;
- Items excluded in both the nominator and denominator of the GAR.

ABB then performs an eligibility assessment based on the scope of the first group.

Of the activities that are in the scope of the eligibility assessment, ABB is mainly looking at its mortgage and consumer loan portfolio. The professional loan portfolio is considered out of scope, as ABB only grants professional loans to individuals and small SMEs (who are not required to report under NFRD). ABB can map a large part of the mortgage and consumer loan activity to the Taxonomy category 7.7 'Acquisition and ownership of buildings' and 6.5. 'Transport by motorbikes, passenger cars and light commercial vehicles'. This exercise allows ABB to define the scope on which it will perform the taxonomy alignment assessment.

In the coming years, ABB will develop a taxonomy alignment methodology to check whether the eligible loans meet the technical screening criteria of the EU Taxonomy and therefore can be considered as sustainable.

The table below shows an overview of ABB's total assets on 31/12/2021. The first part of the table shows the assets which are covered in the GAR calculation and the amount of covered assets which are considered Taxonomy eligible for climate change mitigation or climate change adaption. For these assets it will be checked in a next phase whether they meet the EU Taxonomy technical screening criteria (= Taxonomy aligned). The second and third part of the table present the assets which are excluded from the calculation of the numerator and/or denominator of the GAR.

	Gross carrying amount		Of which Taxonomy eligible
	In mln €	% of total assets	In mln €
1. Covered assets in GAR calculation	**23 633.9**	**80.5%**	**22 801.0**
Households	23 624.5	80.5%	22 801.0
of which lending for house purchase	22 078.4	75.2%	22061.9
of which credit for consumption	870.2	3.0%	739.1
Credit institutions	0.0	0.0%	0.0
Other financial corporations	9.4	0.0%	0.0
Non-financial corporations	0.1	0.0%	0.0
2. Excluded from numerator of GAR calculation	**3 565.4**	**12.1%**	
SMEs	2 735.8	9.3%	
Derivatives	45.6	0.2%	
On demand interbank loans	64.9	0.2%	
Cash and cash-related assets	47.1	0.2%	
Other assets	671.9	2.3%	
3. Excluded from numerator and denominator of GAR	**2 158.5**	**7.4%**	
Sovereigns	485.7	1.7%	
Central bank exposure	1 672.4	5.7%	
Trading book	0.4	0.0%	
Total assets	**29 357.8**	**100%**	

Table 2 – Overview of assets 31/12/2021

4.Sustainability

4.1 AXA SUSTAINABILITY STRATEGY

This chapter describes AXA Group's sustainability strategy. It includes an extra-financial performance statement that AXA publishes in accordance with the provisions of the EU Directive 2014/95 related to extra-financial reporting [1] and French law [2]. This statement includes the AXA Group's business model and information on its main extra-financial risks ("sustainability risks") related to environmental, employer responsibility, society, human rights, tax evasion and corruption matters. For more information on the Group's risks exposure, please refer to Section 5.1 "Risk factors" of this Annual Report.

Further detailed information on the AXA Group's sustainability-related policies and practices is also available in the "Integrated Report", "Climate/TCFD Report", in the online "Group Human Capital Report" [3] and on the AXA Group's website (www.axa.com), in the sustainability Section.

AXA's purpose entails sustainable value creation

Our sustainability strategy is a key driver of employee engagement, customer trust and brand image. Sustainability is viewed as both a risk and opportunity for the management: it enables AXA to reduce certain operational costs and risks (social and environmental), while providing market opportunities in emerging business segments or driving innovation. Also, sustainability is an increasingly regulated area: in 2021, AXA notably began the implementation of the new European Union Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy regulation (refer to Section 4.3, paragraphs "Climate, biodiversity and ESG-related "outreach" and engagement" and "EU Taxonomy Regulation" of this Annual Report).

AXA is also committed to being a responsible employer, striving to keep employee engagement at the heart of its strategy, and as inspired by its values, to create a workplace that fosters diversity and equal opportunity for all, promotes engagement, encourages professional development, and supports employee well-being.

Since 2020, our sustainability strategy has also been impacted by the unprecedented COVID-19 pandemic crisis: remote work for almost all our employees, AXA's commitment to protect jobs, investments in scientific research, mobilization of staff to support medical frontline helpers, development of telemedicine services contributing to alleviate emergency medical services. AXA was also involved in supporting the economy and the subsequent green recovery with substantial investments.

Stimulated by the crisis to reaffirm its societal values, AXA formulated its purpose to encompass its role in the economy and commitments as a responsible company serving society. Through a collaborative process with external representatives from civil society and a large consultation and involvement from all employees, the proposed purpose was submitted to the Board of Directors of the Group and launched during the Annual Shareholders' Meeting, in June 2020.

AXA's purpose *"Act for human progress by protecting what matters"* entails sustainable value creation with the aim to protect the environment and society in an inclusive manner. The essence of its insurance profession – pooling risks – makes AXA a critical link in mutual support and social ties. The Group understanding of risks enables all its stakeholders to anticipate the future and become more resilient. AXA enables individuals and communities to move forward by protecting their basic needs: environmental protection, access to healthcare, prosperity, and quality of life. We strive to take decisions and commitments based on objective scientific data while looking at things in an inclusive manner.

For more information on AXA's business model, please refer to the Section "Certain preliminary information about this Annual Report", sub-Section "Sustainable value creation".

2021 marks a new stage in AXA's sustainable development strategy

In 2021, we started a new strategic cycle at AXA, with the plan *"Driving Progress 2023".* Considering both the level of maturity reached and anticipating the acceleration of ESG topics in all the Group's activities, the Management Committee

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[1] *Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial information and information relating to diversity by certain large companies and groups.*

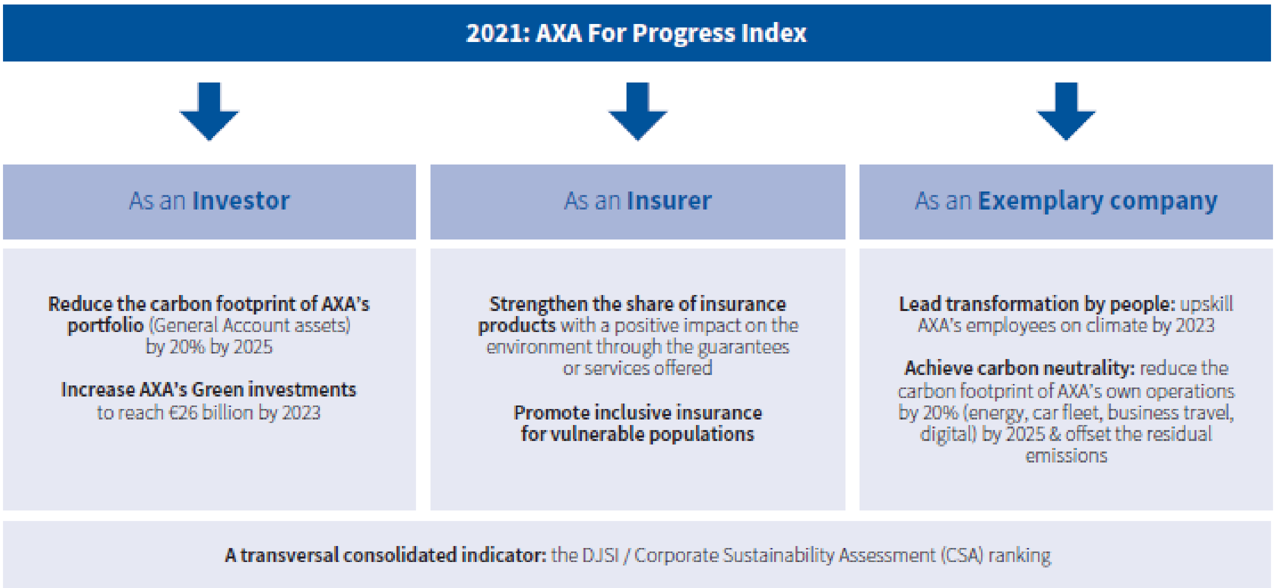
[2] *Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.*

[3] *No information, documents or items contained in AXA's 2021 Integrated Report or the 2021 Group Human Capital Report or AXA's Climate Report, or available on the Company's website in connection therewith, is incorporated by reference in this Annual Report.*

has decided to dedicate a pillar of its strategy, entitled *"Sustain our Climate leadership position",* aligned with our purpose – please refer to Section "Certain preliminary information about this Annual Report", sub-Section "Strategic orientations" of this Annual Report. This means that all lines of business are now concerned by this priority. AXA uses various levers related to its expertise and activities to achieve its objectives in this context: investment, insurance, its partnerships and its philanthropic activities, as well as its international footprint.

The framework of AXA Sustainability Strategy has been updated accordingly. It is now focused around 2 priorities: climate change and inclusive protection. Thus, AXA Sustainability Strategy aims to fulfill two main goals: act as a leading force against climate change and expand our health and protection businesses as an inclusive insurer.

To make this new strategic cycle and our purpose concrete for all its stakeholders, AXA has implemented a set of indicators to measure and track its progress in every aspect of its activities: *"AXA for Progress Index".* Launched in April 2021 during the Annual Shareholders' Meeting, this Index is a set of seven commitments, translated into targets and shared across the Group to further embed sustainable development in our activities: as an investor, as an insurer and as an exemplary company.



Specific working groups have been set up with key stakeholders at local entities and Group level to define the action plans to achieve our commitments for 2023 and beyond as some issues require a more long-term view. AXA is currently setting objectives for green insurance and Inclusive Protection products. The results of the seven commitments within the Index will be published on an annual basis.

		Results and Objectives				
Means or key performance indicator for monitoring	**Unit**	**Result 2021**	**Result 2020**	**Result 2019**	**Target**	**Timeline**
Reduce the carbon footprint of AXA's portfolio (General Accounts assets)	t CO_2/EV €m	Calculation in progress [(a)]	66.06	69.84	-20%	2019–2025
Increase AXA's Green investments	€ billion	22.6	16.1	11.7	26	2023
Strengthen the share of insurance products with a positive impact on the environment through the guarantees or services offered	€ billion Revenue	Calculation in progress [(a)]	1.1	n/a	Target in progress	2023
Promote inclusive insurance for vulnerable populations	Million customers	10.6	n/a	n/a	target in progress	2023
Reduce the carbon footprint of AXA's own operations (energy, car fleet, business travel, digital) and offset the residual emissions	t CO_2 eq	84,945	110,017	216,536	-20%	2019–2025
Lead transformation by people: upskill employees on climate by 2023	Share of current permanent employees [(b)]	n/a	n/a	n/a	100%	2023

The DJSI/The Corporate Sustainability Assessment (CSA) ranking	Percentile ranking in DJSI	97th	99th	97th	95th – 99th	Annually

NA: Not Available
(a) The result of this indicator will be available in AXA's 2022 Climate/TCFD Report.
(b) According to SDR scope.

In 2021, the following three key performance indicators were included among the criteria which are used to calculate the performance that determines the acquisition of performance shares to executives and approximately 7,000 employees from AXA Group as a starting point (please refer to Section 3.2 "Executive compensation and share ownership - Shares subject to performance conditions (Performance shares and international performance shares, restricted shares and international restricted shares) - Rules regarding shares subject to performance conditions and performance conditions - Performance Shares"):

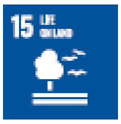
- the DJSI/Corporate Sustainability Assessment (CSA) ranking;
- reduction of operational carbon emissions;
- reduction of investment-related carbon footprint (General Account assets).

AXA's contribution to the Sustainable Development Goals of the United Nations

In 2018, the Group developed a strategic framework to identify its commitments to the UN Sustainable Development Goals (17 SDGs – see sustainabledevelopment.un.org) building on its risk analysis expertise. Commitments have been identified based on AXA's capacity to have a real impact through its activities and operations. In 2019, the Group aligned its sustainability strategic objectives with the 8 main SDGs on which the Group's initiatives have a significant impact.

This alignment has been approved in 2019 by the Stakeholder Advisory Committee and is still in place for 2021. AXA's purpose captures our commitments towards the SDGs (see paragraph "AXA's purpose entails sustainable value creation" above).

AXA Sustainability Strategy contributes significantly to the 8 following SDGs:

	SDG n°13 – Climate Action 	As described in Section 4.3 "Climate Change and ESG Integration - Biodiversity" of this Annual Report AXA is incorporating climate change measures into its policies, strategies, and planning (SDG 13.2). Through the nature of its insurance activities, AXA contributes to strengthen resilience and adaptive capacities in the face of climate hazards and climate-related natural disasters (SDG 13.1). As a risk expert, AXA is active in improving education, awareness, and individual and institutional capacities regarding climate change adaptation, mitigation, and early warning systems (SDG 13.3). The launch of the AXA Climate Academy in 2021 (please refer to Section 4.2 "Employer responsibility" of this Annual Report) has reinforced the contribution to this goal.
Climate and environment	SDG n°14 – Life below water 	Since 2019, AXA has initiated actions to better take biodiversity into account. The Ocean program developed by its subsidiary AXA XL contributes directly to manage and protect marine and coastal ecosystems on a sustainable basis (SDG 14.2) and minimize ocean acidification and combat its effects (SDG 14.3). By adhering to the UNPSI-Oceana global declaration, AXA also contributes to effectively regulate fishing, put an end to overfishing and illegal fishing (SDG target 14.4). The Biodiversity action plan is presented in Section 4.3 "Climate Change and ESG Integration - Biodiversity" of this Annual Report.
	SDG n°15 – Life on land 	The WWF partnership and the Climate and Biodiversity Impact Fund (described in Section 4.3 "Climate Change and ESG Integration" of this Annual Report) initiate AXA's contribution to "mobilize financial resources from all sources and significantly increase them to preserve biodiversity and ecosystems" (SGD 15.a). Biodiversity action plan has been reinforced in 2020 and 2021 strengthening AXA's contribution to SDG 15, notably through €1.5 billion investment in forests (please refer to Section 4.3 "Climate Change and ESG Integration" of this Annual Report)

	SDG n°7 – Affordable and clean energy	AXA "green" investment target of €26 billion by 2023 as described in Section 4.3 "Climate Change and ESG Integration" of this Annual Report contributes directly to significantly increase the share of renewable energy in the global energy mix by 2030 (SDG 7.2).
Social inequalities and inclusion	SDG n°1 – No poverty	AXA Hearts in Action volunteers provide assistance to people living in extreme poverty (SDG 1.1 and 1.2). These actions are described in Section 4.4 "Inclusive insurer" of this Annual Report.
	SDG n°3 – Good health and well-being	AXA's initiatives to exclude the cigarette industry from its investment and insurance activities (refer to Section 4.4 "Inclusive insurer" of this Annual Report) are in line with the objective of implementing the WHO Framework Convention on Tobacco Control. In addition, AXA's Health initiatives are strongly focused on the prevention of non-communicable diseases. The UNICEF partnership (described in Section 4.4 "Inclusive insurer" of this Annual Report) aims at fighting the dual global epidemic of obesity and diabetes (SDG 3.4). In 2020 and 2021, AXA has also focused its efforts on the COVID-19 pandemic (access to vaccination with Covax) and to mental health (these actions are described in Section 4.2 "Employer responsibility" of this Annual Report).
	SDG n°5 – Gender equality	For many years now, AXA has been pursuing a proactive inclusion and diversity policy (described in Section 4.2 "Employer Responsibility" of this Annual Report): ending discrimination against women and girls (SDG 5.1), guaranteeing the equal participation of women in management positions (SDG 5.5). The initiative "Women in Insurance" (described in Section 4.4 "Inclusive Insurance" of this Annual Report) constitutes the "business" component of the program, providing women with adapted financial protection solutions.
	SDG n°10 – Reduced Inequalities	Programs towards inclusion, including "Women in Insurance" initiative and AXA Emerging Customers (described in Section 4.4 "Inclusive Insurer" of this Annual Report) are helping to empower all people and promote their social, economic, and political integration, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status (SDG 10.2). These programs provide a better access to financial protection for vulnerable communities and reduce protection gaps. AXA philanthropy partnerships and AXA Hearts in action activities also contribute to the reduction of inequalities. These actions are described in Section 4.4 "Inclusive insurer" of this Annual Report.

Sustainability governance & Stakeholder dialogue

AXA has established a solid governance framework to develop and implement its sustainability strategy. Each year, the Compensation & Governance Committee of the Board of Directors reviews this sustainability strategy. It is also presented several times a year to the Group Management Committee for status and decision making.

Across the local entities, a network of Corporate Responsibility Executives oversees the implementation of the sustainability strategy and promotes best practices.

With the start of the *"Driving Progress 2023"* strategic cycle, this governance has evolved in line with AXA's ambition. The "Role in Society Steering Committee" (RISSC), which is co-chaired by the Group Chief Risk Officer, Group Investment Officer, and Group Chief Communication, Brand and Sustainability Officer, has been put in place in June 2020. This Committee ensures coordination across all internal stakeholders in formulating AXA's overall sustainability strategy which it submits to the Group Management Committee for review and approval. In 2021, a new governance body has been set up to ensure the success of the strategic plan: a dedicated Acceleration Team is now in place for ESG, with members of the Management Committee and representatives of Strategy functions and Markets (Europe, Asia). The ESG Acceleration Team is oriented towards the implementation within the entities and the anticipation of next horizon challenges to tackle.

AXA's sustainable business strategy and initiatives are also presented at least once a year to the Company's social partners.

Dialogue with NGOs is also regular through meetings or responses to requests (*e.g.* questionnaires). In addition, AXA participates in more than 50 coalitions, working groups and pledges, gathering both NGOs and public authorities, around climate and inclusion themes (please refer to Sections 4.3 "Climate Change and ESG Integration" and 4.4 "Inclusive insurer" of this Annual Report). External stakeholders are also regularly invited to dialogue sessions with the members of the different governances described above. Through these numerous exchanges, AXA can integrate major and emerging challenges into its strategy.

Sustainability risk assessment

In accordance with the requirements of Directive 2014/95/EU related to extra-financial reporting, AXA has conducted an internal risk assessment to identify its main sustainability risks.

SUSTAINABILITY RISKS ASSESSMENT METHODOLOGY

The sustainability risk assessment was updated in 2021 to consider changes in the risk universe. The implemented approach is still based on collaborative work between Risk Management and Corporate Responsibility teams, as well as other involved departments [4]. Risk factors for each area related to sustainability (employer responsibility, respect for human rights, environment, society impact and business behavior) are identified, based on sustainability risks studied in prior years and in the 2021 Future Risks survey, which outlines major prospective emerging risks for society at large (see Section 5.8, paragraph "Emerging risks" of this Annual Report and www.axa.com/en/magazine/2021-future-risks-report). Interests expressed by our internal and external stakeholders are also included. Those risks have also been cross-referenced with the AXA Group Operational Risk Profile (for more information refer to Section 5.7 "Operational risk") and compared to the Corporate Sustainability Assessment (CSA).

These risks are internally assessed by an expert panel. The assessment is conducted, using the Group Operational risks guidelines to rate potential frequency and severity. Impacts of each risk on stakeholders' interests and expectations have been considered. In the first instance, those risks are assessed by Risk experts, identified based on their knowledge of specific sustainability risks. Then, cross-sectoral experts assess the relevance of those ratings during the first stage. Those internal experts are identified based on their transversal knowledge of the non-financial risk universe.

In 2021, the impact of the COVID-19 pandemic on the materiality of our main sustainability risks has been estimated. This specific assessment has not significantly changed AXA's sustainability risk profile.

The sustainability risk mapping has been approved by the Group Audit Risks & Compliance Committee (the ARCC [5]) with 18 sustainability risks considered as material for AXA.

From this year's update, the following emerged:

- the analysis of climate-related risks was completed with the double materiality perspective [6] for AXA's activities as an insurer, as an investor and as a company, recognizing that climate-related impacts are material and therefore require disclosure (refer to Section 4.3 "Climate Change and ESG Integration" and the sub-Section "Climate Risk: the question of double materiality" of this Annual Report);
- the "Employer responsibility" theme was structured around "Employer of choice and future of work", "Employee development" and "Inclusion and diversity breeding talent and innovation" risks. In 2021, those risks were rephrased to "Safe environment", "Inclusion & Diversity" and "Talent Management/Loss of key staff". The objective was to allow better alignment with the Group Risk Management (GRM) risk analysis.

As a result, 18 sustainability risks were identified as material in 2021 around four main themes:

- **governance:** stakeholders engagement;
- **responsible employer:** safe environment, inclusion & diversity, talent management/loss of key staff;
- **climate change and biodiversity:** AXA's impact on climate change as an investor, impact of climate change on AXA as an investor, AXA's impact on climate change as an insurer, impact of climate change on AXA as an insurer, AXA's impact on biodiversity, AXA's own operations' impact on climate change, impact of climate change on AXA's own operations;

4 *Most notably, human resources, Compliance, Consumer protection, Life Savings & Health Standards, Risk & Value, Data protection, Security & Awareness, Vender risk & Responsible procurement, Tax, Reputation, Corporate development, and Communication.*

5 *The ARCC is a Committee of Senior executives that reviews most material risks at Group level.*

6 *Double-materiality covers the information needed to understand the impact of the Company on sustainability issues, and the information needed to understand how sustainability issues affect development, performance and position of the Company.*

- **inclusive insurer:** inclusive insurance, partnership & philanthropy;
- **business behavior:** anti-bribery & fight against corruption, business conduct, responsible data use, data privacy, and data security, responsible procurement and tax policy.

In the following chapters, risks are defined, policy and mitigation initiatives are described, and indicators (KPI or qualitative results) exposed. The "*AXA for Progress Index*" framework replaces the correspondence table issued in 2020 focusing on Climate risks that are more specifically monitored as part of the strategic plan *"Driving Progress 2023"* implementation.

ESG Ratings

The Group's Environment, Social and Governance (ESG) performance is evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also included in main international sustainability indexes. These ratings are described in further detail in Section 1 "The AXA Group" of this Annual Report.

Third party verification

PricewaterhouseCoopers Audit, one of AXA SA Statutory Auditors, appointed as an independent third-party, presents in its report, featured in Section 4.7 of this Annual Report, a moderated opinion on the compliance of the extra-financial performance statement with the provisions of French regulations (Article R.225-105 of the French Commercial Code) and on the sincerity of the information provided.

Reporting methodology

An assessment of the employer responsibility, environmental, societal, business behavior and human rights impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the French Commercial Code.

SCOPE OF SOCIAL, ENVIRONMENTAL, AND SOCIETAL REPORTING

For the perimeters defined below, indicators are fully consolidated, unless otherwise indicated:

Scope of social indicators

The social data provided in Section 4.2 "Employer responsibility" of this Annual Report are collected from 253 active entities of the AXA Group, in which AXA holds, directly or indirectly, management's control, as of December 31, 2021, included in the consolidation scope of AXA.

Scope of environmental indicators

Environmental reporting's scope is based on the same scope as Social reporting except AXA sites with less than 50 FTEs which are not included in the data collection process. These sites are part of an extrapolation process. In 2021, environmental indicators were collected for 94,885 FTEs working on AXA sites (unless otherwise indicated) and were then extrapolated, continent by continent, to cover all 114,749 FTEs (all types of contracts – average annual personnel) working at AXA Group in 2021.

Scope of societal indicators

Our Community Investment Survey, as described in Section 4.4 "Inclusive Insurer" of this Annual Report, covers 99% of AXA's FTEs in 2021.

PERIOD

The indicators cover the period from January 1, to December 31, 2021, unless mentioned otherwise. To facilitate collection and processing, some data may be collected early in the year. The data for any remaining months (maximum 6 months) is then estimated in accordance with the Group's defined methodology.

DATA REPORTING

Social data reporting

The social data provided in Section 4.2 “Employer responsibility” of this Annual Report are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. Social data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collection process, as well as evaluations by a third-party body on some legal entities and overall process. A validation process of this reporting is also performed locally. There is no estimation or extrapolation made on data provided. Regarding data published in ratios and percentages, numerator and denominator are realigned for each calculation to exclude entities with empty data points.

Environmental data reporting

Environmental data has been collected since 2002, through a dedicated reporting tool filled out by the network of more than 300 environmental managers from AXA sites with more than 50 FTEs and data centers owned by AXA. The reporting procedure includes guidelines for reporting and controlling, and calculation rules. AXA monitors its environmental footprint reduction towards its targets. The reporting procedure is updated annually, and contributors are trained each year. For each site, contributors specify whether the data has been measured or estimated based on the calculation rules defined in the Group’s reporting procedures. In 2021, environmental data was collected for 83% of total FTEs, and the remaining 17% has been extrapolated. Reported data is validated locally by the entity CFOs. For more information, please refer to Section 4.3 “Climate Change and ESG Integration” of this Annual Report and to the footnotes of environmental data tables.

Societal data collection

Societal engagement data which is presented in Section 4.4 “Inclusive Insurer – Corporate philanthropy and engagement” of this Annual Report is collected through a dedicated reporting tool with specific definitions for engagement practices. The number of unique volunteers is an estimate based on local entity knowledge of volunteering activities.

LIMITATIONS

Reporting on certain indicators may have limitations due to:

- the absence of nationally and/or internationally recognized definitions, concerning the different categories of employment contracts;
- the necessary estimates, the representativeness of the measurements or the limited availability of external data required for calculations as the required annual update of emission factors;
- the practical procedures for collecting and entering this information.

Therefore, whenever possible, definitions, methodologies and, where applicable, the associated margins of uncertainty are specified for the concerned indicators.

The sustainability themes “circular economy”, “food waste”, “fight against food insecurity”, “respect of animals’ well-being” and “sustainable food” are not considered as main ESG risks for AXA and are not included in AXA’s statement on non-financial performance.

USE OF INTERNATIONAL BENCHMARKS

To develop its Sustainability strategy and report on its extra-financial performance, AXA voluntarily complies with certain international benchmarks, as described in this chapter. These include, for example, the United Nations SDGs (as developed above), the Greenhouse Gas Protocol (ghgprotocol.org) for the calculation of CO_2 emissions, and the Science Based Target Initiative for the reduction of our carbon footprint. Other benchmarks are highlighted in the relevant sections, where appropriate.

4.2 EMPLOYER RESPONSIBILITY

Foreword

Over the past year, AXA’s people and culture have both been decisive in enabling the Group to continue successfully navigating through the pandemic. AXA has continued increasing employee engagement and has accelerated the implementation of its people strategy focusing on empowerment & smart working, employee health & wellbeing and inclusion & diversity.

In 2021 AXA's people and culture strategy focused on:

- protecting the health & wellbeing of AXA employees by providing continued support through the pandemic and implementing *"Healthy You",* AXA's global health and wellbeing benefits program;
- reinforcing AXA's culture of empowerment through its Smart Working policy that enables every employee to work remotely 2 days a week on average, and provides change support for both managers and employees to adapt to working in a hybrid environment;
- launching the Group-wide *"Inclusion Survey"* in September 2021 to assess employees' perception of inclusion & diversity within the Company. AXA has been a frontrunner both in launching an Inclusion Survey at scale and in committing to capitalizing on this tool to define local and global action plans.

The following pages detail AXA's 2021 achievements in: (i) smart working & hybrid ways of working, (ii) inclusion & diversity, (iii) health & wellbeing and (iv) employee experience & learning and development. AXA is proud to continue engaging and empowering its more than 110 thousand employees who bring its purpose to life in each of AXA's entities. AXA is now well positioned to continue in 2022 to progress in the implementation of its people and culture strategy.

HIGHLIGHT AND KEY FIGURES: GEOGRAPHICAL FOOTPRINT DISTRIBUTION (a) AND AVERAGE AGE (b)

Continents	Headcount	Distribution	Evolution	Average age
Europe	64,057	58.0%	(+0.4 pt)	43.3
Asia-Pacific	27,932	26.8%	(-1.5 pts)	38.4
Americas	12,035	10.9%	(+0.6 pt)	39.2
Africa	6,453	5.8%	(+0.5 pt)	33.9
TOTAL	**110,477**	**-**	**-**	**41.1**

(a) Open-ended and fixed-term contract headcount.

(b) Open-ended contract average age.

AXA's overall salaried workforce on December 31, 2021, was 110,477 employees (open-ended and fixed-term contracts), which represents a decrease of almost 4% compared to 2020. This decrease is mainly due to the disposals of the businesses in the Gulf Region, in Greece, in AXA Bank Belgium and Kamet.

Implementing smart working: AXA's flagship approach to hybrid working

SMART WORKING SUPPORTS AXA'S CULTURE OF EMPOWERMENT

At the beginning of 2020, 38% of AXA's employees had already experienced working in part from home and from the office. With the COVID-19 outbreak in 2020, AXA successfully transitioned to full remote working at scale for all employees. This was thanks to tried-and-tested experience, the previous years' investments in technology and the strong engagement of its teams. To build up a working culture that maximizes its potential and empowers AXA employees while improving their wellbeing, AXA adopted in January 2021 a global Smart Working program combining remote and in-office work across all entities.

Teams in the AXA Group are empowered to define the best combination of remote and in-office work that maximizes its team's productivity, creativity and individual wellbeing. Smart working allows all employees to work an average of two days per week from home.

To foster cultural change and execute AXA's vision to empower its people, a robust change management plan was put into place. In 2021, AXA designed and launched the AXA Managers Academy with the first module focused on developing leadership and role-modelling in a new hybrid working culture. By helping managers adopt the cultural mindset shift and embrace their role as internal influencers, the AXA Managers Academy was at its core designed to equip managers to be effective leaders throughout the transition. To date, over 4,500 managers across 18 entities have benefitted from this social and collaborative learning experience that will continue to be rolled out in 2022.

SMART WORKING: GLOBAL PROGRAM WITH CUSTOMISATION AT ENTITY AND TEAM LEVEL

AXA's Smart Working policy enables every AXA entity to customise the approach to its local market specificities while committing to the same basic principles. At team level, smart working is implemented through team agreements. Every team decides how to best balance remote and office work, to ensure the customer and team's interests are met.

Accelerating AXA progress on inclusion and diversity

IMPLEMENTING THE AXA INCLUSION SURVEY

Furthering inclusion and diversity at AXA will always be a top priority. 2021 marked a major step forward with the launch of AXA's first Inclusion Survey for all Group employees. As inclusion is at the heart of AXA's strategy, this has been set up to be a yearly survey to measure employees' perception of inclusion and diversity. On a voluntary and confidential basis, the survey gives employees the opportunity to identify with one or more of the AXA Inclusion & Diversity pillars: gender, age, origins, LGBT+, disability and mental wellbeing. Much care was taken to ensure that every question respects and reflects the nuances and cultural sensitivities of each country in which the survey was conducted.

AXA is proud to report that the survey had a 56% response rate and that although all questions were optional, 97% of respondents answered every question. 86% of respondents said they feel included, and AXA global inclusion net promoter score (iNPS) [7] reached 37. 16,000 individual comments were also made. Supported by AXA's updated Inclusion & Diversity policy, the results of the survey provide the foundation for local and global action plans.

PROGRESS ON GENDER EQUALITY AND PAY EQUITY

Gender balance in the AXA Global Leadership Network (GLN) has continued its positive trajectory now reaching 36% of women (34% last year). The number of women on AXA's Management Committee has also increased and is now at 21%, up from 15% in 2020. Women in GLN now make up 37% of GLN CEO roles, up from 30% in 2020 and 21% in 2019. While there is still room for improvement, AXA is confident to secure a sustainable path to progress with the succession pipeline now in place, and the renewed recruitment, compensation, and promotion processes. AXA is committed to reaching gender parity amongst the GLN by the end of 2023. All Management Committee members and entity CEOs have objectives with a clear focus on improving gender diversity within their respective organizations.

	Management Committee [a]			**Partners group [b]**			**Global Leadership Network [c]**		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
Women	21%	15%	15%	27%	27%	23%	36%	34%	32%
Men	79%	85%	85%	73%	73%	77%	64%	66%	68%
TOTAL	**14**	**13**	**13**	**45**	**48**	**47**	**243**	**253**	**263**

(a) Please refer to Section 3.1 "Corporate governance structure" of this Annual Report for more information.

(b) The Partners group is composed of the members of the Management Committee and over thirty other senior executives from across the Group. Please refer to Section 3.1 "Corporate governance structure" of this Annual Report for more information.

(c) The Global Leadership Network is made up of CEO and Executive Committees of AXA's largest markets, growth engines and major transversal entities, as well as senior leaders from the corporate functions, markets and some country CEOs.

AXA's definition of *"fair and equal pay"* now goes beyond gender. To ensure every employee is paid equitably based on objective, justifiable and professional criteria and that no discrimination is made on factors irrelevant to one's professional duties, the Group Remuneration Policy and AXA Group Standards signed by every CEO have been accordingly amended.

Back in 2019, AXA set 2023 as the target year to close all pay gaps across all geographies. At the end of 2021, both women and men in AXA GLN are paid higher than the market, based on the benchmark data provided by Willis Tower Watson for each GLN role. Also, significant progress had been made in closing unjustified pay gaps for the rest of the AXA employee workforce. As part of AXA's commitment to removing all unjustified pay gaps, entities are annually monitoring

[7] *The inclusion Net Promoter Score (iNPS) is measured by asking employees one question, "How likely are you to recommend AXA as an inclusive and diverse workplace?". The answer scale is from 0 to 10, and the iNPS is calculated by taking the percent of promoters (answers of 9-10) and subtracting the percent of detractors (answer of 0-5). The percent of neutrals (answers 6-8) is not counted. This then produces a metric on a scale from (-100) to (+100).*

and addressing the situation with dedicated budgets to reach full pay equity by 2023. All relevant processes (recruitment and promotions) are being reinforced to ensure further gaps are not created in the future.

Championing employees' health and wellbeing

IMPLEMENTATION OF AXA *"HEALTHY YOU"* PROGRAM WITH ADDITIONAL SERVICES

In November 2020, AXA launched a global *"Healthy You"* program to improve employees' health and wellbeing. In 2021, this program was extended to include additional care and support services with the objective of fully implementing these by the end of 2023. AXA Group partnered with employee representatives to roll out the program and signed a Charter with its European Works Council.

Across AXA, the *"Healthy You"* program provides a complete in-person medical check-up every four years for all employees aged 40 and above and a digital check-up for all employees every two years. In September, the first global digital check-up campaign was launched and 33,000 employees in 49 countries participated. Global physical health risks have been identified and AXA is now working on an action plan to address these at Group and entity levels.

To promote prevention, every employee now benefits from on-site annual flu vaccinations and participation in *"Health days"* organized to foster awareness and better prevent health-related risks. AXA also provides employees with access to medical teleconsultation services bringing doctors closer to patients. To further support employees affected by critical illness, going forward AXA will offer a second medical opinion service to ensure employees receive the best treatment. In the event of cancer, AXA will provide financial support with a minimum coverage of 75% of medical expenses as well as a psychological assistance service across all geographies. Employees will also find all the information they need in one single place: from benefits and services to their entitlements in their country.

REINFORCING MIND HEALTH SUPPORT

Since 2020, AXA has reinforced its mental health programs for employees. Through *"Healthy You",* AXA now offers Employee Assistance Programs (EAPs), with 24-hour mental health and psychological support across all geographies. AXA is undertaking to remove the stigma and bias on mental health issues through open discussions and shared stories. Successful initiatives from this past year include mental wellbeing training for managers through LinkedIn Learning modules designed to raise awareness to common conditions and to explain how to provide support. More than 5,500 AXA managers have gone through this training and the program will continue in 2022. Among the other 2021 initiatives, were the dedicated conference on mental health and the *"Walk and Talk"* campaign promoting the benefits of walking while catching-up with co-workers to support health and wellbeing. Another highlight was the Mental Health Leadership Program designed for the Group Partner members (the top 50 leaders) in partnership with Columbia University Mailman School of Public Health. Thanks to these educational sessions, 12 Partners across entities are now ambassadors raising awareness by sharing personal and inspiring stories at global and local events.

Strengthening the employee experience

LAUNCH OF A NEW EMPLOYER PROMISE

Another significant achievement of 2021 was the launch of AXA's new Employer Promise. To become the most inspiring and inclusive employer, increase employee advocacy, and attract top talent, it was essential to convey how AXA is there for its employees and to define what is special about working for AXA. While many organizations rushed to reimagine their employer branding post-COVID-19, AXA was already working on the new promise prior to the pandemic, in line with *"Driving Progress 2023".* The promise, *"Realize your potential to drive progress",* and its supporting pillars, *"Grow your potential", "Shape the way you work", "Thrive within a diverse community",* and *"Move the world forward",* sprung from internal and external focus groups talking about everyday life across AXA. Together, these helps bring together the wide range of initiatives and policies available to all employees and to provide a framework to propel the transformation of the employee experience across the organization. Supported by a LinkedIn campaign featuring video testimonials from ambassadors across AXA sharing their very stories, the launch was a success.

	2021	2020	2019	2018	2017
eNPS [(a)] target	37	25	14	0	-
eNPS [(a)] result	36	35	21	7	(5)

EMPLOYEE COVERAGE	**100%**	**100%**	**90%**	**85%**	**82%**

(a) The employee Net Promoter Score is measured by asking employees one question: "How likely are you to recommend AXA as a place to work?". The answer scale is from 0 to 10, and the result is calculated by taking the percent of promoters (answers of 9-10) and subtracting the percent of detractors (answer of 0 – 5). This then produces a metric on a scale from (-100) to (+100).

2021 also brought into being the new external AI-powered careers' website, with additional CRM features to create a seamless internal employee and external candidate experience. In parallel, AXA France crafted a communication plan for all the entities in France through its 16 digital presences. To attract and recruit the best talents, it put out new tips and tutorials on AXA's mobility platform "MOVE", expert articles on blogs, webcasts, numerous posts, videos and games on social networks. As a result, AXA has acquired over 200,000 followers across social media platforms with 1,100 posts and +25 million impressions for all the entities on the French territories. Moreover, AXA France upgraded its entire applicant onboarding experience this year to provide the right information, at the right time and through the right channel. AXA Mexico initiated *"Perfilando tu Futuro"* to nurture young talents through four programs tailored specifically for its dual students, junior trainees, trainees, and existing employees.

GLOBAL MOBILITY PLATFORM AND CAREER MANAGEMENT PROGRAMS

AXA continues to focus on career development and internal mobility across the Group. In 2021, internal mobility between and within entities was at 8.3%, higher than in 2020. To drive cultural change and provide guidelines to foster an internal mobility that is equally accessible to all, the new *"MOVE"* mobility platform was launched for 30,000 employees in six entities and 40+ countries. As the GIE AXA employees' 50% sign-up rate within the first week attests, the platform has been very well received. Internal mobility continues at the same rate as previous years despite the pandemic, with an average employee tenure between 10 and 12 years.

Learning and development is a top priority

LIFELONG LEARNING FOR ALL

While the pandemic triggered AXA to rethink its approach to learning and development, it also acted as a catalyst for innovation underlining the teams' great resilience, flexibility and agility. The *"learning for all"* ethos remains central to the AXA approach, where every employee has access to learning opportunities in a continuous and self-directed manner, thus empowering all to upskill at scale and speed. For example, LinkedIn Learning, which is available in seven languages with video modules on 16,000 topics, has been available since 2020 to all AXA employees. Over 56,000 employees activated their account and over 42,000 began at least one module in 2021. The adoption of LinkedIn Learning by AXA's entities resulted in an increase of 2.7% in the total number of training days from 2020 to 2021, that is 335,268.7 days in 2020 *versus* 344,195.3 days in 2021. LinkedIn Learning enabling employees to continuously upskill is further enhanced with specific local on-site programs. On average, across the Group, an employee dedicates 3 days a year to development and training.

TRAINING ALL AXA EMPLOYEES ON CLIMATE AND INTEGRATING ESG CRITERIA IN AXA COMPENSATION FRAMEWORKS

As part of its sustainability agenda, AXA has committed that all its employees will complete climate training by the end of 2022. As part of AXA Learning Week in October 2021, AXA launched the AXA Climate Academy, a learning program designed to heighten the awareness and understanding of the science behind climate change, why climate is a growing concern for companies and customers, the main types of climate change risks, and its impact all along the value chain for insurance and investments. It also focuses on how employees can contribute to reducing the Company's carbon footprint through professional and personal practices and behaviours. During the 2021 AXA Learning Week over 11,400 AXA employees joined remotely or in person the global live event *"Real Talk: How climate change has reshaped our insurance business"* broadcast on LinkedIn. More than 14,400 AXA employees were certified at the end of 2021, meaning that they completed all the learning path included in the Climate Academy training.

As part of its *"AXA for Progress Index"* mentioned in Section 4.1 "AXA's sustainability strategy" of this Annual Report and as announced, at the 2021 General Meeting of Shareholders, AXA made some commitments. In addition to its carbon neutrality commitments, AXA has decided to integrate ESG criteria into compensation. By 2023, 30% of achievements will be linked to ESG criteria in all entities with a profit-sharing scheme. The criteria being recommended relates to carbon neutrality and climate change awareness and is quantified by the percentage of employees successfully completing ESG training. Entities are to define their own criteria in function of their profile and local priorities. In 2021, AXA France, GIE AXA, AXA Investment Managers and AXA Partners SAS incorporated criteria linked to climate training in their profit-sharing agreement. AXA France and AXA IM additionally included criteria for carbon emissions reduction.

Employer responsibility performance and social risks mitigation

Reporting on its non-financial social performance allows AXA to monitor and assess how HR policies and practices contribute to mitigating the Group's potential social risks. The three main risks falling within employer responsibility are monitored through key indicators and targets. 2021's results demonstrate the positive impact of HR's efforts in mitigating these risks.

■ **Fostering a safe environment**

This risk relates to potential breaches to employees' health and safety including workers' compensation and emerging risks affecting employees. The risk is mitigated thanks to:

- AXA's investment in the *"Healthy You"* program and prevention policy. The sickness absenteeism rate is stable compared to 2020 and lower than in 2019 (from 3.3% in 2019 and 2.8% in 2020 to 3.0% in 2021),
- the fact that AXA has in many entities doctors support with occupational health,
- the significant increase in employee engagement over the years, reaching its highest eNPS score of 36 in 2021,
- AXA Pulse Survey allowing AXA to measure employees wellbeing and connection with dedicated questions,
- the fact that AXA has open and constant social dialogue across entities on those topics.

■ **Strengthening inclusion and diversity**

Risk within this area is defined as difficulties encountered in deploying AXA's anti-discrimination policy, especially with regard to gender diversity, equal pay, and the employment of people with disabilities. Mitigation is measured through:

- objective setting to foster diversity: inclusion and diversity are top priorities for leaders as part of their annual objectives. AXA is committed to gender parity at GLN level by 2023,
- AXA's Inclusion Survey: after a successful pilot, this survey will be implemented annually to monitor employees' feedback and refine action plans at entity and Group levels,
- a commitment to fair pay: across the organization, a significant progress has been made in closing unjustified pay gaps and at the end of 2021, both women and men in AXA GLN are paid higher than the market. As part of AXA's commitment to removing all unjustified pay gaps, entities annually monitor and address the situation with dedicated budgets to strive towards full pay equity across all geographies by 2023,
- creating an environment free from harassment. In 2021, AXA took an important step by publishing an AXA Group Policy on Harassment. This policy, supported by AXA leaders and adopted across the Group's entities and geographies, provides a set of principles and behaviours that guide the Group and its employees in their everyday conduct.

■ **Supporting career development and employee mobility**

Managers and HR devoting time to recognize and nurture employee development and to motivate and retain talent while, in parallel, improving internal mobility across the Group.

Mitigation is measured through:

- the Group's investment in learning represented more than €77.5 million in 2021. This investment supports AXA's commitment to developing and training all its people at least once a year which has been achieved for the past 3 years. On average, across the Group, an employee dedicates 3 days a year to development and training,
- AXA continues being attentive to career development and internal mobility across the Group. In 2021, internal mobility between and within entities stood at 8.3%, higher than in 2020,
- internal mobility continues with an average tenure of employees between 10 and 12 years, the same rate as previous years, despite the pandemic.

Group Social Indicators

Workforce Structure (a)	2021		Evolution	2020		2019	
Total headcount of salaried workforce as of December 31	**110,477**	**emp.**	**-3.6%**	**114,625**	**emp.**	**120,869**	**emp.**
Headcount of salaried workforce with fixed-term contract	4,349	emp.	+0.05%	4,347	emp.	5,799	emp.
Headcount of salaried workforce (open-ended contract only)	106,128	emp.	-3.8%	110,278	emp.	115,070	emp.
■ Proportion of All Executives (b)	1.9	%	-	2.7	%	2.8	emp.
■ Proportion of all Professionals	45.6	%	-	43.1	%	43.6	emp.
■ Proportion of Associates	52.5	%	-	54.1	%	53.5	emp.
Women representation	**54.1**	**%**	**+1.1 pts**	**53.5**	**%**	**53.6**	**%**
■ Proportion of Executives women	33.3	%	+1.5 pts	31.7	%	30.9	%
■ Proportion of all Professional women	46.2	%	+0.6 pt	45.6	%	46.1	%
■ Proportion of Associates women	61.6	%	-	60.9	%	60.9	%
Average Full-time equivalent (headcount converted into full-time equivalent) of salaried workforce	**103,985.2**	**FTE**	**-3.7%**	**107,998.9**	**FTE**	**110,701.9**	**FTE**
■ Average FTE of salaried non-sales force	89,269.3	FTE	-	92,356.8	FTE	94,558.6	FTE
■ Average FTE of salaried sales force	14,715.9	FTE	-	15,642.1	FTE	16,143.3	FTE
Average FTE of temporary non-salaried staff	**13,564.5**	**FTE**	**+40.9%**	**9,623.9**	**FTE**	**10,634.8**	**FTE**
■ Non-salaried temporary staff and contingent workers	10,763.5	FTE	-	6,802.6	FTE	7,594.0	FTE
■ Trainees/Apprentices	2,801.1	FTE	-	2,821.3	FTE	3,040.8	FTE
Employee Profile							
■ Average age of salaried workforce	41.1	yrs	+0.6%	40.9	yrs	40.5	yrs
■ Average length of service of salaried workforce	10.6	yrs	-	10.6	yrs	10.3	yrs
■ Average number of working days per year	226.8	days	-0.3%	227.4	days	226.7	days
■ Proportion of part-time salaried workforce	9.4	%	-	9.5	%	9.3	%
■ Proportion of Teleworkers	75.5	%	-	52	%	32	%
Number of employees with disabilities – concerns entities operating in France only	**776**	**emp.**	**-**	**727**	**emp.**	**760**	**emp.**

(a) The rates and ratio within this section are the Headcounts as of December 31 of the reporting year.

(b) A global and consistent definition of Executives was implemented in 2021, resulting in a reduction of the global Executives population.

Workforce Dynamics [a]	2021		Evolution	2020		2019	
Movements of salaried workforce: net headcount evolution (entries *versus* departures)	**(4,130)**	**emp.**		**(4,640)**	**emp.**	**(8369)**	**emp.**
Entries	14,142	emp.	+22.8%	11,516	emp.	17,199	emp.
■ Number of external recruitments (incl. Rehires)	12,508	emp.	-	10,329	emp.	15,170	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,517	emp.	-	1,163	emp.	1,968	emp.
■ Number of entries following external mergers and acquisitions	117	emp.	-	24	emp.	61	emp.
Departures	18,272	emp.	+13.1%	16,156	emp.	25,568	emp.
■ Number of resignations	10,597	emp.	-	7,840	emp.	11,521	emp.
■ Number of economic/collective layoffs	1,266	emp.	-	1,253	emp.	1,330	emp.
■ Number of individual layoffs	1,611	emp.	-	1,845	emp.	2,145	emp.
■ Number of retirements/pre-retirements	1,474	emp.	-	1,549	emp.	1,498	emp.
■ Number of departures due to external transfers	3,135	emp.	-	3,473	emp.	8,860	emp.
■ Number of other departures	189	emp.	-	196	emp.	214	emp.
Internal mobility rate of salaried workforce	**8.3**	**%**	**+0.6 pt**	**7.7**	**%**	**8.2**	**%**
Turnover rate of salaried workforce	**14.1**	**%**	**+2.7 pts**	**11.4**	**%**	**15.0**	**%**
■ Involuntary (layoffs/dismissals)	2.7	%	-	2.8	%	3.1	%
■ Voluntary (resignations)	9.9	%	-	7.1	%	10.4	%
■ Other reasons (pre/retirements and miscellaneous)	1.5	%	-	1.6	%	1.5	%

(a) External transfers: salaried workforce who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses, are no longer under a contract with AXA.
The rates and ratio within this section are the Average Headcounts of the reporting year.

Compensation, absenteeism and training [a]	2021		Evolution	2020		2019	
Compensation cost of salaried workforce	**7,999.9**	**M€**	**-1.8%**	**8,145.6**	**M€**	**8,151.6**	**M€**
■ Proportion of fixed pay (related to wages)	80.7	%	-	81.3	%	81.2	%
■ Proportion of variable pay (related to wages)	19.3	%	-	18.7	%	18.8	%
Absenteeism rate of salaried workforce	**4.4**	**%**	**+0.3 pt**	**4.1**	**%**	**4.7**	**%**
■ Sickness absenteeism rate	3.0	%	-	2.8	%	3.3	%
■ Work-related accidents absenteeism rate	0.0	%	-	0.1	%	0.1	%
■ Maternity/paternity leave absenteeism rate	1.4	%	-	1.2	%	1.3	%
Number of training days of salaried workforce	**344,195.3**	**days**	**+2.7%**	**335,268.7**	**days**	**362,448.3**	**days**
Average number of training days per salaried workforce	3.2	days	-	3.0	days	3.2	days
■ Average number of training days per salaried non-sales force	2.7	days	-	2.4	days	2.7	days
■ Average number of training days per salaried sales force	6.5	days	-	6.5	days	6.1	days
Percentage of salaried workforce having received at least one training course	100	%	-	100	%	100	%
Training cost of salaried workforce	**77.5**	**M€**	**+9.4%**	**70.9**	**M€**	**91.9**	**M€**

(a) As per the definition of compensation, it includes the individual fixed pay, the individual variable pay, employer social contribution and collective profit sharing (if any) and excludes equity based compensation (stocks options, performance shares, AXA Miles).
Compensation and absenteeism: the rates and ratio of those categories are the average salaried FTEs of the reporting year.
Training: the rates and ratio of those categories are the Average Headcounts of the reporting year.
Training costs include external costs: such as (1) the external trainer cost and external instructional designer, (2) the external annual licensing for on the shelves e-learning content, or external unitary cost of acquisition of e-learning modules, (3) the logistics cost; and internal costs: such as (1) The salaries/wages of internal Learning and Development teams employees, and (2) the Learning Management System cost.

4.3 CLIMATE CHANGE AND ESG INTEGRATION

As described above in the Sections 4.1 “AXA Sustainability strategy” and “Certain preliminary information about this Annual Report – Sustainable value creation” of this Annual Report, environmental protection – including the interconnected issues related to climate change and biodiversity loss – is a strategic pillar for the AXA Group’s sustainability as an insurer, as an investor and as an exemplary company. This Section covers all three dimensions and provides a broader view on the ESG integration process across the activities of the AXA Group.

In 2021, the impacts of AXA as an investor and as an insurer on climate change are identified as two of the main sustainability risks as described in Section 4.1 “AXA Sustainability strategy – Sustainability risk assessment”. AXA has developed several policies and defined indicators to track its progress in reducing negative impacts.

AXA follows the guidance of the voluntary disclosure recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD) [8], which focus exclusively on climate factors and the mandatory disclosure requirements set out in the French decree implementing Article 29 of Law No. 2019-1147 of November 8, 2019 regarding Energy and Climate or any of its implementing measures, which focuses more broadly on ESG. This is why the text below extends beyond purely environmental factors. Furthermore, this text is an overview of AXA’s more detailed annual “Climate/TCFD Report” [9], to be published on www.axa.com in the second quarter of 2022.

[8] *https://www.fsb-tcfd.org*

[9] *No information, document or item contained in AXA’s annual “Climate/TCFD Report”, or available on the Company’s website in connection with AXA’s annual “Climate/TCFD Report”, is incorporated by reference in this Annual Report.*

AXA's position on climate change and biodiversity

Insurers are well positioned to mitigate climate-related risks. They have claims loss data, as well as models and tools to analyze and conduct forward-looking approaches. Their core business involves disseminating knowledge about new risks and creating adequate insurance products and investment policies. Finally, through their significant investments, they send the right signals to the investment community and to the specific companies they invest in.

The COP21 Paris Agreement sets out a global framework to reach "net-zero" carbon emissions by 2050 in order to limit global warming to well below +2°C and pursue efforts to limit it to +1.5°C above pre-industrial levels during this century.

As part of the strategic plan *"Driving Progress 2023"* (please refer to Section "Certain preliminary information about this Annual Report", sub-Section "Strategic orientations" of this Annual Report), AXA's climate strategy, which includes biodiversity as an extension of its climate efforts, features the following developments:

- the development of a "warming potential" concept for its investments, aligned with a +1.5°C trajectory by 2050. This long-term target is complemented, since December 2020, by an intermediate -20% investment-related carbon footprint target between 2019 and 2025 (part of the "AXA for Progress Index");
- a green investment target of €24 billion by 2023 and increased in 2021 to €26 billion, to make use of new opportunities in this field (part of the "AXA for Progress Index");
- the launch of the "Transition Bond" asset class, with two issuances of €100 million each in 2019 and 2020;
- an exit from the coal industry backed by strict investments and underwriting restrictions, as well as on other carbon-intensive industries;
- a commitment to address biodiversity loss through investment and underwriting policies;
- a target to reduce its direct environmental footprint by 20% between 2019 and 2025 and achieve carbon neutrality for its operations in offsetting the remaining emissions (part of the "AXA for Progress Index").

In addition, in the autumn of 2021:

- the AXA Climate Academy was launched to train employees (part of the "AXA for Progress Index" – please refer to Section 4.2 "Employer responsibility" of this Annual Report);
- the AXA Group reinforced its energy policy with a specific focus on new oil "greenfield" explorations and unconventional activities, and an alignment of climate and biodiversity ambitions;
- new biodiversity commitments were announced, by implementing a plan to fight against the deterioration of forest and ocean ecosystems, investing €1.5 billion to support sustainable forestry management.

Achieving the objectives of the COP21 Paris Agreement requires a whole economy transition. To this end, the Glasgow Financial Alliance for Net Zero (GFANZ) [10] was launched in April 2021, ahead of COP26. This global coalition of leading financial institutions brings together "net-zero" finance initiatives in the UN-backed "Race to Zero" committed to accelerating the decarbonization of the economy. As of November 2021, GFANZ membership includes more than 450 financial firms, including AXA, from 45 countries, responsible for assets of over US$130 trillion of private capital committed to transforming the economy for "net-zero" [11].

In addition, AXA leverages its full expertise as an investor and as an insurer to accelerate the transition to a "net-zero" global economy, as a founding member of the Net-Zero Asset Owner Alliance (NZAOA – please refer to Section "Investments – Climate-related portfolio alignment" below) [12], as Chair of the Net-Zero Insurance Alliance (NZIA – please refer to Section "Insurance" below) since February 2021, and a signatory of the "Net Zero Asset Managers Initiative" (NZAMI) [13].

Climate risk: the question of double materiality

It is now widely accepted within financial markets that the potential impacts of climate change on a company can be material and therefore require disclosure. Conversely, a company can have a material impact on climate change. This is the concept of double materiality. The impact of climate change on AXA and AXA's impact on climate change are identified as main sustainability risks in 2021 as described in the Section 4.1 "AXA Sustainability strategy – Sustainability risk assessment" of this Annual Report.

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[10] *https://www.gfanzero.com/*

[11] *https://www.gfanzero.com/press/amount-of-finance-committed-to-achieving-1-5c-now-at-scale-needed-to-deliver-the-transition/*

[12] *https://www.unepfi.org/net-zero-alliance/*

[13] *https://www.netzeroassetmanagers.org/*

Climate change may have a negative impact on AXA's assets and investment activities as well as on AXA's liabilities and insurance activities. Assessing the risks related to climate change is a priority for AXA as part of its internal Risk Management framework. It supports and enriches AXA's overall understanding of climate-related risks and enables the development of climate scenario analyses.

Indeed, Risk Management frameworks require being adapted to climate risk specificities. Insofar as climate change risks arise over medium to very long-term periods, their trajectories and impacts are particularly uncertain. Moreover, changes in climate will generate structural changes with broad effects on the economic and financial activities that are not fully reflected in historical data. In this respect, scenario analysis and stress testing based on different trajectories of future climate, macro-economic and financial conditions might be relevant tools to conduct forward-looking assessment of potential vulnerabilities and opportunities related to climate change risks.

While it still raises many challenges, the development of climate scenario analyses and stress testing has been accelerating, particularly through the "pilot climate exercise" launched in June 2020 by the ACPR [14]. AXA has actively contributed to this exploratory exercise and sees the use of climate scenario analysis as an opportunity to further understand the long-term implications of climate change on its investment portfolios and insurance business. Through this cooperation with supervisory authorities and industry peers, AXA aims to improve the methodological framework to better address climate change risks.

As part of AXA's ORSA (Own Risk and Solvency Assessment), the ACPR scenarios have been supplemented to better reflect AXA's own risk profile. In particular, Property & Casualty (P&C) physical risks have been assessed through modular approaches (from simple to sophisticated modeling) allowing to encompass the three drivers of natural risks (changes in hazard, exposure, and vulnerability) and assess worldwide potential impacts (*i.e.* evolution of Modelled Average Annual Losses (AAL) of forward-looking scenarios in a range of uncertainty (pessimistic *versus* optimistic views).

Based on representative risks of the Group (flooding in Europe, hurricanes in the U.S.A., urban atmospheric pollution and vector-borne diseases in France, climate-related financial risks), the estimated impacts using ACPR and AXA's ORSA scenarios are relatively limited:

- investments: low impact of financial market scenarios given the low exposure to carbon-intensive sectors of AXA's portfolio (General Account assets) and considering the first results from the ACPR pilot stress tests;
- Property & Casualty (P&C) business: due to AXA's worldwide footprint of exposures creating a high natural diversification, evolution of AXA P&C natural catastrophes ("NatCat") claims remain mainly driven by changes in AXA's future underwriting strategy (demographical evolution, wealth growth) rather than the hazard increase by itself;
- Health & Protection: ACPR's climate pilot exercise showed that the main impact stems notably from higher mortality due to the deterioration of air quality. Based on AXA's ORSA urban pollution scenario, the increase of death guarantees related claims between 2020 and 2050 are deemed very moderate.

AXA has already started exploring the potential impacts of climate change on its investments by leveraging a model developed by Carbon Delta MSCI (applicable only to corporate assets, and not to sovereign debt) where risks and opportunities are combined and translated into a "Climate Value-at-Risk" indicator (*nota bene:* the term used in the 2020 Annual Report was "Cost of Climate" – please refer to AXA's annual "Climate/TCFD Report" and to the Section "Investments" below).

Beyond this approach, AXA seeks to prevent or mitigate its adverse impacts on climate change as an investor and as an insurer, namely by:

- applying its analytical framework to identify its potential impacts on climate and incorporating ESG (including those related to climate) into its business processes as well as into its investment strategy;
- committing to align its investments and underwriting activities with the COP21 Paris Agreement, to limit the "warming potential" of +1.5°C above pre-industrial levels by 2050;
- implementing policies in its investments and underwriting activities for sectors that are particularly sensitive from an ESG perspective (including on climate);
- developing green investments and transition financing;
- offering customers insurance solutions that promote environmentally friendly behavior;
- developing active stewardship.

These policies and initiatives are described in the Sections "Investments" and "Insurance" below.

[14] *Similarly, the Bank of England and the "Prudential Regulation Authority" (PRA) ran their "Climate Biennial Exploratory Scenario" (CBES) exploratory exercise in 2021 with the objective of testing the resilience of current business models of the largest banks and insurers to the financial risks associated with climate change.*

Investments

DEFINITIONS AND GOVERNANCE

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's conviction is that ESG integration may impact long-term investment performance by offering an enhanced understanding of risk drivers. This conviction is derived from academic research and empirical market data. Within ESG, climate change deserves special attention. AXA actively pursues measures to manage climate-related risks and opportunities.

AXA has developed a comprehensive RI strategy covering the Group's General Account assets, including its Unit-Linked investments, where relevant. The implementation of this strategy is overseen by a specific RI governance. AXA's Group-level Responsible Investment Committee (RIC) is chaired by the Group Chief Investment Officer, and includes representatives from AXA's Asset Management entity, Sustainability, Risk Management and Communication teams. The RIC reports to the Group Investment Committee, chaired by the Group Chief Financial Officer, and sensitive and/or strategic climate finance-related decisions debated in the RIC are ultimately approved by the RISSC (please refer to Section 4.1 "AXA Sustainability Strategy – Sustainability governance & Stakeholder dialogue" of this Annual Report). AXA's RI policy is supported by the RI Center of Expertise, a transversal working group from AXA's local investment teams interacting with the Sustainability network.

RESPONSIBLE INVESTMENT STRATEGY

AXA's Responsible Investment strategy is embodied in its Group Responsible Investment policy (published on the Group's website: www.axa.com/en/about-us/responsible-investment). The policy's six pillars are as follows:

- **ESG integration:** AXA integrates ESG analysis into investment processes, using KPIs and qualitative research across most assets;
- **climate-related investment portfolio alignment with COP21 Paris Agreement objectives:** Carbon metrics are integrated into investment decisions. AXA continues to develop metrics for measuring the climate-related impact of its investments, in particular the contribution of its investments to the objective of the COP21 Paris Agreement to limit global warming to well below +2°C;
- **exclusions and sensitive ESG investments:** sector-based restrictions apply to sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions are published on AXA Group's website (www.axa.com/en/about-us/responsible-investment) and currently include: controversial weapons; coal mining and coal-based power generation; oil & gas; ecosystem conversion and deforestation; food commodity derivatives; and tobacco;
- **a green investment target and transition financing:** to increase the allocation of green assets across various asset classes and to support companies shifting towards less carbon-intensive business models;
- **impact investing:** investments that create intentional, positive, measurable, and sustainable impacts on society (both social and environmental issues) while simultaneously delivering financial market returns;
- **active stewardship:** through voting and engagement on a range of ESG or sustainability issues.

The AXA Group as well as its in-house Asset Management entity AXA Investment Managers and its multi-asset manager Architas are signatories of the UN-backed principles for Responsible Investment (UN PRI).

ESG integration

AXA integrates the analysis of ESG criteria (including those related to climate) into investment processes and steers the ESG performance of its investments. In 2021, AXA strengthened its ESG scoring methodology. Previously, AXA combined data from three providers. AXA has now adopted a single-provider ESG scoring model which is coupled with an overlay of AXA Investment Manager's own analysis. Entitled Q², this new enhanced qualitative and quantitative approach offers increased coverage as well as fine-tuned fundamental analysis. AXA's ESG framework provides scores per asset class, KPIs (such as the carbon footprint) and qualitative research across most of its assets. ESG integration is coordinated centrally, with active input from Asset Management teams (portfolio managers, fund managers and analysts) that include ESG metrics in their investment analysis across asset classes and regions. This includes ESG "minimum standards" based on ESG scores and controversies to review and potentially exclude underperforming issuers from AXA's portfolios. This framework covers AXA's General Account assets (sovereign and corporate bonds, equity, real assets (direct property, infrastructure debt and equity, and commercial real estate loans)):

- **for corporate issuers (equity and debt):** the ESG assessment emphasizes impact and materiality. It draws on fundamental principles, such as the United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies' activities in the field of sustainable development and social responsibility;
- **for sovereign issuers:** AXA's ESG scoring uses public data sources such as the World Bank, the OECD, and the UN (*e.g.* environment, social and political risks), and the criteria are adapted to the development levels of countries;
- **for real assets (direct property, commercial real estate loans and infrastructure debt and equity):** AXA's analysis framework is based on proprietary questionnaires covering criteria such as energy efficiency, environmental certificates, and accessibility.

In addition, ESG considerations as well as the transparency of the issuers are integrated in the internal credit risk analysis.

Finally, "carbon footprinting", which is applied to AXA's equities, corporate fixed income and sovereign debt assets, complements the ESG metrics. See also further climate-related KPI development in the following section.

Climate-related investment portfolio alignment

As described in the Section 4.1 "AXA Sustainability strategy – Sustainability risk assessment" of this Annual Report, AXA has identified the impact of climate change on AXA's investments and the impact of AXA as an investor on climate change as two main sustainability risks. Climate change risks are usually understood to comprise these two main risk drivers [15] [16] impacting companies' valuation and profitability:

- **"transition risks":** transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations. The "transition risk" can be measured in financial risk terms (in euros) or purely "climate impact" terms (in temperature rise);
- **"physical risks":** resulting from climate change, those risks can be event-driven (acute) or longer term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.

To manage these risks, AXA is progressively evolving its investment portfolios by integrating carbon metrics into its internal decision-making processes. While various metrics exist, such as the "warming potential" and carbon footprint described below, more convergence is currently needed. AXA's contribution to supporting methodology convergence is developed in AXA's annual "Climate/TCFD Report".

CLIMATE VALUE-AT-RISK: CLIMATE RISK ON AXA'S CORPORATE CREDIT INVESTMENTS

In 2021, AXA leveraged a model developed by Carbon Delta MSCI for its corporate assets only, based on:

- **"transition risks" (or "regulation") risks:** the low carbon transition, both *via* market and regulated evolutions, may significantly impact business models. This will likely create economic losses in the form of "regulation costs" for those who fail to adequately adapt. "Transition risks" for each company represent how much a reduction of their CO_2 emissions by 2030 (the NDC [17] horizon) will cost them, relying notably on their sector/activities and on the countries where they operate. It is expressed as a proportion of revenues negatively affected by this cost;
- **"physical risks":** for each company, the costs of potential future extreme weather events (five "chronic" hazards – extreme heat, extreme cold, heavy precipitation, heavy snowfall, wind gust – and three "acute" hazards – coastal flooding, fluvial flooding, tropical cyclones) by 2030 [18] is assessed (*via* asset damages and business interruption), relying on their activities and location, and combined with expected vulnerability factors. This is also expressed as a proportion of revenues negatively affected by this "cost";
- **"green revenues":** for each company, the revenues future green technologies developments by 2030 [4] will generate for the Company are assessed, using company-level patent databases to estimate future revenue flows from green and

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[15] *Source: European Central Bank.*

[16] *Corporations might also be exposed to liability risks stemming from legal claims to compensate losses due the physical or transition risks. Risks associated with climate change litigations are among the emerging risks monitored and assessed by Group Risk Management.*

[17] *The estimations of greenhouse gas emission reductions of carbon intensities are based on "Nationally Determined Contributions" (NDCs) for the time horizon 2030 but the risks and opportunities linked to the "Climate Value-at-Risk" are calculated over 15 years.*

[18] *Ibid.*

low carbon technologies. While certainly not the only factor to be considered to estimate future “green revenues”, a statistically relevant correlation has been established between “green patents” and “green revenues”. This third KPI is expressed as a proportion of revenues that are “green”.

The combination of the aforementioned items translates into a “Climate Value-at-Risk” indicator [19]. According to this methodology, the loss of turnover for companies AXA invests in, notably due to regulation costs and extreme weather events losses, represents an aggregated cost of 7.4% of AXA’s market value investments at end of 2020, which can be described as a “Climate Value-at-Risk”. These losses have increased since the previous year as the methodology, similarly to the “warming potential”, now includes Scope 3 emissions [20]. Although currently AXA does not leverage this complex and evolving KPI in its day-to-day investment decisions, this metric provides insight on the possible climate-related financial risks that may be incurred by investors should its underlying assumptions suddenly occur (for additional information, please refer to AXA’s annual “Climate/TCFD Report” for more information).

“PHYSICAL RISKS”: CLIMATE IMPACTS ON AXA’S REAL ASSETS PORTFOLIO

In addition to the aforementioned “Climate Value-at-risk” for its corporate credit investment portfolio, AXA has a significant amount of claims-related data to conduct a “physical risks” analysis on its real estate portfolio. AXA’s Investments and Group Risk Management teams collaborate to evaluate the financial impact of floods, windstorms and hail on buildings assets.

AXA’s “physical risks” assessment for real estate uses “NatCat” models – generally only used to assess the impact of natural catastrophes on insured exposure – combining stochastic events (windstorms, floods, hail) and a geolocalized portfolio of real assets. Specific “destruction rates”, which factor location, building/infrastructure type and construction materials are then used to determine potential damage rates and derive a loss for every building/infrastructure. According to in-house risk modelling, the financial impacts of climate-related “physical risks” on these assets appears limited.

Moreover, for corporate bonds and equities, the costs of “physical risks” have been assessed by modelling the expected financial impacts of extreme weather events on companies’ physical assets. The “physical risks” cost estimates factor in vulnerability to business interruption risk and asset damage, based on the exposure of facility locations to extreme weather events.

“WARMING POTENTIAL”: IMPACT OF AXA’S INVESTMENTS ON CLIMATE

In 2021, AXA continued its investigation of the concept of an “investment temperature” to develop its knowledge of the impact of AXA’s investments on climate change (climate impact). This approach labelled “warming potential” in Carbon Delta MSCI’s methodology, captures the climate-related aspects of a company’s activities, including its direct and indirect greenhouse gas emissions, technology developments, and “green revenue” opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed to reach the global climate target of the COP21 Paris Agreement. This produces a “warming potential” indicator per company and sector, and ultimately for AXA’s investments.

TCFD-related modelling shows that AXA’s investments (corporates and sovereigns) had a +2.7°C “warming potential” at the end of 2020 [21]. This is below the benchmark of +3.21°C but nonetheless shows that investors are operating in a carbon-intensive economy that is not aligned with the COP21 Paris Agreement. A vast energy transition effort is required. All companies must evolve, and we believe it is incumbent on investors to identify and support relevant transition strategies.

CARBON FOOTPRINT

Since 2016, AXA strives to translate international climate objectives derived from the COP21 Paris Agreement into quantitative investment targets. These efforts are reflected in its engagement within the Net-Zero Asset Owner Alliance (NZAOA).

Since 2019, AXA is part of the NZAOA, a coalition of institutional investors (insurers, pension funds, etc.), convened under the auspices of the UN Principles for Responsible Investment, and launched during the September 2019 UN Climate Summit. Its members collectively commit to transition their investment portfolios to “net-zero” greenhouse gas emissions by 2050, with united investor action to align portfolios with a +1.5°C scenario.

A carbon footprinting approach was chosen by NZAOA members as emissions reporting methodologies are currently considered more robust, and data availability is higher. As part of its participation in the NZAOA, AXA commits to publish intermediate targets every five years to track progress towards “net-zero” by 2050.

In December 2020, AXA announced its “intermediate target”, a 20% reduction in the carbon footprint of AXA’s General Account assets between 2019 and 2025 (*e.g.* aggregated 20% reduction across corporate debt & equity excl. emerging

[19] *These figures may not be compared with those disclosed in AXA’s 2020 “Climate/TCFD Report”. Here also, methodology changes have occurred.*

[20] *AXA depends on the availability and reliability of data. In this respect, AXA is working with its external partners, such as Carbon Delta MSCI, to progressively better take into account Scope 3 emissions in carbon metrics.*

[21] *The “warming potential” at the end of 2021 will be available in AXA’s 2022 Climate/TCFD Report.*

market issuers and entities; and real estate assets where possible), using the NZAOA 2025 Target Setting Protocol. Per this protocol:

- carbon intensity has been identified as a useful tool for the decision-making process towards decarbonizing investment portfolios and for monitoring progress of carbon emissions;
- the Enterprise Value (EV) approach is recommended to companies invested in equity portfolios and corporate bonds, enabling allocation of emissions to the relevant parts of their balance sheet.

This explains why the carbon footprint target set by AXA is measured and tracked with a carbon intensity-based metric, expressed in t.eq.CO_2/EV €million (normalized per Enterprise Value). In 2021, AXA has worked on including financial issuers in data to be aligned with the scope defined by the NZAOA members. According to this reporting methodology, the carbon footprint of AXA's investment portfolio (General Account assets) decreased by 5.4% between 2019 and 2020 (coming down from 69.84 tCO_2/EV €m in 2019 to 66.06 tCO_2/EV €m in 2020).

This target is part of the "AXA for Progress Index" and is presented in further detail in the annual "Climate/TCFD Report".

Exclusions and sensitive ESG investments

Certain activities and products are deemed to be inconsistent with AXA's climate strategy and broader sustainability goals. In this context, AXA has developed over time specific "sector guidelines" that seek to address those issues and entities are required to annually certify their compliance therewith. These guidelines are applicable to investments and underwriting activities (please refer to Section "Insurance" below).

These currently include the following sectors:

- coal;
- oil & gas (please refer to Section "Climate-related exclusions: coal and oil & gas" below);
- "controversial weapons" manufacturers that are banned by international conventions (antipersonnel landmines, cluster munitions/cluster bombs chemical, biological and depleted uranium weapons, nuclear weapons proliferation);
- tobacco manufacturers, whose products conflict with AXA's role as one of the world's largest health insurers;
- ecosystem conversion and deforestation, Natural World Heritage Sites (applicable to underwriting activities only – please refer to Section "Biodiversity" below);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities (applicable to investments only).

These policies are published on AXA Group's website (www.axa.com/en/about-us/responsible-investment).

Since 2007, AXA's investment restrictions have applied to approximately €7.5 billion of assets, including listed equity assets, with any related corporate bond holdings being left in run off (no new direct investments). The remaining exposure to applicable policies in AXA's portfolio amounted to less than €400 million at the end of 2021. These figures will evolve with the entry into force in 2022 of the following policies: oil & gas (please refer to Section "Climate-related exclusions: coal and oil & gas" below), ecosystem conversion and deforestation, Natural World Heritage Sites (applicable to underwriting activities only – please refer to Section "Biodiversity" below).

CLIMATE-RELATED EXCLUSIONS: COAL AND OIL & GAS

From the start, AXA adopted a balanced approach to contribute to the transition towards a more sustainable and less carbon-intensive economy. Carbon emissions require significant curbing in order to reduce the risk of climate change, which may place business constraints on carbon-intensive industries, leaving some assets "stranded", which in turn may lead to reduced valuations. Current valuation models may not account for such risks adequately.

Coal

Coal is by far the most carbon-intensive form of energy and as such coal-based power generation is seen as the industry the most at risk in terms of such "asset stranding".

AXA acted early in May 2015 with a pioneering coal divestment, later strengthened in 2017 with underwriting restrictions, and extended these to its new entity AXA XL in 2018. In November 2019, this approach was amplified and complemented with a long-term perspective [22].

AXA bans investments, for General Accounts and in Unit-Linked assets in fully controlled mandates, in the following companies:

- power generation companies with coal share of power production (energy mix) over 30% and/or coal "expansion plans" producing more than 300 MW and/or over 10 GW of coal-based power installed capacity;

[22] *https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/7c51bab4-4266-42b6-aa8a-a6b209ee6e33_2019ClimateStrategy.pdf*

- mining companies with coal share of revenues over 30% and/or with annual coal production over 20 million tons and/or developing new coal mines;
- certain coal industry partners, defined as manufacturers (*e.g.* equipment suppliers) and infrastructure players (*e.g.* port terminals, dedicated railways) developing significant new coal assets.

In addition, AXA is committed to a long-term "exit" strategy 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). This approach is applied both to its investments and underwriting activities (please refer to Section "Insurance" below).

The database used since 2017 is the "Global Coal Exit List" (GCEL) [23].

Oil & gas

Since 2017, AXA has divested from oil sands-related businesses (defined as companies deriving more than 20% of their revenue from oil sands, including pipeline operators).

In 2021, AXA revised its Oil and Gas policy [24] driven by two principles:

- 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 enabling Oil and Gas companies to implement ambitious transition plans. AXA's role, as a financial and underwriting player, is to focus its support to the Oil and Gas companies with the most far-reaching and credible transition plans;
- despite significant differences between investment and underwriting when it comes to decarbonizing its activities, AXA will continue to strive for progressive alignments between its decisions as an asset owner and as an underwriter.

As an asset owner, AXA has stopped investing in new upstream oil greenfield exploration projects unless they are carried out by companies with the most far-reaching and credible transition plans. AXA excludes all new direct investments in listed equities and corporate bonds in developed markets in Oil and Gas companies operating in upstream and/or oilfield services and/or downstream subsectors, as well as midstream players. AXA selects integrated Oil and Gas companies for investments based on a restrictive selection process. Less than 5% of the approximately 650 companies identified in the "Global Oil and Gas Exit List" by NGO Urgewald [25] meet AXA's criteria.

Furthermore, AXA reduces its investment exposure to unconventional exploration and production, as follows:

- Arctic: AXA extends the scope of its investment restrictions to the Arctic Region (in alignment with the Arctic Monitoring and Assessment Programme (AMAP)). Only companies with Norwegian operations in the AMAP Region will be maintained, given their high environmental standards and lower operational carbon footprint. AXA will exclude new direct investments in companies deriving more than 10% of their production from the AMAP Region or producing more than 5% of the worldwide volume of AMAP-based Oil & Gas;
- oil sands: on top of the existing restrictions in place, AXA will adopt a more stringent policy by ceasing direct investments in companies producing more than 5% of the worldwide volume of oil sands;
- fracking/shale Oil and Gas: AXA will no longer directly invest in companies deriving more than 30% of their production from fracking/shale Oil and Gas;

The main database used is the "Global Oil & Gas Exit List" (GOGEL) [26] released in 2021.

A green investment target and transition financing

GREEN INVESTMENTS

AXA strives to support the transition to a low-carbon economy by supporting companies shifting towards less carbon-intensive business models and by increasing the allocation of "green" assets across various asset classes. To support its green investment strategy, AXA has developed an internal framework to define "green" investments based on external labels, certifications and environmental standards as appropriate. Green investments are defined as: green bonds, infrastructure debt & equity, impact investments, real estate, and commercial real estate loans. AXA's green investment strategy is further developed in AXA's annual "Climate/TCFD Report". In addition to "temperature" targets and divestments, green investments encourage various sectors to strengthen their climate strategy.

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[23] *https://coalexit.org/*

[24] *https://www.axa.com/en/press/press-releases/axa-extends-its-oil-and-gas-exclusions-to-support-the-energy-transition; https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/dfa080ca-e1c5-4851-8a40-5d3c1e9de78d_axa_energy_policy_oil_and_gas_industry_2021.pdf*

[25] *https://urgewald.org/english. As AXA's Oil & Gas policy was released before the final version of the Global Oil and Gas Exit List in November 2021, AXA refers to a provisional version of this list.*

[26] *https://gogel.org/*

In November 2019, AXA committed to invest €24 billion in green investments by 2023. In 2021, this target was increased to €26 billion following a €1 billion Green Bond issuance by AXA SA [27] in April and a €1 billion commitment to intensify its investments in green and low-carbon energies [28] in October. In December 2021, AXA's green investments reached €22.6 billion (€16.1 billion end of 2020).

TRANSITION BONDS

Green or climate bonds are a recent but successful instrument designed to support projects with climate or environmental added value. However, it is also important to support carbon-intensive players that are actively decarbonizing but have not yet reached the "greenness" that makes these efforts eligible to green bonds. This is why, since 2019, AXA Investment Managers (AXA IM) has worked to develop the concept of "transition bonds". In November 2019, AXA announced the launch of a first €100 million "transition bond" in partnership with Crédit Agricole CIB [29]. In 2020, AXA announced a second transition bond of €100 million in partnership with BPCE [30]. The proceeds will be used to finance Natixis' assets, being project and/or corporate loans from sectors with high emissions reduction potential as well as their contribution to a low carbon economy. The details of this project are available online. Throughout 2020, AXA IM acted as co-chair of the Climate Transition Finance Working Group of the International Capital Markets Association (ICMA) which published the *Climate Transition Finance Handbook,* the first global effort to frame the concept of transition finance.

Impact investing

Impact investing means investing with the clear intention of generating positive, measurable social and environmental outcomes, as well as competitive financial returns. AXA's impact investing strategy is designed to align with this traditional definition of impact investing. This approach is aligned with the Operating Principles for Impact Management sponsored by the International Finance Corporation. AXA IM is a founding signatory to these Principles and a Member of the Advisory Board. Since 2013, AXA has committed €922 million to impact investing, with the value of the invested amount standing at €418 million at September 30, 2021. In 2021, AXA approved a new "Natural capital" target (please refer to Section "Biodiversity" below). AXA also launched a new Fund dedicated to Health and Inclusion (please refer to Section 4.4 "Inclusive insurer").

Active stewardship

As a shareholder and bondholder, AXA has the possibility to engage with the management of companies in which it invests in order to help catalyze positive change on certain issues (such as climate change, health, governance, market practices, etc.). These engagement activities are carried out either directly by the Group or by AXA Investment Managers (AXA IM) on behalf of the AXA Group and third-party clients. Climate change is one of the most material themes for which AXA conducts engagement. AXA's key climate engagement objectives and indicators are detailed in AXA's annual "Climate/TCFD Report".

On behalf of the Group, AXA IM holds constructive and challenging discussions directly with investee companies, and as part of a coalition of investors, engaging with companies in key sectors. In the specific case of coal, AXA notably encourages the transition through active shareholder engagement, as an investor, and client communication, as an insurer, with the concerned companies in order to encourage them to develop and disclose an exit or closure plan.

In 2021, AXA IM reinforced its stewardship policy with a focus on climate laggards [31]. From 2022, AXA IM will engage with a selection of companies which do not have net-zero commitments, or have quantified emissions reduction targets deemed to be not credible or demanding enough. This more forceful engagement policy, with a "three strikes and you're out" principle, aims at applying sufficient pressure to effect timely change, and is applied on behalf of third party clients. Clear objectives are defined for each of those companies, tailored to their activities, and communicated to their management. AXA IM will regularly engage with those companies to steer them to achieve progress on those objectives, using escalation techniques when necessary (*e.g.* voting against management). If the objectives have not been achieved after three years, AXA IM will divest.

Voting at General Meetings is performed in favor of environmental, climate-related, social and governance issues including sustainability disclosures.

For more information, please refer to AXA IM's annual Active Ownership and Stewardship report [32].

[27] *https://www.axa.com/en/press/press-releases/axa-announced-the-successful-placement-of-Euro-1-billion-of-subordinated-green-bonds-due-2041*

[28] *https://www.axa.com/en/press/press-releases/axa-extends-its-oil-and-gas-exclusions-to-support-the-energy-transition*

[29] *https://www.axa.com/en/magazine/forming-a-bond-supporting-the-energy-transition*

[30] *https://www.axa-im.com/media-centre/bpce-issues-e2-82-ac100-million-of-transition-bonds-invested-by-axa-im-to-finance-natixis-assets-contributing-to-the-energy-transition*

[31] *https://www.axa-im.com/axa-im-further-strengthens-its-climate-actions-accelerate-its-contribution-low-carbon-world*

[32] *https://www.axa-im.com/who-we-are/stewardship-and-engagement*

Insurance

GOVERNANCE

Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee (GUC), which defines underwriting restrictions. Similarly to investments, sensitive and/or strategic climate-related decisions debated in the GUC are ultimately approved by the RISSC (please refer to Section 4.1, “AXA Sustainability strategy – Sustainability governance & Stakeholder dialogue” of this Annual Report). In addition, a dedicated team within Group Risk Management analyzes Emerging Risks which often relate to long term ESG issues, and monitor their potential impact (please refer to Section 5.8 “Other material risks – Emerging risks” of this Annual Report). The Group Emerging Risk Committee issues recommendations to adapt its business offer and underwriting policies.

AXA is a signatory of the UN-backed principles for Sustainable Insurance (UN PSI).

CLIMATE-RELATED INSURANCE PORTFOLIO ALIGNMENT

In December 2020, for the fifth anniversary of the COP21 Paris Agreement, AXA called for a significant new development in its underwriting business. AXA actively supports coalitions that bring collective solutions to issues that require industry-wide cooperation. This is why AXA publicly supported the creation of the Net-Zero Insurance Alliance (NZIA) to collectively extend its investment commitment to “net-zero” to its insurance business.

Chaired by AXA since February 2021, the NZIA revealed its commitments at the G20 in July 2021, with the main commitment to transition insurance and reinsurance underwriting portfolios to “net-zero” greenhouse gas emissions by 2050. Since its launch, the NZIA has been building on the work that the eight founding members have already begun as investors through their membership to the NZAOA (Net-Zero Asset Owner Alliance – please refer to Section “Investments – Climate-related portfolio alignment” above). The NZIA launched a working group in September 2021 in collaboration with the Partnership for Carbon Accounting Financials (PCAF) to develop the first global standard to measure and disclose insured emissions. This is a true challenge as the methodologies and metrics are less developed in the insurance space than for investments. The upcoming months will serve to build the target-setting protocol by January 2023 so that AXA can test various metrics to set its intermediate target, towards the end goal of transitioning its underwriting portfolio to be “net-zero” by 2050. By the end of 2021, the Alliance has grown to 13 members.

UNDERWRITING RESTRICTIONS

Beyond commitments in coalitions, AXA strives to incorporate ESG criteria (including those related to climate) in its underwriting activities, in consistency with its investment strategy. Over time, AXA has developed specific “sector guidelines” that entities are required to annually certify their compliance therewith. These guidelines are applicable to investments and underwriting activities (please refer to Section “Investments” above). A business referral process is in place to monitor the implementation of these guidelines. The details of these policies are published on AXA Group’s website.

Since 2017, the underwriting restrictions ban Property and Construction covers for: coal mines, coal plants, oil sands extraction sites and related transportation (pipelines) and drilling in the Arctic Region [33]. In November 2019, AXA had already strengthened these restrictions by adding the coal-related restrictions at client-level, mirroring divestment criteria (please refer to Section “Climate-related exclusions: coal and oil & gas” above).

In 2021, AXA revised its Oil & Gas policy [34]. AXA will cease underwriting new upstream oil greenfield exploration projects unless they are carried out by companies with the most far-reaching and credible transition plans. AXA’s selection of these companies with credible transition plans will be finalized by the end of 2022. Once completed, the cessation of new contracts of new upstream oil greenfield exploration projects will come into force with a 12-month grace period ending on January 1, 2024.

In addition, AXA will significantly reduce its insurance exposure to unconventional exploration and production from its business from 2022, as follows:

- Arctic: AXA extends the scope of its Arctic underwriting restrictions beyond the polar circle and the 70°N zone in alignment with the Arctic Monitoring and Assessment Programme (AMAP). Only Norwegian operations in the AMAP Region will be maintained, given their high environmental standards and lower operational carbon footprint. AXA will strengthen the thresholds applicable to insurance activities in this particularly fragile region, excluding new underwriting coverage for Oil and Gas extraction activities carried out in the AMAP Region by companies deriving more than 10% of their production from the AMAP Region or producing more than 5% of the worldwide volume of AMAP-based Oil & Gas.

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33 *Defined as operations situated above 70°N.*

34 *https://www.axa.com/en/press/press-releases/axa-extends-its-oil-and-gas-exclusions-to-support-the-energy-transition https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/dfa080ca-e1c5-4851-8a40-5d3c1e9de78d_axa_energy_policy_oil_and_gas_industry_2021.pdf*

Exemptions may be granted if the projects are carried out by Oil and Gas companies with the most far-reaching and credible transition plans;

- oil sands: on top of the existing restrictions in place, AXA will adopt a more stringent policy by extending current restrictions to all lines of business for underwriting activities;
- fracking/shale Oil and Gas: AXA will no longer provide any insurance coverage to activities of companies, deriving more than 30% of their production from fracking/shale Oil and Gas.

The main database used is the "Global Oil & Gas Exit List" (GOGEL) [35] released in 2021.

GREEN PRODUCTS AND BUSINESS

In addition to the underwriting restrictions described above, the Group seeks to minimize its impact on climate change by offering insurance solutions that promote environmentally friendly behavior:

- AXA XL underwriters have significant expertise and capacity for insuring clients in the energy industry, with a strong focus on renewable energy;
- some local entities also develop motor and car fleet insurance policies encouraging low CO_2 emission vehicles, Home insurance policies encouraging energy efficiency, renewable power installations, and environmentally friendly claims strategies. For instance, in case of a car accident, AXA France promotes the use of second-hand parts instead of new ones, and AXA Switzerland encourages repairing damaged parts ("micro-repair") rather than replacing them with new ones;
- AXA Climate offers parametric insurance products which, for example, accompany the recovery of agricultural crops after climate-related natural disasters (notably drought or flooding) and can help improve the capacity of the insured to become more resilient. Please refer to Section 4.4 "Inclusive insurer" of this Annual Report, and to AXA's annual "Climate/TCFD Report".

To leverage these existing best practices, AXA started developing in 2021 a more proactive and comprehensive Green Business strategy to support local entities in deploying offers with a positive impact on the environment (notably on climate change mitigation and adaptation). This framework will be complemented by the definition of a "green premiums" target (applicable to its Commercial lines, SMEs and Retail P&C business) to measure progress, as well as promote product innovation. It is expected to be launched in Q2 2022.

In 2020, AXA's entities have generated €1.1 billion of revenues on Green Business offers.

Also refer to Sections "Biodiversity" on innovative "nature-based solutions" and 4.4 "Inclusive insurer" of this Annual Report, to complement the view on ESG insurance products, and AXA's annual "Climate/TCFD Report".

SFDR: CLIMATE AND ESG INTEGRATION IN SAVINGS

Since March 2021 and the entry into force of the Sustainable Finance Disclosure Regulation (SFDR) [36], the European in-scope companies of the Group (*e.g.* life insurance companies, insurance intermediaries, asset managers) must publish on their websites and in product precontractual client documentation, information on how they take into account Sustainability Risks [37] and Principal Adverse Impacts [38] in their investment decision-making processes and/or their investment advisory processes.

In this context, AXA provides end clients with information on AXA's green investments and carbon emission reduction targets.

All in all, hundreds of savings, retirement and protection products have been impacted by the SFDR. For example, AXA France Vie has reinforced the transparency of its approach to Sustainability Risks for over 50 financial products.

The entity and product disclosures will be supplemented with the implementation of the Delegated Regulations of the SFDR and of the EU Taxonomy Regulation.

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[35] *https://gogel.org/*

[36] *Regulation (EU) 2019/2088 dated November 27, 2019, on sustainability-related disclosure in the financial services sector (the "SFDR").*

[37] *Pursuant to the SFDR, a Sustainability Risk (SR) is an environmental, social or governance-related event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.*

[38] *Pursuant to the SFDR, a Principal Adverse Impact (PAI) is the impact of an investment decision or advice that results in negative effects on sustainability factors (environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters).*

Biodiversity

Limiting the loss of ecosystems is a priority to maintain economic stability and to mitigate climate change. Biodiversity loss endangers “ecosystem services”, which threatens both society and businesses that depend on them, and in turn investors and insurers that rely on a well-functioning economy. Addressing biodiversity-related risks and opportunities is a natural extension of AXA’s climate efforts. Indeed, climate change also severely compounds the destruction of ecosystems around the world, adding pressures related to drought, ocean acidification, and more intense natural catastrophes. As a result, the main identified nature-related risk is the impact of AXA’s activities on biodiversity.

Impacts on biodiversity can adversely affect the integrity of a geographic area, either directly or indirectly, by substantially changing its ecological features, structures, and functions across its whole area, and over the long term, so that habitat, its population levels, and the particular species part of the habitat cannot be sustained [39]. Biodiversity has been identified as a main ESG risk in 2021 as explained in the Section 4.1 “AXA sustainability strategy – Sustainability risk assessment” of this Annual Report.

In 2021, AXA has made significant progress in reducing exposure to nature-negative activities, and driving nature-positive solutions, to mitigate the frequency and severity of its impacts on biodiversity. AXA’s sustainability strategy currently includes the following developments.

RISK IDENTIFICATION – UNDERSTANDING AXA’S IMPACT ON BIODIVERSITY

While biodiversity loss and its main drivers are well documented, the quantification of business impacts on biodiversity is still a quite new field, and the risks incurred by companies are to be precisely defined. This is why AXA is working with peers to accelerate the quantification of risks and impacts related to biodiversity.

Following the release of the AXA-WWF “Into the Wild” report, during the G7 in 2019, the Taskforce on Nature-related Financial Disclosures (TNFD) was officially launched in June 2021 [40] (please refer to Section “Climate, biodiversity and ESG-related outreach and engagement” below).

In 2021, AXA and 3 peers (BNP Paribas, Mirova and Sycomore) selected external data provider Iceberg Datalab to develop biodiversity impact metrics. This provider has developed its own metric – the Corporate Biodiversity Footprint (CBF) – based on the concept of MSA (Mean Species Abundance), to calculate the degradation of ecosystems caused by business activities across AXA’s investment portfolio. Iceberg Datalab is delivering data on a sectoral basis. In 2021, coverage included all high- and medium-stake sectors, with agri-food, electricity, oil & gas, real estate, and mining & metals. This will allow AXA to identify the most biodiversity-intensive activities and issuers within a sector or within a universe. In March 2021, the Article 29 of the French Law on Energy and Climate extended reporting requirements to biodiversity. For more information, please refer to the annual “Climate/TCFD Report”.

GROUP POLICIES & INITIATIVES – REDUCING AXA’S IMPACT ON BIODIVERSITY

AXA did not wait for a precise quantification of its impact on biodiversity to start reducing it. The Group released a series of initiatives, aimed at protecting ecosystems, investing in natural capital and impact funds, focusing on forests and oceans, the two main carbon sinks.

A new Forest policy in 2021

In October 2021, AXA announced a new policy on Ecosystem protection, Deforestation and Natural World Heritage Sites. It seeks to address risks related to deforestation and protected areas of key biodiversity value, and to halt support for firms negatively impacting ecosystems that house critical biodiversity. Curbing deforestation conserves water resources, prevents flooding, controls soil erosion, and preserves habitats, in addition to preserving key carbon sinks. In 2013, AXA had divested from “unsustainable” Palm Oil producers and banned illegal logging from its underwriting. AXA’s new policy builds on previous work to address other levers of deforestation, resulting in a more comprehensive approach [41].

On the investment side, as an asset owner, AXA bans companies in three cases:

- palm oil producers who have not achieved “sustainable palm oil” production certifications and/or have significant unresolved land rights conflicts [42] and/or conducting illegal logging (pre-dates the policy released in October 2021 and remains in place);

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39 *https://www.globalreporting.org/standards/media/1011/gri-304-biodiversity-2016.pdf*

40 *https://www.unepfi.org/news/themes/ecosystems/tnfd-launch/*

41 *https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/e1251692-7ece-478e-b9c5-e41b3c4d03a8_AXA_Deforestation_and_World_Heritage _Sites_detailed_policies_20211020.pdf*

42 *According to Sustainalytics Palm oil-related controversies levels 3-4-5 (Land use & biodiversity, human rights, community relations).*

- companies in any sector facing “high” and “severe” controversies related to Land use and biodiversity [43];
- companies producing palm oil, soy, cattle and timber that face “significant” Land use and biodiversity controversies and that have a “critical” impact on deforestation [44].

AXA will engage, as a shareholder, individually where needed, and *via* coalitions wherever possible, with a selection of companies of the following type: palm oil, soy, cattle, and timber producers; traders and buyers of those commodities; and other companies on an *ad hoc* basis. A particular attention will be paid regarding controversies, production, and procurement practices.

On insurance underwriting, AXA focuses more on the activities at risk of causing deforestation. AXA restricts Commercial Lines Property and Construction Insurance Underwriting in four cases:

- illegal logging (pre-dates the policy released in October 2021 and remains in place);
- companies that are excluded by the investment policy screening are to be referred to the Group Risk Management and the critical activity will likely be banned from Construction and Property covers;
- businesses that operate in “high-risk countries” [45] and commodities (palm oil, beef, soy, timber) and facing high or severe deforestation controversies [46] are also to be referred to the Group Risk Management with a view to restrict the critical activity;
- traders of soy, beef, palm oil and timber operating in “high-risk countries” and facing high or severe deforestation controversies are also to be referred to the Group Risk Management and the critical activity will likely be banned from marine cargo covers.

In line with the UNPSI-UNESCO classification, AXA also commits to protect World Heritage Sites by ensuring it does not support, through Property and Construction insurance underwriting, businesses in sensitive sectors that are developing activities incompatible with ecosystem preservation in these vital sites.

AXA reinforced its Energy policy (please refer to Sections “Investment” and “Insurance”), released in October 2021, by aligning its climate and biodiversity ambitions. Unconventional oil is a large driver of ecosystem degradation. Oil sands extraction can present heightened spill risk, excessive water use, polluted wastewater, and deforestation. Exposure to the Arctic Region can degrade critical ecosystems, and fracking requires extensive use of water, and chemicals, which can contaminate groundwater and affect the health of residents and ecosystems. In order to reduce the biodiversity impact of investments in and underwriting of energy activities, AXA will align its definition of the Arctic Region with the Arctic Monitoring & Assessment Programme (AMAP), based on the respect of critical ecosystems.

In addition, AXA committed to a new “Natural Capital” target of €1.5 billion dedicated to reforestation. This figure is broken down into two different approaches: €1 billion to support forestry management projects in developed markets and €500 million to support natured-based solutions through initiatives such as afforestation, restoration and avoided deforestation, largely in emerging markets, where the outcome of the initiative can often be measured through the production of carbon credits.

To better select projects for internal and external clients to offset CO_2 emissions, AXA Investment Managers acquired ClimateSeed, an innovative marketplace connecting businesses seeking carbon credits with project developers offering carbon offsetting projects. ClimateSeed’s portfolio includes 36 projects in 24 countries totaling an aggregated capacity of over four million verified carbon credits.

An AXA XL program to protect Oceans

Another way of conserving biodiversity is to mitigate risk of loss through innovative insurance mechanisms. With a particular focus on aquatic and coastal ecosystems – also essential reservoirs of biodiversity – in 2021, AXA XL launched its Coastal Risk Index, an innovative tool that maps current and future flood hazard resulting from climate change and integrates for the first time the protective benefits of coastal ecosystems into insurance risk models. Alongside this announcement, AXA XL also put in place additional safeguards to support the detection of Illegal, Unreported, and Unregulated (IUU) fishing by requiring International Maritime Organization (IMO) numbers for all fishing vessels and refrigerated cargo vessels that it insures and adding further explicit checks on IUU fishing to its Marine Underwriting Rules and Guidelines. Through AXA Climate, AXA XL is already providing risk capacity for coral protection against tropical cyclones at four sites along the

[43] *According to Sustainalytics’ controversies database. “Significant”, “High” and “Severe” correspond to levels 3, 4 and 5. According to Sustainalytics Palm oil-related controversies levels 3-4-5 (Land use & biodiversity, human rights, community relations).*

[44] *According to the “CDP Forest” database.*

[45] *Determined with support from the WWF experts. LATAM: Brazil, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, Suriname, French Guiana, Paraguay, Argentina. Congo Basin: Cameroon, Central African Republic, Democratic Republic of Congo, Republic of the Congo, Equatorial Guinea, Gabon. South-East Asia: Cambodia, China (Yunnan and Guangxi), Lao PDR, Myanmar, Thailand, Vietnam, Papua New Guinea, Indonesia, Malaysia, Brunei, Australia.*

[46] *According to Sustainalytics’ controversies database.*

Mesoamerican reef in Mexico, Belize, Guatemala, and Honduras. Research is underway to expand this solution to mangroves and identify new sites to protect.

The AXA Research Fund reiterated its investment of €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. The Fund is also partnering with the IPBES, to support the production of two reports over two years: The Nexus Assessment, which examines the links between biodiversity, climate and food, and the Transformative Change Assessment, which investigates the profound causes of biodiversity loss.

Climate, biodiversity and ESG-related "outreach" and engagement

In addition to the GFANZ, NZIA and NZAOA described previously, AXA supports various initiatives related to climate, biodiversity and ESG. These include the following:

- **TCFD:** AXA co-presided the global industry-led Task Force on Climate Related Financial Disclosures (TCFD) upon its launch in December 2015. The TCFD was set up by the Financial Stability Board (FSB) and chaired by Michael Bloomberg and Mark Carney (former Governor of the Bank of England, now UN Special Envoy for Climate Action). The TCFD provides guidance on how to disclose climate change risk and opportunities. In 2019, the FSB approved AXA's renewed membership of the TCFD, notably with an ambition to investigate the relevance of "investment temperature" metrics;
- **TNFD:** the Taskforce on Nature-related Financial Disclosures (TNFD) was officially launched in June 2021 [47]. AXA is one of 34 members, comprising both financial institutions and corporates, that will develop an industry standard for identifying and mitigating impacts, dependencies, and risks related to nature. A beta framework is set for release in March 2022, after which will take place a testing and improvement phase until mid-2023, in consultation with key knowledge partners. AXA is more specifically contributing to the landscape analysis of standards and metrics, to identify the best existing approaches. Participation in the TNFD offers AXA access to best practices on identifying and mitigating biodiversity-related risks;
- **NZAMI:** The Net Zero Asset Managers initiative brings together an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to +1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner. It currently includes 128 signatories managing US$43 trillion of assets under management;
- **CEO Action Group for the European Green Deal:** this coalition, initiated by the World Economic Forum (Davos) in 2020, strives to help finance the EU "Green Deal" in the wake of the COVID-19 crisis. The Chief Executive Officer of AXA chairs this group;
- **Biodiversity-related pledges** supported by AXA include: Act4Nature, Act4Nature International, Business for Nature and Finance for Biodiversity;
- **Climate Finance Leadership Initiative:** the CFLI, which was launched in September 2018 by the UN Secretary General, and is presided by Michael Bloomberg, seeks to develop standardized and securitized investments at scale to tackle climate change;
- **Alliance of CEO Climate Leaders:** this is a group of 50 CEOs set up by the World Economic Forum (Davos) to actively engage in global efforts to create market opportunities for tackling climate change. Its goals are to promote strong climate action including a commitment to reduce carbon emissions, to support the TCFD, to support low-carbon solutions and finance, and to promote adequate regulation. AXA joined in 2018;
- **IDF:** The Insurance Development Forum (IDF), chaired by AXA's Chairman since 2018, is an insurance industry-led public-private partnership dedicated to closing the insurance protection gap in countries vulnerable to the impacts of Climate Change. It is supported by the United Nations and the World Bank, gathering members from the public sector, multilateral organizations, NGOs and civil society.

  In 2021, the IDF undertook many new initiatives, with the cooperation of AXA and many other industry teams and organizations. Notably for the Tripartite Agreement signed in 2019 with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the United Nations Development Program (UNDP), for which an IDF project team is designing an insurance program for up to 50,000 public schools in Peru. Another project being funded by the Tripartite Agreement is in Mexico, designing a program that will enable insurance protection for the most vulnerable small holder farmers. Other similar projects are being developed for the Colombian city of Medellin, Ghana and Nigeria. These programs will help to protect millions of vulnerable people from natural disasters and the effects of climate change.

[47] *https://www.unepfi.org/news/themes/ecosystems/tnfd-launch/*

At COP26, the IDF launched a partnership with the V20 Group of Ministers of Finance from the Climate Vulnerable Forum, representing the world's 55 most climate vulnerable countries. This paves the way for the establishment of the IDF's Global Risk Modelling Alliance, a public-private technical assistance program, which will provide more and better access to the risk data and analytics that is crucial to building resilience in these countries. BMZ has committed €11 million to finance this critical work. Also in November 2021, in Glasgow, the Global Resilience Index Initiative (GRII) was launched: it is a multi-partner IDF initiative for reference data on climate and natural hazard risks to inform and mobilise investment, needed to meet the Paris goals on climate resilience, across all sectors and geographies;

The Group has also signed a three-year partnership with the **WWF France.** Please refer to the "Biodiversity" paragraph above.

AXA supports many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and CR: UN PRI, UN PSI (notably supporting its "Pilot project" to adapt the TCFD guidelines to the insurance business), UN Global Compact, CDP, ORSE, EpE, Finance for Tomorrow.

EU Taxonomy Regulation

Regulation (EU) 2020/852 dated June 18, 2020 on the establishment of a framework to facilitate sustainable investment (the "EU Taxonomy Regulation" [48]) and the Commission Delegated Regulations supplementing the EU Taxonomy Regulation [49] set out new reporting requirements for companies which are already within the scope of the EU Non-Financial Reporting Directive (the "NFRD") [50].

Article 8.1 of the EU Taxonomy Regulation requires such companies to disclose in their non-financial statements *(déclaration de performance extra-financière)* information on how and to what extent their activities are associated with Taxonomy-aligned economic activities.

The EU Taxonomy introduces the concepts of eligibility and alignment:

- An economic activity is said to be eligible if it is identified in the delegated acts as having a high potential to contribute to at least one of the environmental objectives, irrespective of whether the activity meets the technical criteria set out in those delegated acts;
- The second of these concepts is alignment, which confirms the significant contribution of this eligible economic activity to at least one of the environmental objectives on the basis of technical criteria specified through a delegated regulation.

Article 8.1 of the EU Taxonomy Regulation applies from January 1, 2022, with respect to the environmental objectives set forth in Articles 9 (a) and (b) of the Taxonomy Regulation (*i.e.*, (i) climate change mitigation and (ii) climate change adaptation).

The reporting obligations under the other four environmental objectives set out in Articles 9(c) to (f) (*i.e.* sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) will come into force on January 1, 2023.

However, Article 10 of Commission Delegated Regulation (EU) 2021/2178 introduced a 2-year transitional period (beginning on January 1, 2022, and ending on December 1, 2023) applicable to financial undertakings and during which financial undertakings must disclose, among other information, (i) the proportion of exposures to Taxonomy-eligible activities in the undertaking's total relevant investments, (ii) the proportion of exposures to Taxonomy non-eligible economic activities [51] in the undertaking's total relevant investments.

The following provides information with respect to the extent that AXA's Non-Life insurance activities and investments may qualify as contributing substantially to the objectives of climate change mitigation and/or climate-change adaptation, as defined in Articles 10 and 11 of the EU Taxonomy respectively.

[48] *Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.*

[49] *(i) Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives ("Commission Delegated Regulation (EU) 2021/2139"), and (ii) Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation ("Commission Delegated Regulation (EU) 2021/2178").*

[50] *Directive (EU) 2014/95 of the European Parliament and of the Council of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.*

[51] *The term "Taxonomy-non-eligible economic activities" is defined in Article 1 (6) of Commission Delegated Regulation (EU) 2021/2178.*

In addition to the mandatory quantitative disclosures that need to be disclosed by insurance undertakings for the period starting from January 1, 2022, until December 31, 2023, further information has been provided on a voluntary basis to enhance the general understanding of these new disclosures. They mainly consist of values in monetary amounts, breakdowns of the amounts used to calculate the indicators and estimated eligibility based on third party data.

PROPORTION OF TAXONOMY-ELIGIBLE/TAXONOMY NON-ELIGIBLE NON-LIFE INSURANCE ECONOMIC ACTIVITIES ("UNDERWRITING RATIO")

(in Euro million)	Net premiums written	% to Total non-life premiums
Activities eligible to EU Taxonomy	19,234	38.6%
Activities not eligible to EU Taxonomy	30,612	61.4%
TOTAL NON-LIFE INSURANCE ACTIVITIES	**49,846**	**100%**

Pursuant to Commission Delegated Regulation (EU) 2021/2139, only the provision of Non-Life insurance and reinsurance services related to the underwriting of climate-related perils are considered as contributing to climate-change adaptation [52].

As a result, only Non-Life insurance lines of business [53] that include policy terms related to the underwriting of climate-related perils are considered as eligible in accordance with the EU Taxonomy[54]. In this regard, AXA has identified three Taxonomy-eligible lines of Non-Life insurance business: (i) Motor insurance (other than third party liability insurance), (ii) Marine, Aviation and Transport insurance and (iii) Fire and Other Property Damage insurance.

In these lines of business, insurance products generally include coverage of risks related to climate-related perils. While certain products may not cover such perils, it has been assumed for the first year of reporting that the total amount of net premiums written by these three lines of business would be recognized as eligible to the Taxonomy. The reported amounts are net of reinsurance.

Products in other Non-Life lines of business may consist in underwriting of climate-related perils, but, as such coverage may not be systematic and further assessment is needed, no further eligibility to the Taxonomy was recognized at this stage on other Non-Life insurance activities.

Finally, it is important to note that the eligibility to EU Taxonomy does not indicate whether, or to what extent, the Non-Life insurance activities contribute substantially to climate-change mitigation or adaptation.

PROPORTION OF INVESTMENTS EXPOSED TO TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES ("INVESTMENT RATIO")

The following Investment Ratio represents the weighted average value of (a) invested assets directed at funding, or associated with, Taxonomy-eligible economic activities relative to (b) the value of total invested assets included for the purpose of the calculation of the Investment Ratio (the "Covered Assets").

The Covered Assets are the total on-balance sheet invested assets minus those assets that are excluded from the calculation of the Investment Ratio. This means that the Covered Assets are all invested assets in the balance-sheet, excluding exposures to central banks, supranational issuers and central governments, as set out in Article 7.1 of the Commission Delegated Regulation (EU) 2021/2139.

(in Euro million)	Value	% to total investments
Covered Assets	420,345	65%
Exposures to central governments, central banks and supranational issuers	225,669	35%

52 *A non-exhaustive list of climate-related perils is available in Appendix A, Annex 2 of Commission Delegated Regulation (EU) 2021/2139.*

53 *The term "lines of business" is defined in Annex I, Section A, of Commission Delegated Regulation (EU) 2015/35 of October 10, 2014, supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive).*

54 *Section 10.1 of the Annex 2 to the Commission Delegated Regulation (EU) 2021/2139 restricts Taxonomy-eligible economic activities to the following Non-Life insurance services: (a) Medical Expense insurance; (b) Income Protection insurance; (c) Workers' Compensation insurance; (d) Motor Vehicle Liability insurance; (e) other Motor insurance; (f) Marine, Aviation and Transport insurance; (g) Fire and Other Damage to Property insurance; (h) assistance.*

The Covered Assets include exposure to investments in properties, equity securities, debt instruments (excluding sovereign exposures), non-consolidated investments funds, derivatives, loans, cash and cash equivalents. Asset backed contracts where the financial risks are borne by policyholders are also included in the denominator of the Taxonomy eligible disclosures.

(in Euro million)	**Value**	**% to Covered Assets**
Derivatives	(2,698)	-1%
Exposures to undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU	116,677	28%
Exposures to undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	55,964	13%
Investments in real estate properties	33,921	8%
Mortgage loans	29,582	7%
Other loans	6,715	2%
Other exposures held direct that could not be assessed for eligibility to EU Taxonomy	26,147	6%
Other exposures through investment funds that could not be assessed for eligibility to EU Taxonomy	126,149	30%
Cash and cash equivalents	27,889	7%
TOTAL ASSETS COVERED BY THE INVESTMENT RATIO ("COVERED ASSETS")	**420,345**	**100%**

In accordance with the list of economic activities eligible to EU Taxonomy, investments in real estate properties and mortgage loans have been fully recognized as Taxonomy-eligible based on actual information. In the absence of actual data on debt and equity instruments, the portion of exposures to activities not eligible for the investment taxonomy is deemed to be nil.

(in Euro million)	**Value**
Taxonomy-eligible exposure based on actual information (*i.e.* investment properties and mortgage loans)	63,503
Covered Assets	420,345
INVESTMENT RATIO *(IN % TO COVERED ASSETS)*	**15%**

An additional amount of investments directed at funding, or being associated with, Taxonomy-eligible activities could be determined based on an assessment performed by an external ESG data provider and is disclosed voluntarily in the table below. In this case, eligibility has been measured based on the turnover of the counterparties.

The external ESG data provider assessment is predominantly based on information available in companies' public disclosures and uses the most recently available data of their respective exposure(s), corresponding generally to revenues for the financial year ended on December 31, 2020. It should be noted that such estimates do not cover the entire exposure to undertakings that are subject to Taxonomy reporting and they may differ significantly from the actual information, once provided by the counterparties. The Investment Ratio will thus adjust over time as actual information become available.

In the absence of information on the actual use of proceeds for sustainable activities, green bonds issued by undertakings subject to Taxonomy reporting have been fully recognized as eligible to EU Taxonomy and are included below in the amount of Taxonomy-eligible exposures to undertakings subject to Articles 19a and 29a of Directive 2013/34/EU based on third party assessment. No eligibility was recorded for greens bonds issued by other counterparties.

(in Euro million)	**Value**
Taxonomy-eligible exposures based on actual information (*i.e.* investment properties and mortgage loans)	63,503
Taxonomy-eligible exposures to undertakings subject to Articles 19a and 29a of Directive 2013/34/EU based on third party assessment	12,682
Covered Assets	420,345

INVESTMENT RATIO INCLUDING ESTIMATED ELIGIBILITY (IN % TO COVERED ASSETS)	18%

The value of total invested assets that are covered by the Investment Ratio, but could not have their eligibility determined (*i.e.,* notably most of the exposures held through investment funds) have been recognized as not eligible for purposes of the EU Taxonomy.

Finally, it is important to note that the eligibility to EU Taxonomy does not indicate whether, or to what extent, the investments are associated with activities that contribute substantially to climate-change mitigation or adaptation.

Own operations' impact on climate change

AXA, as a responsible company, is committed to address climate change through its core operations. The impact of AXA's internal operations on climate change is identified as one of the main ESG risks in 2021 as explained in Section 4.1 "AXA Sustainability strategy – Sustainability risk assessment" of this Annual Report. AXA's own operations may have a negative impact on climate through its GHG emissions from heating and cooling, IT equipment and data centers, car fleet and business travel. To reduce its impact and make sure it actively reduces its CO_2 emissions, AXA has been setting up an environmental management system for the entire Group. The environmental reporting, done every year, enables to track the progress made against a set of targets that are regularly updated to reflect the Group's ambition. Entities are coordinated and led with assigned targets but also regular training, best-practice sharing calls and guidelines. The results of this policy are displayed in detail in the following section with the CO_2 emissions from energy, car fleet, business travel and IT (Scope 3).

PERFORMANCE TARGETS 2019-2025

AXA continues to work on the deployment of its action plan to achieve its objectives by 2025. With this new cycle, AXA aims at reducing the footprint of its operations on all the "Scopes" of its greenhouse gas emissions [55]:

- Scope 1: emissions related to fuel combustion on AXA's sites (gas, heating oil…) as well by vehicle fleet;
- Scope 2: emissions from purchased energy (mainly electricity consumed in AXA buildings);
- Scope 3: emissions from business travel and IT activities.

These objectives are based on the approach promoted by the Science Based Targets initiative (SBTi), which AXA joined in 2015. More specifically, AXA has chosen the "Sectoral Approach to Decarbonization" to define its 2019-2025 objectives, aimed at achieving the goals of the Paris agreements. AXA has submitted to the SBTi a target of -31% for Scope 1 and 2 perimeters. These targets have been set for each entity of AXA to help them steer their emissions at the local level. Moreover, internal operations-related carbon footprint reduction is now a criterion in the Long-Term Incentive (LTI), for profit-sharing attribution and entities' CEO target letters – please refer to Section 3.2 "Executive compensation and share ownership" and Section 4.2 "Employer Responsibility" of this Annual Report.

This objective is part of a broader framework that integrates the new measures related to AXA's IT activities and which translates into an overall reduction of the Group's CO_2 emissions of -20% by 2025 compared to 2019 (Scope 1, Scope 2 and Scope 3 business travel and IT equipment manufacturing and services). In the final objective to become carbon neutral by 2025, AXA's CO_2 reduction target is part of the "*AXA for Progress Index*" as explained in the Section 4.1 "AXA Sustainability strategy – 2021 marks a new stage in AXA's sustainable development strategy" of this Annual Report.

	Unit	**Target 2025/2019**
Reduce AXA's *CO_2* emissions (Energy, car fleet and business travel and IT activities) [(a)]	t. eq. CO_2	-20%
Reduce CO2 emissions for internal operations – submitted to SBTi [(c)]	t. eq. CO_2	-25%
CO_2 emissions due to energy consumption	*t. eq. CO_2*	*-35%*
CO_2 emissions due to car fleet	*t. eq. CO_2*	*-20%*

55 *As defined by the "Greenhouse Gas Protocol": www.ghgprotocol.org.*

CO_2 emissions due to business travel	*t. eq. CO_2*	*-18%*
Reduce energy consumption	KWh	-10%
RE100 commitment to renewable electricity (AXA-buildings and data centers) [(b)]	%	100%
Reduce unsorted waste per FTE	kg/FTE	-10%
Reduce water consumption per FTE	m^3/FTE	-10%
Reduce office and marketing paper consumption per FTE	kg/FTE	-20%

(a) As CO_2 emissions linked to paper consumption become less material for AXA, they are excluded from CO_2 targets.

(b) In line with AXA's "RE100" commitment for Electricity. RE100 is a coalition of companies that commit to purchasing 100% of their electricity from renewable sources.

(c) It translates into -25% Scope 1 (direct energy and fuel); -35% Scope 2 (electricity and other indirect energies); -18% Scope 3 (business travel).

Please note that AXA has not set targets for Scope 3 employee commuting to and from work given that AXA does not control commuting constraints (employee's personal choice, location, infrastructure…).

2021 ENVIRONMENTAL PERFORMANCE

CO_2 emissions

CO_2 emissions related to energy consumption, car fleet and business travel decreased by 30% between 2020 and 2021 and amount to 59,225 tons equivalent CO_2 (t eq CO_2) *versus* a 2021 target of 173,981 t eq CO_2.

In 2021, 65% of the Group's CO_2 emissions were related to energy consumption, 7% to business travel (air and rail), and 29% to AXA's vehicle fleet.

SCOPE 1 CO_2 EMISSIONS

AXA's Scope 1 emissions include the CO_2 emissions generated by gas and heating oil burned on site, as well as the fuel used by the Group's automobile fleets. The calculation of CO_2 emissions related to primary energy consumption for buildings is done using ADEME emission factors or those communicated by the supplier for renewable energies such as biogas. For car fleet emissions, an emission factor per kilometer is applied based on the vehicle's emission range. To consider regulatory changes and new WLTP standards [56] ("Worldwide harmonized Light vehicles Test Procedure"), vehicles acquired or leased from 2020 onwards are classified according to the WLTP standard.

Scope 1 CO_2 emissions amounted to 23,362 t eq CO_2 in 2021, a decrease by 11% compared to 2020. AXA's 2021 target was 34,458 t eq CO_2 (target is -25% between 2019 and 2025). This result was mainly due to a decrease in heating due to the COVID-19 crisis, but also to the replacement of natural gas with biogas for AXA France. The use of the vehicle fleet was also down in 2021 compared to 2020 with a 5% decrease in CO_2 emissions.

SCOPE 2 CO_2 EMISSIONS

CO_2eq emissions related to electricity consumption are calculated based on consumption in kilowatt-hour (kWh). If the primary source of electricity is known, ADEME emission factors are used. Otherwise, we either use the emission factor provided by the electricity suppliers (market-based) or the average emission factor for electricity in the country also called location-based (sourcing ADEME or the European Environment Agency for European countries).

For other secondary energies (heating and cooling networks) we use the emission factors provided by ADEME or directly by the supplier if it is produced from a primary renewable source.

Scope 2 emissions amount to 31,997 t eq CO_2 in 2021, a decrease of 22% compared to 2020. AXA's 2021 target was 54,459 t eq CO_2 (target is -35% between 2019 and 2025). This decrease was mainly due to lower consumption resulting from the reduced use of buildings due to the COVID-19 situation that continued into 2021 and the switch to green power at some sites.

SCOPE 3 CO_2 EMISSIONS

AXA's Scope 3 emissions include CO_2 emissions related to business travel, consumption of digital equipment (computers, fixed and cell phones, storage tools, cloud storage servers) and employee commuting. However, the target set by AXA on Scope 3 for the period 2019-2025 includes only business travel.

[56] The WLTP (World harmonized Light-duty vehicles Test Procedure) is a global harmonized standard for determining the levels of pollutants, CO_2 emissions and fuel consumption of traditional and hybrid cars, as well as the range of fully electric vehicles.

AXA's Scope 3 business travel emissions were 3,866 t eq CO_2 in 2021, a decrease of 78% compared to 2020. The target for AXA was 84,870 t eq CO_2 for 2021, excluding COVID-19 effect (target is -18% between 2019 and 2025). The COVID-19 crisis was the main driver of this significant decline in 2021. New remote working habits were adopted, and travels banned due to the sanitary situation. The emission factors are those of ADEME and of the UK Department for Environment, Food and Rural Affairs (DEFRA).

AXA also measures the carbon emissions related to its employee commuting, even though such indirect emissions may be outside of the scope of the Group's responsibilities. In 2021, results are based on responses collected from 30 entities and extrapolated to the whole Group. It is estimated that AXA employees commuted a total of 775.5 million of kilometers, out of which 47% travelled by public transport, 5% by company cars, and 36% by personal vehicles and the rest by foot or bicycle. Scope 3 employee commuting emissions are estimated at 78,846 t eq CO_2 in 2021, a decrease of 36% *versus* 2019. Employee commuting-related CO_2 emissions per FTE decreased by 32% compared to 2019 (representing 0.69 tons eq. CO_2 per FTE in 2021). This decrease in emissions was linked to a decrease of commuting due to hybrid work mode scheme put in place in most AXA entities – refer to Section 4.2 "Employer Responsibility".

IT Scope 3 emissions (equipment manufacturing and services) amount to 25,720 t eq CO_2 in 2021. Scope 3 related to AXA's IT impacts is part of a broader program aiming at steering the impact of AXA's digital activities (refer to paragraph "Environmental impact related to the use of digital equipment").

Total AXA's Scope 3 emissions (business travel, commuting and digital equipment and services) amounted to 108,432 t eq CO_2 in 2021.

Environmental indicators AXA Group [a]	Unit	2021	2020	2019	Evolution 2020/2021	Target 2019/2025	Evolution 2021/2025
Number of group FTEs from HR [a]	FTE	114,749	117,623	121,337	-2%		
Internal area: occupied and vacant	m^2	1,441,136	1,538,964	1,629,198	-6%		
Revenue	€ million	99,931	96,723	103,532			
CO_2 EMISSIONS							
KPI: Total CO_2 energy, car fleet and business travel	**T. eq. CO_2**	**59,225**	**84,647**	**191,238**	**-30%**	**-25%**	**-69%**
Total CO_2 per person (energy, car fleet and business travel)	T. eq. CO_2/FTE	0.52	0.72	1.58	-28%	n/a	-67%
Total CO_2 emissions per revenue	t. eq. CO_2/€ million	0.59	0.88	1.85	-33%	n/a	-68%
Scope 1 CO_2 emissions (energy [b] and car fleet [d])	t. CO_2eq	23,362	26,292	37,889	-11%	-25%	-38%
Scope 2 CO_2 emissions (energy [c])	t. CO_2eq	31,997	40,894	62,765	-22%	-35%	-49%
Scope 2 CO_2 emissions (energy-location based calculation [g])	t. CO_2eq	53,492	63,914	88,558	-16%	n/a	-40%
Scope 3 CO_2 emissions (business Travel [e])	t. CO_2eq	3,866	17,460	90,584	-78%	-18%	-96%
CO_2 emissions: power consumption [b] [c]	t. CO_2eq	38,437	49,415	73,431	-22%	-35%	-48%
CO_2 emissions: AXA vehicle fleet [d]	t. CO_2eq	16,922	17,771	27,223	-5%	-20%	-38%
CO_2 emissions: business travel airplane and train [e]	t. CO_2eq	3,866	17,460	90,584	-78%	-18%	-96%
CO_2 emissions: home/workplace commute [f]	t. CO_2eq	78,846	60,316	123,094	31%	n/a	-36%
CO_2 emissions: home/workplace commute per person [f]	t. CO_2eq/ETP	0.69	0.50	1.01	38%	n/a	-32%

Data collected from 90 entities. Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in data collection but are part of extrapolation process.

(a) In 2021, environmental indicators were collected for 94,885 FTEs working on AXA sites (unless otherwise indicated in these footnotes), and were then extrapolated, continent by continent, to cover all 114,749 salaried FTEs (all types of contracts), working at the AXA Group in average in 2021.

(b) natural gas, biogas, heating oil.

(c) Includes electricity, steam and chilled water.

(d) The AXA vehicle fleet data was collected from entities representing 94,885 FTEs.

(e) Business travel data have been collected from entities representing 104,150 FTEs.

(f) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(g) Location based: using average electricity emission factor in the country.

Analysis per consumption items

2021 was marked by an increase in hybrid working schemes within all AXA entities, resulting from a combination of smart working implementation and COVID-19 measures. This shift had an impact on all our consumption indicators.

ENERGY CONSUMPTION

AXA's energy consumption includes the total energy consumed by its corporate sites (heating, cooling, daily operations electricity) and data centers during the reporting year. In 2021, total energy mix consisted of electricity (72%), gas (10%), carbon neutral/renewable steam (8%), steam (4%), chilled water (3%), biogas (2%) and heating oil (1%).

AXA's total energy consumption is 233,927 MWh for 2021, a decrease of 10% compared to 2020. This consumption was lower than the 2021 target of 294,957 MWh for this year (AXA target is -10% between 2019 and 2025).

In 2021, the COVID-19 crisis continued to reduce buildings' usage with a lower occupancy rate, even though they have been maintained to heat and cool for minimum accessibility. However, 2021 achievements also resulted from continued efforts to save energy at our sites. In 2021, 74 AXA sites out of the 222 office sites (33% *versus* 31% in 2020) included in the environmental reporting received an environmental certificate under building certification programs such as BREEAM (Building Research Establishment Environmental Assessment Methodology), LEED (Leadership in Energy and Environmental Design), HQE (High Quality Environmental Standard), etc.

Alongside building certification, entities are also implementing energy saving actions in their buildings to reduce their GHG emissions. On the one hand, most entities are better managing their heating/cooling system by implementing a centralized air conditioning system, lowering the heating/cooling when needed and including threshold for minimum and maximum temperature. On the other hand, they are also investing in more energy efficient equipment such as low energy lighting with LED and double gazing to reduce heat loss as well as light motion sensors to save electricity and to only use lights when needed.

In 2021, 64% of the electricity consumed by AXA was coming from renewable energy sources (hydro, wind, solar, geothermal, biomass) which show an increase of 12% compared to 2020 (57%). AXA's "RE100" objective is to reach 100% by 2025 and 7 entities have already achieved 100% renewable electricity in 2021.

BUSINESS TRAVEL

Business travel measured in kilometers decreased by 68% between 2020 and 2021, from 88.3 million km in 2020 to 28.1 million km in 2021, mainly impacted by the COVID-19 context (as explained in "Scope 3 Business travel" above). Some entities such as AXA XL and AXA Climate have initiated a carbon pricing on business travels.

Some entities such as AXA Germany offset all their air and train business travel emissions. On the one hand, for their business travel by train, AXA Germany has a compensation partnership with Deutsche Bahn for long-distance travel since 2013 and short-distance travel as well since 2019. On the other hand, for their business travel by plane, AXA Germany initiated in 2021 a partnership with Lufthansa to compensate all flight emissions since 2020. AXA Germany is the first corporate partner who joined their corporate program *"Compensaid [57]"*. Compensaid is one of the first providers to offer sustainable CO_2 neutralization for all flights by using "Sustainable Aviation Fuel" (SAF, synthetic kerosene) and reforestation.

VEHICLE FLEET

AXA's fleet is made up of commercial and corporate vehicles. The standards for calculating vehicle emissions are evolving with the deployment of the WLTP standards. Vehicles acquired or leased from 2020 onwards are classified according to these new standards.

In 2021, the total distance traveled by the Group's vehicle fleet was 142 million of km, down 3% from 2020.

AXA entities are striving to reduce the impact of the car fleet. Some entities are increasing the efficiency of their vehicle fleet by offering a wide range of low-emission/electric vehicles.

As a result, in 2021, 25.2% of the kilometers traveled by AXA's vehicle fleet were covered by hybrid and electric cars, compared to 23.6% in 2020, an increase of nearly 7%.

PAPER

AXA's paper usage concerns office paper (measured per employee) and marketing and distribution paper (brochures, etc., measured per client). AXA's total paper consumption was 61.8 kg/FTE in 2021 *versus* 47.7 kg/FTE in 2020, *i.e.,* an increase of 30%. 2021 target was 57.6 kg/FTE (AXA target is -20% between 2019 and 2025 target). This result comes from:

- AXA's office paper consumption per FTE was 4.8 kg/FTE in 2021 *versus* 9.2 kg/FTE in 2020, a decrease of 48%. Many entities have implemented a printing policy that includes reducing the number of printers and installing a badge system to collect all printed documents;

[57] *https://www.axa.de/presse/co2-neutrale-geschaeftsfluege*

- AXA's consumption of marketing and distribution paper per client is 0.07 kg/client in 2021 *versus* 0.04 kg/client in 2020, an increase by 64%. This increase is mainly related to higher sales activity across the Group and to an improvement in the consumption measurement of marketing and distribution paper in Japan.

AXA also strives to increase the volume of paper from recycled sources or sustainably managed forests. In 2021, 64% of office paper was procured from recycled sources compared to 48% in 2020. At the same time, 65% of marketing and distribution paper was received from recycled sources in 2021 compared to 80% in 2020. This decrease is explained by a lower traceability of origin.

WATER CONSUMPTION

AXA's water consumption was 3.23 m^3/FTE a decrease of 33% compared to 2020. The target for 2021 was 6.8 m^3/FTE (target is -10% between 2019 and 2025). This reduction in water consumption reflects better water management initiatives (double flush toilets, automatic shut-off of taps, aerators on water taps, leak detection, etc.) by the entities and the buildings' lower occupancy rate in the context of a continuing COVID-19 crisis.

WASTE MANAGEMENT

AXA contributes to waste reduction and sorting for recycling.

The quantity of unsorted waste was 18.8 kg/FTE in 2021 decreasing by 18% compared to 2020, mainly due to COVID-19, waste reduction initiatives, and the development of selective sorting in the entities. The target for 2021 was 37 kg/FTE (reduction target is -10% between 2019 and 2025).

The total amount of waste generated by AXA was 4,289 tons in 2021 *versus* 5,430 tons in 2020, a decrease of 21% and a constant recycling rate (sorted waste/total waste) of 50% as in 2020.

In order to better tackle their waste management, AXA sites are installing sorting garbage cans on each floor and having recycling awareness campaigns for employees throughout the year in order to foster engagement from their employees.

Carbon neutrality and offsetting

As of 2021, AXA's operations became carbon neutral by offsetting full year 2020 CO_2 emissions (105,900 t.eq.CO_2). AXA selected a wetland forest restoration project: the Sumatra Merang Peatland project in Indonesia. Contributing to the restoration of 23,000 ha of peatland rainforest in the Merang biodiversity zone, the project generates "Verified Carbon Credits" in recognition of its contribution to climate change mitigation and ecosystem services. AXA's involvement and support for the Sumatra Merang project started in 2017, with contribution to the funding of the restoration and conservation of this critical ecosystem as part of the Impact Investing initiative managed by AXA IM Alts.

AXA Group environmental indicators [a]	Unit	2021	2020	2019	Evolution 2021/2020	Target 2025/2019	Evolution 2021/2019
Number of group FTEs from HR	FTE	114,749	117,623	121,337	-2%	n/a	n/a
Internal area: occupied and vacant	m²	1,441,136	1,538,964	1,629,198	-6%	n/a	n/a
Energy							
KPI: total energy consumption [b]	**MWh**	**233,927**	**260,992**	**305,500**	**-10%**	**-10%**	**-23%**
Electricity consumption	MWh	168,312	193,113	203,335	-13%	n/a	-17%
Share of renewable electricity	**%**	**64%**	**57%**	**59%**	**+7 pts**	**100%**	**+5 pts**
Transportation							
Business travel: train and airplane	Thousands of km	28,086	88,276	393,322	-68%	n/a	-93%
AXA's car fleet	Thousands of km	141,881	146,765	220,173	-3%	n/a	-36%
Home/workplace commute (round trip) [c]	Thousands of km	775,498	683,788	976,840	13%	n/a	-21%
Water [d]							
KPI: water consumption per person	**m^3/FTE**	**3,23**	**4,81**	**7,01**	**-33%**	**-10%**	**-54%**
Water	m^3	370,300	566,155	850,506	-35%	n/a	-56%
Paper [e]							
KPI: office, marketing and distribution paper per person	**kg/FTE**	**61,8**	**47,7**	**62,1**	**30%**	**-20%**	**-1%**
Office paper consumption	T	552	1,082	1,384	-49%	n/a	-60%
Office paper per FTE	kg/FTE	4,8	9,2	11,4	-48%	n/a	-58%
Recycled paper and/or guaranteeing sustainable management: office	%	64%	48%	58%	34%	n/a	10%
Marketing and distribution paper consumption	T	6,538	4,528	6,153	44%	n/a	6%
Paper marketing and distribution per customer [f]	kg/Client	0.07	0,04	0,06	64%	n/a	17%
Recycled and/or sustainably managed paper: marketing and distribution	%	65%	80%	72%	-19%	n/a	-10%
Total recycled and/or sustainably managed paper	%	65%	74%	n/a	-12%	n/a	n/a
Waste							
KPI: unsorted waste per person	**kg/FTE**	**18,8**	**23,1**	**38,3**	**-18%**	**-10%**	**-51%**
Total waste	T	4,289	5,430	n/a	-21%	n/a	n/a
Unsorted waste [g]	T	2,159	2,712	4,646	-20%	n/a	-54%
Share of waste recycled (total sorted/total waste)	%	50%	50%	n/a	-1%	n/a	n/a

(a) Data collected from 90 entities. Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in data collection, but are part of extrapolation process.
(b) Includes electricity, natural gas, heating oil, steam, chilled water.
(c) Without company car to avoid double counting with AXA vehicles fleet.
(d) This data has been collected from entities representing 94,885 FTEs. Some sites in Asia and America are nont equipped with water meters, which prevents accurate measurement and excludes the from the reporting scope before extrapolation.
(e) Paper data collected from entities representing 94,885 FTEs.
(f) The Group had 94.86 millions customers in 2021.
(g) Unsorted waste data collected from entities 94,885 FTEs.

2021 ENVIRONMENTAL IMPACT RELATED TO THE USE OF DIGITAL EQUIPMENT

The transformation of our way of working and of our internal processes through digitalization has been accelerated by the COVID-19 pandemic and the deployment of the smart working environment throughout the Group. However, digitalization has a growing environmental impact, from using energy to first build the tools, including the usage of raw materials, and to then exchange and store the data. Therefore AXA, with its dedicated entity AXA Group Operations, launched in 2020 a Digital Sustainability program and published a first measure of its Digital equipment's and services CO_2 footprint. In 2021, the program has been pushed further to:

- integrate more purchased services like Google Cloud Platforms, Orange, and Microsoft O365, in addition to Amazon, Microsoft Azure and Salesforce, and update 2019/2020 data accordingly;
- drive the transformation in the major entities with the nomination of a "Digital Sustainability Leader", the execution of a Digital Sustainability maturity assessment to identify best practices and areas of improvement relying on entity level footprint;
- secure the contribution to the -20% reduction of AXA's CO_2 emissions (Energy, car fleet and business travel, and IT equipment and services).

The digital sustainability action plans focus on:

- improving the Group processes such as adapting architecture patterns (application development data management practices), monitoring AXA's activities (data volumes, network traffic, electricity consumption…), securing timely cloud migration and decommissioning and assessing potential CO_2 impact of new projects;
- embarking IT suppliers (transparency, from volume-based to service-based, Total Environmental Cost of Ownership (TECO) through a Digital Sustainability Manifesto and metrics;
- expanding equipment lifetime and minimizing the number of devices per employee;
- developing climate change awareness among employees leveraging AXA Climate Academy (refer to Section 4.2 "Employer Responsibility" of this Annual Report);
- developing outreach and partnerships: Cigref, French government "*Mission Numérique des grands groupes/chantier numérique et environment*", Boavizta, The Shift Project, The Open Group®.

AXA's digital footprint was 31,226 t eq CO_2 in 2021 market-based with a slight 2% decrease compared to 2020 and stable compared to 2019, while the measure was more precise in 2021 with more accurate desktop inventory and more complete with a wider scope of purchased services. This footprint divides into four main categories:

- 31,910 MWh corresponding to 1, 882 t eq CO_2 market-based [58] related to the electricity consumption of the servers directly used and operated by AXA Group Operations in its data centers. This category is a subset of Scope 2 electricity of AXA (please refer to paragraph "Scope 2 CO_2 emissions" above for calculation methods). A 3% decrease was observed on electricity consumption 2020/2021 due to the transfer of services from AXA data centers to the cloud. Electricity purchasing has also shifted to less CO_2 intensive sources like hydraulic, driving a 24% decrease in the market-based footprint;
- 9,939 MWh corresponding to 3,624 t eq CO_2 location-based [1] linked to the electricity consumption of the terminals used by employees and service providers involved in AXA operations (computers, monitors, cell phones, tablets). The calculation method is based on internal inventories and manufacturers' data. The measurement includes a subset of Scope 2 (for consumption in AXA buildings) as well as a Scope 3 part in the case of remote work. The proportion of consumption inside and outside AXA's premises has not yet been determined. A 3% decrease is observed on electricity consumption 2020/2021 due to a significant replacement of desktop workstations by laptops that are less energy intensive;
- 16,931 t eq CO_2 related to the manufacturing of digital equipment that have been purchased by AXA. The calculation method is based on inventories, manufacturers, and public data as well as equipment average lifespan (Scope 3 emissions). A 4% increase was observed mainly due to more accurate inventory on desktops;
- 8,789 t eq CO_2 in connection with AXA's purchases of services like cloud computing (Scope 3 emissions). Volumes of purchased digital services were globally increasing and tracking their environmental impact remains a challenge and requires different methodology to cover the scope monitored here. Maturity of our providers on this topic is still low and should evolve quickly toward a tracking of both electricity consumption, CO_2 location based, and market based, including emissions due to manufacturing of equipment's' and digital waste to allow accurate tracking of environmental impact and avoid any misinterpretation. In the current measure, we observed a 6% increase of CO_2 market based due to

[58] *With the Scope 2 methodology defined by Green House Gaz Protocol https://ghgprotocol.org/*

consumption increase between 2019 and 2021 and a 4% decrease between 2020 and 2021 that will have to be confirmed.

AXA Information System Environmental footprint indicators[a]	Unit	2021	2020	2019	2020/2021	2019/2021
Electricity consumption: data centers [b]	**MWh**	**31,910**	**32,874**	**32,146**	**-3%**	**-1%**
Scope 2 emissions: electricity of data centers [c]	*Market-based* – T. eq. CO_2	1,882	2,492	2,488	-24%	-24%
Electricity consumption: terminals [d]	**MWh**	**9,939**	**10,456**	**10,646**	**-5%**	**-7%**
Scope 2 and 3 emissions: electricity of terminals [d]	*Location-based* – T. eq. CO_2	3,624	4,099	3,350	-12%	8%
Scope 3 emissions: purchased IT equipment's manufacturing [e]	T. eq. CO_2	16,931	16,234	16,972	4%	0%
Scope 3 emissions: purchased Services market based [f]	*Market-based* – T. eq. CO2	8,789	9,136	8,326	-4%	6%
TOTAL MARKET-BASED [f]	**MARKET-BASED –T. EQ. CO_2**	**31,226**	**31,962**	**31,136**	**-2%**	**0%**
Scope 2 emissions: electricity of data centers [c]	*Location-based* – T. eq. CO_2	5,883	5,947	5,992	-1%	-2%
Scope 3 emissions: purchased Services location based [f]	*Location-based* – T. eq. CO_2	11,386	11,331	9,964	0%	14%
TOTAL LOCATION-BASED [f]	**LOCATION-BASED –T. EQ. CO_2**	**37,825**	**37,611**	**36,278**	**1%**	**4%**

(a) Full scope of the AXA Group, except AXA XL & US. We provide the best estimate we have but since the beginning of Digital Sustainability program, we improve data accuracy and there are still improvements to come that may impact the measures.

(b) We are in the process of consolidating our digital footprint. The reported energy consumption concerns our main data centers in Europe, Asia. Until the end of this consolidation program, the energy consumption of certain equipment is not isolated, and the Scope 3 of this equipment is not monitored.

(c) With the Scope 2 methodology defined by Green House Gaz Protocol https://ghgprotocol.org/

(d) Calculation relies on in-used inventory of Laptop, Desktop, Smartphones, Tablets, Monitors, and usage hypotheses. It assumes similar consumption in AXA offices and at employees' when they work from home. It represents 256,025 items of IT equipment's for AXA workforce in 2021.

(e) Calculation of the manufacturing of equipment such as servers, laptops, desktops, smartphones, etc. are based on equipment inventories, average holding time and equipment manufacturing published by suppliers (or the best available estimate based on the public databases of ADEME (https://www.bilans-ges.ademe.fr/) and the REN of The Shift project (https://theshift project.org/wp-content/uploads/2019/04/Lean-ICT-Materials-REN-2018-updated-in-April-2019.xlsx)).

(f) Purchased services emissions related to 1/the manufacture of equipment used in the servers of external data centers and 2/emissions related to the energy consumption of these external data centers for the data processed for AXA – in market-based and location-based (ADEME emission factors for the country or provider data). Emission sources are either based on information from service providers or emissions reported through CDP Supply Chain or on estimates/extrapolations when no measured data is available, in particular on emissions related to the manufacturing of equipment. At this stage, only the major service providers are tracked: Amazon, Microsoft Azure, Google Cloud Platform, Microsoft O365, Orange, and Salesforce. The calculation provides the best estimate we have but due to diverse methodologies and providers refining their calculation it is subject to change while becoming more accurate in the year to come.

Climate change impact on AXA's own operations

Climate change may also impact AXA's own operations mostly *via* the physical risks incurred by its buildings and the disruption in activities they can cause. Climate hazards can also impact the health and safety of AXA employees. This risk has been identified as material in the ESG risk assessment conducted in 2021 as explained in the Section 4.1 "AXA Sustainability strategy – Sustainability Risk Assessment" of this Annual Report. Information in this Section should be read in conjunction with the Section 5.7 "Operational Risk" of this Annual Report as physical risks are part of the broader Operational Risks.

Specific actions are identified at Group and local levels to mitigate these risks. Also, the implementation of the Internal Control framework will contribute to a better integration of controls in activities required to mitigate the risks.

The following paragraphs detail the initiatives and policies taken by AXA to prevent those risks and to ensure appropriate level of readiness to effectively respond to specific crises scenarios including climate hazards, should the risks materialize:

- governance for the management of crisis events is in place across the Group with identified roles and responsibilities and are reviewed following our experience of responding to events;
- a monitoring dashboard of natural disasters in areas where AXA operates has been created. Its purpose is to better identify the different types of natural disasters threatening our operations to implement the relevant protection measures;
- clear guidelines and controls are implemented across AXA in order for entities to understand what are the critical business processes, dependencies (both internal and with third parties) and associated resources that must be maintained throughout a crisis, to ensure continuity of operations and mitigate the impact on our customers;
- entities have business critical process recovery plans to address the effects of disruptive events such as the loss of buildings, people, technology and critical third parties;
- AXA entities are equipped with High Risk Scenario Plans for the top risks they are exposed to, addressing both tactical and strategic considerations required to respond effectively;
- 5 Global Readiness Guidelines have been developed and issued, including Pandemics, Ransomware, Data Breach, Social Unrest and Earthquake. Flood readiness guidelines are expected to be delivered in 2022. These guidelines provide internal teams with understanding of the risk from climate events, and relevant guidance in order to ensure an appropriate level of readiness to respond;
- AXA entities Incident and Crisis Management Teams are trained on regular basis and conduct exercises to ensure teams are well rehearsed to respond effectively and protect our employees, customers, operations, regulatory compliance, our finance and reputation.

Further security and operational resilience enhancements take place:

- coordination and enhancement of multi-entity Crisis planning for Group High Risk Scenarios: pandemic, catastrophic event impacting a business critical operation, flood, cyberattacks & civil unrest;
- implementation of crisis information management tool in order to ensure an effective crisis response, even in a scenario where our communication infrastructure may be impacted.

4.4 INCLUSIVE INSURER

This Section encompasses AXA's inclusive protection side. As a responsible insurer, AXA aims at addressing the protection gap of vulnerable communities, through business opportunities adapted to local conditions. Our goal is to (i) foster integration of more inclusive criteria and practices in our different business lines, (ii) share best practices and (iii) develop an impact measurement methodology.

Building on AXA's purpose *"Act for human progress by protecting what matters",* AXA strengthened in 2021 its ESG approach and Sustainability strategy, with a pillar dedicated to Inclusive Protection and the integration of a dedicated indicator in the *"AXA for Progress Index"* (Refer to Section 4.1 "AXA Sustainability Strategy" of this Annual Report). This new target will be made public in 2022.

As an inclusive insurer, AXA has also pursued its COVID-19 solidarity response, notably through access to healthcare and vaccinations.

The risks related to *"Inclusive insurer"* and *"Partnership and Philanthropy"* are material for AXA according to the Sustainability Risk assessment conducted in 2021. Please refer to Section "4.1. AXA Sustainability Strategy – Sustainability risk assessment" of this Annual Report. The policies, initiatives and indicators associated with these risks are detailed in the following paragraphs.

Business-related societal challenges

As a responsible insurer, AXA strives to make insurance accessible to all. Insurance is a major catalyst for economic development and progress in society. The pooling of risks, which is at the heart of insurance, creates a system of mutual support and reinforces a sense of community. AXA aims at extending the scope of insurance by enabling populations who have traditionally been less well-protected to access insurance innovatively, through the following initiatives:

- developing a new "inclusive protection" program, in line with AXA's strategic plan;

- being actively engaged in financial inclusion with AXA Emerging Customers;
- providing insurance solutions and opportunities for women with the “Women in Insurance” initiative;
- proposing parametric insurance solutions to protect vulnerable populations from the effects of climate change, along with AXA Climate;
- ensuring access to health and disease prevention, in the context of the pandemic and beyond, through dedicated products and services;
- integrating ESG criteria in the product range through dedicated product labels such as “*Assurance citoyenne*” (“Citizen insurance”).

INCLUSIVE PROTECTION

As an inclusive insurer, the main risk is the inability or difficulty to provide insurance services to the society at large, including underserved communities, while positively impacting society and fighting against poverty and inequalities, notably related to gender (refer to Section 4.1 “AXA Sustainability Strategy – Sustainability Risk Assessment” of this Annual Report). Social inclusion and the “insurance for all” are strong principles of the Company, notably after a global pandemic that worsen the protection gaps and put more vulnerable people at risk than before.

To mitigate these risks, AXA has developed in 2021 an Inclusive Protection program to deploy, with AXA’s entities around the world, offers (insurance coverage or service) to better protect the underserved population. A key pillar of this program is AXA’s capacity to address clients and beneficiaries‘ inherent characteristics such as financial situation, age, gender, sexual orientation, health, geographical location or insurance awareness, that can result in significant protection gaps. As such, AXA is taking a wider approach on inclusive protection that is both locally relevant and considers customers’ evolving needs.

AXA defines an inclusive protection offer as a product (*e.g.,* design or customized) or a related service that addresses a vulnerability to meet the needs of the underserved population, to bridge a protection gap. Vulnerabilities can be caused by 1) structural or 2) occupational situations:

- structural vulnerabilities: monetary/revenues, territorial disparities, gender and age, chronic diseases, lack of access to health and protection;
- occupational vulnerabilities: micro-entrepreneurs, gig economy workers and migrant workers.

Within this context, a framework has been developed with AXA entities in 2021 with the objective of robustly defining the vulnerabilities to be addressed, leveraging existing initiatives and expanding them within the Group: solutions developed by AXA Emerging Customers, AXA Climate, “Women in Insurance”, as well as developing inclusive offers for people excluded due to income, status, health, or gender. This Inclusive Protection program is transversal to tackle key vulnerabilities in mature and emerging markets, covering both individual clients as well as businesses, in all business lines.

In 2021, AXA already gathered a total of 10.6 million customers in its new Inclusive protection Program. This figure includes the scope of AXA Emerging customers (9.5 milion) and AXA Climate, “Women in Insurance” and local inclusive offers.

EMERGING CUSTOMERS AND INITIATIVES TO FOSTER MORE RESILIENCE

Through the development of its Emerging Customers’ insurance solutions across the world, AXA addresses financial exclusion by enabling vulnerable segments of the population, including self-employed workers, micro, small and medium enterprises, migrant workers, blue-collar workers, women, and smallholder farmers to access insurance products and services that accompany them in their economic progression and provide a safety net that prevents them from falling into poverty. This approach requires the design of proposals that are accessible, affordable, and relevant to the reality of these otherwise unserved customers. The product and services from the entity AXA Emerging Customers are designed leveraging technology and involve co-creation with customers as well as distribution partners, including mobile network operators, banks, and microfinance institutions, FMCG companies, and remittance companies.

In 2021, AXA Emerging Customers protected nearly 9.5 million customers. Business activities spanned more than 15 markets in Asia, Africa, Latin America, and Europe. These results represent a circa +60% growth *versus* the pro-forma 2020 results of 5.9 million customers – not considering the portfolio from Bharti AXA General Insurance following AXA’s disposal of its stake in the Company in 2021 (22.3 million total AXA Emerging Customers clients reported in 2020).

As described in Section “Inclusive Protection” below, AXA Emerging Customers figures are also consolidated within the new Inclusive Protection program.

Achievements include the geographic expansion in 2021 into new markets, including Brazil, Turkey, Colombia and France. The focus of the year was on protecting segments that were hard hit by the COVID-19 crisis, including independent workers, migrant workers, and micro, small and medium enterprises through insurance and other related services. Some examples of this include coverage to microfinance borrowers to Egypt, Indonesia, Colombia, and Mexico, and protection for independent workers in Turkey, France and Mexico.

A project incubated in the Business for Inclusive Growth (B4IG) coalition, coordinated by AXA Emerging Customers, AXA Climate and L'Oréal was launched in 2021. Insurance Net for Smallholders (INES) aims to provide a comprehensive risk protection package (Health insurance, Parametric Climate insurance coverage and value-added services) to smallholder farmers/pickers and their families as part of L'Oréal Solidarity Sourcing programs. In 2021, two pilots were launched in Burkina Faso with L'Oréal's suppliers notably OLVEA and AXA's local partner Sonar for shea butter (21,000 women) and India with Solvay for guar (2,000 farmers and their families).

WOMEN AND INSURANCE

Women, particularly in emerging countries, are less well-insured than men, despite being a powerful force in the economy. Back in 2014, AXA published a report, "SheForShield", which looked at women's attitudes towards insurance, as well as their needs and expectations. Since then, AXA has implemented the "Women in Insurance" initiative aimed at increasing women's access to insurance products.

The three main focus areas for women are when they are: clients, entrepreneurs and in AXA's distribution force. AXA has developed a dual approach: in mature markets, AXA will empower women to be financially independent, and in emerging markets, the objective is to empower women to "live better lives".

Since 2016, the "Women in Insurance" initiative has been spread in many AXA entities to locally address this holistic strategy around addressing women. As an insurer, we have two key priorities:

- empowering women entrepreneurs to take risks and seize opportunities, with customized products and services that help them develop their business, while allowing them to take better care of themselves and their family;
- improving access to healthcare solutions that take into account women's specific health and prevention needs and also supporting women in science.

By adapting current products to better include women, or designing specific products to answer their needs, the initiative gathers in 2020, 25 products in 17 entities.

Every year since 2018, AXA has been a strategic partner of the "Global Women's Forum", with the objective to disseminate AXA's expertise and influence on the best practices, solutions, and projects. Through this organization, AXA published, since 2020, a first Gender Equity barometer to highlight the disparity between perception and reality on gender-related topics in G7 countries. Leading the "Women4Health Daring Circle", AXA is striving towards giving women equal access to health and exploring unique and paramount ways to enhance their health status and their quality of life by shaping a new inclusive health system in the post-COVID-19 world.

Since 2019, through the AXA Research Fund, AXA dedicated €1 million to research to better understand and prevent health and entrepreneurial barriers for women and funded 8 health researchers around women's specific health diseases.

Between 2020 and 2021, AXA teamed up with the research firm Ipsos to survey 8,000 women from different social backgrounds in eight countries. As a result, three reports have been published, addressing the impacts of COVID-19 crisis on women. The first report examined the effect on women's incomes, job security and employment to understand the economic impact of the crisis. The second report looked at women's health, and the effect of the crisis on their physical and mental wellbeing as well as their approach to healthcare. The third one talked about how women's use of digital has increased during the pandemic and the digital impact on women's lives – both on risks and opportunities.

PARAMETRIC INSURANCE

AXA Climate is a committed climate insurer that accompanies its clients in their sustainability transition journey. AXA Climate's entire offer is built on best-in-class climate expertise, fully leveraging satellite technology. AXA Climate's mission is to reinvent the insurance business to support those engaged in sustainable transitions. To serve this mission, AXA Climate has developed a comprehensive set of business lines around climate change: from parametric insurance against climate risk, operational alerting, climate consultancy for industries, public sector, agriculture, and financial services, and to training to enhance skills and engage all employees in making the sustainable transition a success.

By drawing on the latest advances in technology and data science to protect vulnerable communities from the effects of climate change, AXA Climate provides parametric insurance solutions based on satellite and weather data that triggers quick and automatic payouts within a few days after a natural catastrophe or extreme weather event has struck.

With around 300 BtoB public and private sector clients worldwide, AXA Climate provides immediate protection to communities facing climate risks to prevent them from falling into poverty.

AXA Climate works closely with governments and international organizations to develop public-private partnerships in emerging markets. Public-private partnerships represent over half of the portfolio. AXA Climate's public clients include all major international sovereign risk pools which provide governments protection against natural disaster risks including tropical cyclone, earthquake, excess rainfall, and drought. AXA Climate also works with governments in the agriculture sector to protect farmers against yield losses due to multiple climate risks. As an example, AXA Climate supports the National Agriculture insurance scheme in India which allows more than 43 million farmers to benefit from Agriculture insurance.

Moreover, AXA Climate also works with the public sector on Agriculture insurance projects at smaller scale in Pakistan, Vietnam, Taiwan, Senegal, Ivory Coast, Cameroon, Zambia, Ethiopia, and Mozambique where it protects over half a million farmers.

Corporate clients of AXA Climate include also leading industrialists in Europe, Asia and the Americas, agriculture cooperatives, forestry organizations both in Europe and Latin America, and renewable energy companies.

ACCESS TO HEALTH AND DISEASE PREVENTION

In 2021, as part as the second year of the COVID-19 pandemic, mental, physical and relational health impacts are starting to emerge. That is why AXA launched a "Pulse Health Survey" examining the impact of COVID-19 on people's health and wellbeing. This survey, that was carried out in February-March 2021, jointly with the research firm Ipsos covered 14 countries and territories in Europe (Belgium, France, Germany, Italy, Spain, Switzerland, and the United Kingdom), Africa (Morocco and Nigeria), Asia (China, Hong Kong, and Japan) and the Americas (Mexico and the United States). A total 14,000 respondents were interviewed. As a result, one report has been published called "Shockwave: long term health effect of COVID-19" [59], examining the pandemic's impacts on financial, physical, and mental health status of the population.

This study showed that nearly two-thirds of the population has had problems getting treatment in the first year of pandemic. To tackle this issue, AXA has launched many business-related initiatives throughout the Group with products and services' adaptations to better ease health access to our customers. As part of the COVID-19 diagnostics, China, Thailand, and Philippines have developed symptom checkers, combined with technology. Extensions of services have been developed to address vulnerable population, such as women, with dedicated services for health prevention, cancer diagnostic and treatment in Italy and Mexico.

AXA One Health spread its network of private clinics in Egypt to provide population with quality and affordable cares. Three new clinics are launched in 2021 in central Cairo and its suburbs, for a total of five clinics launched since 2020.

At the end of 2021, AXA has committed $300 million to finance a Global Health investment strategy managed by AXA Investment Managers. This purpose-driven private equity approach will invest in products and services designed to facilitate access to high volume healthcare solutions which target reaching underserved populations in emerging and mature markets.

INTEGRATING SOCIETAL ISSUES IN THE PRODUCT RANGE

In France, demand for responsible products from clients continues to grow. Consequently, back in 2015, AXA France created the *Assurance citoyenne* ("Citizen insurance") label, which guarantees that all new insurance contracts offer benefits to clients as well as positively impact society. In 2019, this initiative was adapted and deployed on AXA's Savings contracts under the *Épargne citoyenne* ("Citizen Savings") label. These two labels are based on an assessment toolkit built in collaboration with a panel of external stakeholders and audited by an independent third party. Our engagements are communicated through the label's four pillars, which are the following: "Trust" (*e.g.* simple contracts for readability and transparency), "Prevention" (*e.g.* preventive services or financial education to minimize the risks our clients are facing for themselves, their goods and their savings), "Environment" (*e.g.*, investment decisions based on the environmental impact, environmental services or offers for Damages insurance), and "Fairness" (*e.g.,* product accessibility for populations usually excluded from insurance mechanisms, investments in companies which create recruiting opportunities and protect human rights). In 2021, AXA France built all new offers around these engagements and distributed in total 83 different labelled products. Since 2015, 8.4 million labelled contracts have been sold.

INCLUSIVE ECONOMY AND SOCIAL RELATED OUTREACH AND ENGAGEMENT

Tobacco Free Pledge

In 2020, AXA's strong commitments, initiated in 2016, to divest from (€1.8 billion) and to end insurance covers for the Tobacco industry, have been officially certified through the "Tobacco Free Pledge" label. This label attests AXA's constant engagement in the fight against tobacco that generates more than 8 million deaths per year, standing out as one of the leading causes of death in the world. AXA believes that supporting an industry which is the main cause of long-term non-communicable diseases, including cancer, heart disease and chronic respiratory illnesses, is not compatible with its role as one of the world's largest health insurers.

TOBACCO-FREE FINANCE PLEDGE · SIGNATORY ·

[59] *"Shock wave: long-term health effects of COVID-19", AXA, 2021 https://www.axa.com/en/press/publications/long-term-health-effects-of-COVID-19*

Business for Inclusive Growth (B4IG)

For the third year in the row, AXA continues to be strongly involved in the “Business for Inclusive Growth” coalition. This OECD-led coalition of private companies contributes to fighting social inequalities by working closely with policymakers to advance inclusion at both the global and local levels. The initiative was launched at the 2019 G7 Summit whose theme was “fighting inequalities of all types”. Since then, a 3-year-program, monitored through a Board of CEOs, has been implemented, covering the G7, the OECD and African countries. Its main deliverables being:

- a founding pledge signed in AXA’s head office on promoting equality of opportunities, eliminating gender disparities, reducing spatial inequalities;
- dedicated working groups gathering OECD experts, academia focused on developing inclusive projects;
- an international incubator hosted at the OECD with the objective of building inclusive business with real social and economic impacts.

In 2021, the coalition has actively continued its task and expanded the scope of its action. AXA is part of the following working groups: affordable products and services, fair transition, inclusive workplace, and ethnicity.

To be noted, in France, AXA is also a member of the “inclusive economy coalition”, launched in 2018 by CEOs of 33 major French companies, including AXA, to act in favor of a more inclusive economy. This collective commitment is one of the private sector’s responses to the social vulnerabilities, which can be observed in France, on three key themes: employment (apprenticeship, inclusion, and training), more accessible products and services, and inclusive purchasing.

Corporate philanthropy and engagement

Corporate philanthropy and engagement are levers of our sustainability strategy, covering our two main pillars: climate and inclusive protection.

The ESG risks assessment revealed a risk of misalignment between AXA’s philanthropic and citizenship activities and the Group Sustainability strategic pillars Climate Change and Inclusive Protection. The policies detailed herewith are put in place to limit this risk. Thanks to the AXA Community investment Survey, the share of activities aligned with the Sustainability Strategy can be monitored. In 2021 78% of the €31.9 million cash donations done by AXA (including the AXA Research Fund) in the world and 78% of the 45,163 volunteering acts performed by AXA employees were done in support to climate or inclusive protection causes *versus* 87.9% of cash donations and 93% of the volunteering acts in 2020. 2020 was however an exceptional year due to additional supports to fight the COVID-19 crisis. Targets are currently being set for these indicators.

PHILANTHROPY

As a responsible corporate citizen, AXA strives to play a positive role in society, building a culture that promotes employee volunteering to support the communities in which AXA operates.

In 2021, AXA pursued the deployment of its philanthropic initiatives, within the new strategic cycle, aligned with the two Sustainability pillars (climate change, inclusive protection) through its Corporate Philanthropy Committee governance body.

Climate and the environment

AXA’s global partnership with WWF that was signed in 2019, has been pursued in 2020 and 2021 to address climate and biodiversity issues. Through this three-year program, WWF supports AXA in its efforts to ensure that natural capital is better considered in all AXA’s activities (please refer to Section 4.3 “Climate Change and ESG Integration” of this Annual Report). In addition, the philanthropy component of this program contributes directly to the preservation of ecosystems in Mexico and New Caledonia. In New Caledonia, 3 local associations dedicated to the monitoring and evaluation of Coral Reefs health status were supported. In Mexico, the “Reforestation in the Copalita Watershed” project enabled the production of 30,000 sprouts of local species for reforestation, 30 hectares of local trees were planted and 50 people from local communities trained to agroecology. Many AXA entities concluded partnerships to impact positively the environment and fight against climate change (*e.g.,* AXA Switzerland, AXA Mexico, AXA France, etc.).

Inclusive Protection

Starting in 2020, AXA partnered for 3 years with UNICEF on a program to respond to the global issue of overweight and obesity, working on early childhood eating habits in the Philippines and Brazil. To reach children aged from 0 to 5, UNICEF acts on their immediate environment, namely mothers and the health and education professionals around them. Training, communication, and advocacy activities with authorities have been implemented by local UNICEF teams despite the COVID-19 crisis. In 2021, the program enabled to achieve the following:

- in Brazil, 208,527 people received messages to improve their nutrition and that of their children/babies. 7,126 pregnant women in four maternity hospitals received information and materials (*e.g.,* booklets) on breastfeeding and healthy eating for children. 7,604 community health workers and teachers were trained on breastfeeding and healthy feeding for children under 5 years of age. This knowledge indirectly benefits 456,240 children. 237 adolescents (parents/pregnant teens) were trained on healthy eating for themselves and their children;

- in the Philippines, four studies were conducted and shared with national authorities to feed into the development of the national policy on obesity and overweight, and the food packaging labeling policy, 334,636 caregivers and parents received information on breastfeeding, hygiene, and appropriate complementary feeding for young children through local radio stations and online platforms. 2,169 health care workers were trained on healthy nutrition for mothers, children, and infants; to support parents and develop their knowledge on balanced nutrition. 8,944 pregnant women and 80,264 children aged 0-59 months received nutritional follow-up.

In 2021, AXA reinforced its commitment to fight COVID-19 alongside UNICEF to support the COVAX program. This initiative aims at delivering more than 2 billion COVID-19 vaccines in 98 low- and middle-income countries. AXA donated €1.5 million to UNICEF which will enable to deliver 2 doses of vaccine for 457,270 people. This includes multiple activities, including planning and coordination, vaccine transport in-countries, training health staff, community engagement, getting cold chain equipment in place and providing health workers with personal protective equipment.

Aligned with its values of protecting and passing on heritage, AXA has been engaged in significant world heritage conservation actions. Since spring 2021, AXA has been supporting the renovation and refurbishing of the Arc de Triomphe. Since 2019, support has been offered for the renovation of Madame du Barry's apartment at Château de Versailles. The work should be completed in 2022. AXA has been also supporting the reconstruction of for Notre-Dame de Paris after the fire in 2019.

AXA entities, such as AXA France, AXA Spain, and AXA Mexico, are also involved in philanthropy actions, promoting access to heritage and culture for all.

AXA RESEARCH FUND

The AXA Research Fund (AXARF), AXA's scientific philanthropy initiative, is committed to supporting science for societal progress. The Fund supports top-tier research projects and engages in dissemination efforts based on science to better inform decision-making.

With a global commitment of €250 million since its launch in 2008, the AXA Research Fund has funded over 665 projects that explore solutions to global societal challenges in the areas of climate and environment, health, and socio-economic risk. The selection of research projects is overseen by an independent Scientific Board and based on excellence and innovation.

In 2021, in the area of Climate and Environment, the AXA Chair on Wildfires and Climate at the Technical University of Crete (Greece) was selected for funding for a total of €1 million over 5 years. For the first year in 2021, in line with the Climate priority of the strategic plan *"Driving Progress 2023",* the AXA Research fund organized the AXA Awards for Climate Science. The four supported researchers (€50,000 each) are respectively working on advancing the understanding of climate evolution, informing the predictability of occurrence and impact of extreme weather events and climate justice. The AXA Research Fund also concluded a partnership with the Intergovernmental Panel on Climate Change to support 6 PhD students working on climate science in countries in the Global South for a total amount of €200,000.

In the area of Health, the AXA Chair on Non-Communicable Diseases Epidemiology at the University of Cape Town (South Africa) was selected for a total of €1 million over 5 years. 10 fellowships for young researchers working in the area of Harmful substances (€1.250 million) were granted.

Based on its strong research network, the AXARF carried out visible dissemination efforts through continued media exposure of supported researchers. To better inform decision making, the publication "Building cyber resilience" was released in fall 2021. It brings together perspectives from academics, business, and organizations on the changing dynamics of the cyber landscape, with a view towards the mitigation of the associated risks. Through AXARF webinars, publications, and articles with partners such as The Conversation, researchers from all fields were able to shed more light on issues such as climate change, mental health, women in business, explainable AI for healthcare, cyber security, and biodiversity conservation.

EMPLOYEE VOLUNTEERING

AXA Hearts in Action is the international volunteering program for AXA employees. In this framework, employees carry out activities on themes aligned with the 2 pillars of our sustainability strategy: Climate and Inclusive Protection. Since 2020, an international sponsorship Committee has been set up to anchor the program even more strongly in the entities.

The COVID-19 crisis had, again in 2021, a significant impact on employee volunteering (fewer people on site, restrictions on the organization of face-to-face group events). However, AXA entities showed creativity and employees remained mobilized and donated their time to help the patients, healthcare workers and the most disadvantaged people through virtual operations. In 2021, close to 19,000 employees (estimated – 23,355 in 2020) donated their time and skills. Contributing entities in 2021 represent 99% of AXA average FTEs.

In 2021, AXA employees carried out a wide variety of activities (2,532 in total) and performed 45,163 volunteering acts (*versus* 35,700 in 2020). This raise in volunteering acts underlines the growing engagement of volunteers. Through the AXA Hearts in Action program, the Group seeks to promote all forms of employee engagement, particularly skills-based philanthropy. In 2021, AXA France continued to develop the "AXA Compétence Solidaire" program: 140 employees volunteered in partner associations (*versus* 147 in 2020).

AXA employees volunteered for 268, 480 hours during and outside working time (*versus* 228,000 hours in 2020), in support of solidarity projects.

A large majority of volunteering hours are performed during working time, 167,238 hours for "AXA Compétence Solidaire" and 41, 813 hours for the other activities for a total of 209,051 hours (*versus* 200,000 in 2020).

In total, the salaries paid for the hours spent on volunteering missions during working hours represent the equivalent of a donation of €7.3 million (*versus* €6.9 million in 2020).

This adds to the management overheads engaged to support the AXA Hearts in Action's activities in all entities for a total of €6.3 million in 2021 (*versus* €23.2 million in 2020). In-kind donations are also provided to non-profits or NGOs for a total estimated amount of €1.1 million in 2021 (*versus* €3.2 million in 2020) coming in addition to the Group €31.9 million cash donation including AXA Research Fund and AXA Hearts in action.

AXA Tianping (China) also made a one-time in-kind donation in 2021 by providing medical coverage to groups of vulnerable elderly people in the southern mountainous areas and Shandong province. The estimated value of this in-kind donation was €118.4 million.

Community investments represent the vast majority, 84%, of the AXA citizenship investments (volunteering hours, cash donations, in-kind donations), 14% are invested in charitable donations and 2% for commercial initiatives (*versus* respectively 60%, 38% and 2% in 2020).

For more than 10 years, AXA has been organizing the AXA Week for Good to highlight the community investment of its employees. During the 2021 edition of the AXA Week for Good, 459 activities were coordinated and a total of 11,055 unique volunteers were mobilized across the Group. The Global Challenge organized by several entities and consisting in collecting trash in nature was carried out by approximately 3,500 volunteers within the Group who collected 9,632 trash bags in total.

In November 2021, AXA Hearts in Action celebrated its 30th anniversary. At AXA France and in French entities, 862 actions were organized throughout the year, including 97 directly related to the 30th anniversary, and 13,045 volunteering acts were carried out.

4.5 BUSINESS BEHAVIOR

AXA is committed to conducting its business according to high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where AXA operates, to earn the continued trust of our clients, shareholders, employees, and business partners, but also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

The policies presented below cover the business behavior risks. The indicators associated with these "Business Behavior" risks are explained in the following paragraphs.

Business ethics

COMPLIANCE & ETHICS CODE

AXA's Group Compliance & Ethics Code seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Code covers a variety of matters, including specific rules concerning conflicts of interest, anti-bribery and corruption, insider trading, management of confidential information, etc. The Code is available on the Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide). In 2019, AXA launched an updated version of the AXA Group Compliance & Ethics Code. The updated Code includes some subjects that have become increasingly important in recent years; these include Health & Safety at work, Protection and Responsible use of Customer Data, Engagement with Social Media, Prevention of Discrimination and Harassment, and Fair and Professional Treatment of customers. The content and style of the Code has also been revised to make it more accessible and easier to reference.

ANTI-BRIBERY & FIGHT AGAINST CORRUPTION

To prevent the risk of bribery and corruption, AXA Group has introduced a Group Anti-Bribery & Corruption Policy (ABC Policy) that establishes minimum standards for ABC that must be implemented by AXA entities. This policy has been regularly updated to take account of new regulations and most notably the French law known as “Sapin II” n°2016-1691 of December 9, 2016, on transparency and the fight against corruption in modern economic life. A Group Anti-Bribery officer oversees the global ABC program at Group level and controls its implementation across entities. AXA entities have designated local Anti-Bribery officers to implement their ABC programs in accordance with AXA’s Standards.

AXA Standards certification by entities’ CEOs includes a Section on the framework “anti-bribery and fight against corruption”. AXA’s objective is to achieve a consistent anti-bribery and fight against corruption program across the Group’s entities, including necessary requirements answering to International Standards (including Sapin II Law), and preventing corruption risks. Every year since 2018, 100% of CEOs within the scope of the AXA Standards certification process have certified their level of compliance with the anti-bribery & corruption part (in line with the 100% target).

BUSINESS CONDUCT

The Group’s insurance, Asset Management and banking operations are subject to an increasing number of legislative and regulatory initiatives – in the European Union (*e.g.,* Insurance Distribution Directive, MiFID II, PRIIPs) but also in many other parts of the world – designed to increase customer protection in the financial services sector. AXA has taken significant actions to comply with these requirements in each of its businesses where such measures are in place and globally to spread and implement a customer protection culture across the Group. Moreover, AXA demonstrates strong commitment in its Compliance & Ethics Code binding for all its worldwide employees and subsidiaries to treat its customers fairly and professionally, by encouraging transparency or being honest and accountable when promoting products and services.

Among the most recent initiatives, a set of recommendations on key customer protection topics have been shared with a view of reinforcing uniformity of practices within the Group. The main objective is to continuously improve customer’s consideration wherever they may be. These recommendations represent a support for the entities to apprehend subjects such as vulnerable customers, customer information, digitalization, and complaints handling. They guide each entity in implementing responsible practices based on transparency, honesty, and fairness for the customer.

The compliance program of customer protection reviews in place for some years has continued. It consists of reviewing how the entities locally manage the customer protection topics and the processes in place, especially regarding customer information, sales practices, or salesforce training. These reviews, initially focused on most of the European entities, will be progressively extended to other entities on a risk-based approach.

Another key element concerns the well-established product governance process (Product Approval Process, “PAP”) in place to oversee the design, approval, and review of the products. The PAP is applicable to all entities of the AXA Group and focuses on the customer dimension, ensuring the product is built starting from the customers’ needs and expectations, with a definition of the target market and selection of adequate distribution channels. This formal process also considers that all new products entering the scope of application of the PAP respect the principles of “value for customer”. Every year since 2018, 100% of CEOs have certified on the compliance level of the Group entities in scope of the AXA Standards certification process (in line with the 100% target), which engaged them to conduct a PAP and all Life & Savings, Health and Property & Casualty products have been subject to the AXA’s Product Approval Process.

AXA’s intention is to offer its customers easy-to-understand products that meet their needs and expectations, a commitment that has been reinforced in 2021, notably with the update of the compliance check list to be carried out during any new product development. This step, which is part of the PAP governance process, already described below, aims to ensure that the products offered meet customers’ expectations, for example by analyzing that the products’ characteristics are communicated to distributors beforehand in order to guarantee good customer information, or that training on products is regularly followed.

In addition, compliance risks, specifically business conduct risks, are assessed on an annual basis. The results and any necessary mitigation actions are developed and shared with senior management. Internal Control processes have been developed to ensure controls are effective and cover entities’ own operations and those of proprietary sales channels.

Responsible data use and data privacy

In line with AXA’s sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure client data is protected, *via* a robust security strategy.

DATA PRIVACY

AXA was the first insurance group to adopt privacy-related Binding Corporate Rules, approved by European data protection authorities, and constituting an internationally approved data privacy contractual framework for the treatment of customer, employee, and other stakeholder personal data. Entities that have joined Binding Corporate Rules represent 99% of AXA’s revenues in 2021 (also 99% in 2020 and 79% in 2019, which is explained by the impact of AXA XL, whose integration into Binding Corporate Rules was not completed in 2019), in line with the 99% target. These rules and AXA’s Data Privacy

Declaration, whereby the Group undertakes not to sell personal data of its customers, are available on the AXA Group's website (https://www.axa.com/en/about-us/cyber-data-privacy#tab=our-commitments).

The AXA Group implemented the General Data Protection Regulation and had in this respect delivered thirty projects dedicated to data privacy, involving over three hundred people in entities located in sixteen countries. The Group is also implementing similar regulations recently adopted in countries outside the European Union.

A SECURITY STRATEGY DESIGNED TO GUARANTEE THE PROTECTION OF DATA

With the massive digitization of society, cyber risk is considered today one of the top risks that citizens and companies must face.

To respond to this threat, and as a responsible insurer, AXA has developed a risk-based security strategy that strengthens our business resilience, transforming security from a necessity to an advantage for our entities. Security is managed holistically by the corporate function, Group Security. It gathers the 3 security key disciplines: Information Security/Cyber Security, Operational Resilience and Physical Security & Safety.

This converged organization to manage security comes with an ambitious commitment to maintain AXA's most mature entities within the first quartile of the most secure companies in the financial industry. Therefore, yearly, the security and cybersecurity maturity level of these entities is assessed, based notably on the ISO 27001 norms. In 2021, AXA has reached a 3.12 score (for a scope representing the 19 most mature entities of the Group), beyond the 3.00 average that leads to the first quartile of the most secure companies in the industry. In 2021, AXA implemented its new security strategy aimed at ensuring that the Group's most mature entities remain in the top quartile of most secure entities in our industry, while broadening scope execution to all the Group's other entities. This security strategy, called the "One Security Strategy", uses a risk-based approach that ensures that we continuously consider and adapt to the evolution of risks and threats.

This robust security maturity level is also reached by the strong mobilization of AXA's employees that are considered as AXA's first line of defense against cyberattacks. Yearly security (including physical security, health & safety, operational resilience & information security), data protection and cybersecurity trainings are deployed across group. Thus, in 2021, 100% of salaried and non-salaried employees have been trained and certified.

RESPONSIBLE USAGE OF ARTIFICIAL INTELLIGENCE

In terms of governance, in 2021, AXA set up a Responsible Artificial Intelligence Committee that aims to cover the issues of applying trustworthy Artificial Intelligence (AI) within the Group. Taking the form of an agile governance that brings together all stakeholders involved in the development of AI solutions, this Committee works on operational tools for business and Group functions and internal guidance on responsible AI in line with the latest regulatory framework development on Trustworthy Artificial Intelligence principles.

AXA has also been working closely with regulators (EIOPA Digital Ethics Committee, MAS Veritas initiative for instance) and research centers (Sorbonne University, Stanford University etc.) on developing State of the Art solutions and guidance for effective AI governance in the insurance industry that respect ethical principles. This cooperation helps build sustainable efforts on implementing new internal and operational guidelines covering the responsible usage of machine learning and AI.

Within the French association Impact AI, AXA is leading the Impact AI's Responsible AI Committee in charge of analyzing the perception of AI and the development of a "trusted AI", producing white papers on the topic, along with other members (industrial partners, consulting, and tech companies).

In addition, AXA leads research on Responsible AI principles. Both fundamental and applied research on Responsible AI principles (fairness, explainability, robustness) are developed to investigate technical solutions useful across the different segments of the insurance value chain. These efforts are testimony to AXA's business transformation regarding the development and adoption of AI solutions in line with the Group responsible data and AI policy.

Responsible procurement

Translating AXA's Sustainability strategy and commitments into its management of vendors is a key concern for AXA. Policies and key performance indicators on responsible procurement are presented in AXA's Vigilance Plan in the following Section 4.6.

Tax policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues. For more information on AXA's Tax policy, please refer to Section 7.3 "General Information – AXA Group tax policy" of this Annual Report. In 2021, all AXA entities certified compliance with AXA Tax Policy and Tax Ethic Code (relating to 2020). The Tax transparency report published in 2021 covers 90% of the Group Tax footprint (relating to 2020).

4.6 VIGILANCE PLAN

The AXA Group is committed to promoting and protecting human rights and the environment in conducting its business and its internal operations.

To comply with applicable French law requirements [60], AXA has (i) adopted a vigilance plan (the "vigilance plan") that sets forth the measures established and implemented by AXA in order to identify the risks relating to, and prevent, violations of human rights and adverse impacts on the environment resulting from AXA's activities, and (ii) prepared a report on the application of this vigilance plan during the financial year 2021 which is included in this Section. For purposes of this Section, "human rights" comprises fundamental freedoms, as well as the health and safety of persons.

The vigilance plan has reinforced an existing internal system that already included a number of tools and procedures implemented within the Group.

Scope of the vigilance plan

The vigilance plan encompasses the activities of the Company and those of the companies controlled, directly or indirectly, by the Company within the meaning of Article L.233-16(II) of the French Commercial Code, including intra-group activities and internal operations carried out within the AXA Group, as well as the activities of subcontractors and suppliers with whom the AXA Group has an established business relationship, insofar as the activities relate to such relationship.

Given the diversity of the activities of AXA's subsidiaries, subcontractors and suppliers, the vigilance plan sets forth AXA's guiding principles and policies designed to ensure that they have a common understanding of the AXA Group's standards in terms of sustainability, safety, whistleblowing and personal data protection, and operate accordingly. These common measures do not prevent, nor restrict AXA from voluntarily taking additional actions in relation to such matters.

Identification and evaluation of risks to human rights and the environment

To ensure that each potential risk identified is covered by a Group policy, AXA conducted an assessment of how the AXA Group's activities and operations may potentially impact the environment and each of the human rights.

The work carried out by AXA to establish its mapping of sustainability risks, as well as the main non-financial risks identified by the Group is presented in Section 4.1 "AXA Sustainability strategy – Sustainability Risk Assessment" of this Annual Report.

HUMAN RIGHTS

The AXA Group considers that its activities and internal operations could have potential direct and indirect impacts on the human rights of its employees, customers and suppliers, as well as potential indirect impacts on the human rights of other persons through the Group's relations with corporate customers or investments in companies, which are active in sectors and/or countries with increased risks of human rights violations.

The AXA Group regularly, and at least every three years, conducts a human rights risk assessment which aims to identify the most relevant risks to human rights that the AXA Group should consider in conducting its business (acting both as an insurer and as an investor) and its internal operations. The most recent study was carried out in 2020, with the help of an independent firm. It identified risks in areas such as the right to free movement, equality before the law and non-discrimination (with respect to minorities), freedom from all forms of forced or compulsory labour, right to freedom of thought, conscience, religion, opinion, information and expression and the principles of freedom of association and collective bargaining. This assessment ("AXA 2020 Report Human Rights Risk Assessment") which includes the mapping of the risks identified and the measures taken to limit their impact, is available on the AXA Group's website

[60] *Law No. 2017-399 of March 27, 2017, relating to the duty of care of parent companies and instructing companies ("devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre") and Article L.225-102-4 of the French Commercial Code.*

(www.axa.com/en/about-us/our-commitment-to-human- rights). In addition, the AXA Group is particularly vigilant with respect to risks affecting the health and safety of its employees in the workplace.

ENVIRONMENT

As a responsible company

Environmental risks were already identified in the AXA Group's risk mapping, particularly those related to climate change and biodiversity. As an insurance company, AXA's direct environmental footprint is essentially related to the operation of offices and IT materials, business travels, water, electricity, paper consumption and other staple consumer products and generation of waste. The global environment footprint of the AXA Group is thus largely based on its indirect environmental footprint, including its investments and underwriting activities, as indicated hereafter.

AXA's direct environmental reporting and management processes focus on energy, water and paper consumption, as well as related CO_2 emissions. AXA's direct environmental reporting process, which is verified by an independent third-party, allows AXA to (i) evaluate its impact on the environment every year and (ii) identify the risks stemming from its internal operations for the environment. Please refer to Section 4.3 "Climate Change and ESG Integration – Own operations' impact on climate change – 2021 environmental performance" of this Annual Report for further information on AXA's environmental footprint.

As a responsible business partner

AXA has implemented processes to identify and assess the environmental risks associated with its use of suppliers and service providers. In particular, AXA implemented an Environmental, Social and Governance (ESG) risk assessment process for its suppliers, that are identified using an internal risk categorization grid. This assessment is carried out based on procurement categories in light of five criteria:

- environmental;
- social;
- impact on products and services;
- suppliers' supply chain; and
- business integrity.

Each year, suppliers in the procurement categories with the highest levels of ESG risk are invited to share their EcoVadis scores.

As an insurer and as an investor

The AXA Group seeks to prevent or mitigate adverse impacts on the environment that arise from its investment and underwriting activities by applying its analytical framework to identify potential indirect impacts on the environment and incorporating ESG criteria into its business processes as well as into its investment strategy, as presented in the Section "Protection of human rights and environment" that follows.

Protection of Human Rights and Environment

PROTECTION OF HUMAN RIGHTS AND HUMAN RIGHTS POLICY

AXA's human rights policy, available on the AXA Group's website (www.axa.com/en/about-us/our-commitment-to-human-rights), aims at preventing the violation of human rights in relation to the Group's activities and internal operations and reflects AXA's commitment to international general and sector-specific standards. The AXA Group is committed to respecting internationally recognized human rights principles as defined by:

- the United Nations Universal Declaration of Human Rights;
- the core standards of the International Labour Organization (ILO);
- the Guiding Principles on Business and Human Rights (implementation of the United Nations "Protect, Respect and Remedy" Framework or "Ruggie Principles");
- the United Nations Global Compact;
- the UN Principles for Sustainable Insurance (UN PSI);
- the UN Principles for Responsible Investment (UN PRI);
- the Task Force on Climate-related Financial Disclosures (TCFD); and

- the OECD recommendations and the Global Deal.

AXA is also committed to coalitions with other companies, such as, on an international scale, the Business for Inclusive Growth (B4IG) coalition since 2019 and, in France, the "*Collectif des entreprises pour une économie plus inclusive"* (Business collective for a more inclusive economy) since 2018. For more information on AXA's commitments to coalitions for a more inclusive economy, please refer to Section 4.4 "Inclusive Insurer – Business-related societal challenges – Inclusive economy and social related outreach and engagement – Business for Inclusive Growth (B4IG)" of this Annual Report. AXA's human rights policy describes the Group's commitments in conducting its business as a responsible employer and business partner, an insurer and an investor. It also indicates how the protection of human rights is implemented at the core of the Group's activities and internal operations.

Protection of employee human rights

AXA is committed to protecting AXA employees' human rights, specifically the principles of freedom of association, the right to fair and favourable working conditions and non-discrimination, through:

- promoting the 10 guiding principles of the United Nations Global Compact (with principles 1 & 2 relating to human rights and principles 3 to 6 to labour standards) and encouraging the reporting of potential or actual severe violations of human rights;
- setting ambitious Inclusion and Diversity targets and initiatives. See further details on Inclusion and Diversity in Section 4.2 "Employer Responsibility – Accelerating AXA progress on inclusion and diversity" of this Annual Report; and
- the AXA Compliance & Ethics Code, available on the AXA Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide), pursuant to which executives must annually certify the compliance of their activity with the Code.

Protection of employee safety, health and security

As regards employee health, the AXA Group launched in November 2020 an innovative global program to improve the health and well-being of its employees around the world. This program was extended in 2021. Please refer to Section 4.2 "Employer Responsibility – Championing employees' health and wellbeing – Implementation of AXA "Healthy You" program with additional services" of this Annual Report for further information on this global program on health and well-being.

In addition, the AXA Group has gone a step further on tackling mental health issues. Please refer to Section 4.2 "Employer Responsibility – Championing employees' health and wellbeing – Reinforcing mind health support" of this Annual Report for further information on initiatives related to mental health.

The AXA Group has also implemented safety, health and security standards with which all Group entities must comply in order to protect employees against intentional, health or accident risks related to their business activity. These standards set out:

- processes to identify risks, depending on the specific characteristics of the environment and the activity of each AXA Group entity;
- proactive and reactive measures to be implemented according to identified risks (information, training, protective measures, incident management procedures and crisis plans); and
- a performance measurement, quarterly reported to the AXA Group central team.

Personal data protection

AXA was the first insurance group to adopt privacy-related Binding Corporate Rules, approved by European data protection authorities. See further details on personal data protection by AXA Group in Section 4.5 "Business Behaviour – Responsible Data Use and Data Privacy – Data Privacy" of this Annual Report.

Integration of human rights into business processes

As an insurer, AXA strives to incorporate ESG criteria (including those relating to human rights) into its insurance business processes as well as into its investment strategy, in line with AXA's commitment to the UN Principles for Sustainable Insurance, as well as with the principles of the Task Force on Climate-related Financial Disclosures (TCFD).

Its commitments are reflected in internal policies and initiatives led by the Group, including product development processes and policies as well as underwriting guidelines. Such guidelines define the exclusion, among the Group's insurance activities, of certain socially or environmentally sensitive sectors or practices (which can be directly or indirectly related to human rights) and with increased risks, such as controversial weapons industries. Insurance restrictions are detailed in Section 4.3 "Climate Change and ESG integration –Insurance – Underwriting Restrictions" of this Annual Report.

AXA further seeks to support its customers' rights while preventing or mitigating adverse human rights impacts that may arise from the provision of insurance products and services to corporate customers, in particular by:

- ensuring fair treatment of all customers;
- offering products designed to meet the needs and expectations of its customers;
- designing products and services to meet the needs of vulnerable populations, in order to reduce coverage disparities, close a protection gap and empower insured people to achieve positive outcomes with regard to health and safety. As an example, the "Women in Insurance" initiative, presented in Section 4.4 "Inclusive Insurer – Business-related societal challenges – Women and Insurance" of this Annual Report, aims to increase women's access to insurance products and services. AXA is also adapting insurance to the needs of emerging clients as described in Section 4.4. "Inclusive Insurer – Business-related societal challenges – Emerging customers and initiatives to foster more resilience" of this Annual Report;
- integrating environmental issues into the Group's insurance business activities. Within this framework, AXA applies the underwriting rules, as mentioned above, and offers insurance solutions which assist communities in facing the consequences of climate change. For instance, parametric insurance products support insured communities in dealing with the impact of climate-related disasters on agricultural crops. For further details on the parametric insurance offer, please refer to Section 4.4 "Inclusive Insurer – Business-Related Societal Challenges – Parametric Insurance" of this Annual Report;
- strengthening its digital presence for a better accessibility of products and services as well as a simplification of interactions with its customers;
- having sales practices that respect the customer, in particular by providing them with transparent and adapted information;
- dealing with claims in a prompt, fair, sensitive and transparent manner and ensuring that these processes are clearly explained and understood;
- using data in a responsible manner and safeguarding clients' privacy, following its Data Privacy Declarations and Binding Corporate Rules with respect to data protection to ensure that its actions with regard to data privacy are responsible, transparent and ethical;
- providing customers with the means to express and resolve any disputes that may arise with AXA Group companies, notably through dedicated complaints departments; and
- implementing internal controls to ensure the effectiveness of processes.

Integration of human rights into investments

The AXA Group has proactively implemented a global Responsible Investment Policy and sectoral policies (including, as an example, a policy on controversial weapons), and built an analytical framework to identify potential indirect impacts on human rights.

The ESG assessment of the companies in which AXA has invested, or contemplates making an investment, incorporates the following human rights-related inputs: (i) fundamental principles such as those of the United Nations Global Compact, the ILO as well as OECD recommendations, and (ii) the reputation and potential controversies regarding these companies. This assessment is regularly updated.

Please refer to Sections 4.3 "Climate Change and ESG Integration", 4.4 "Inclusive Insurer – Business-related societal challenges" and 4.5 "Business Behaviour – Business ethics" of this Annual Report for further information on integration of ESG criteria in AXA products and services.

PROTECTION OF THE ENVIRONMENT AXA'S SUSTAINABILITY STRATEGY

As a responsible company

The AXA Group's Environmental Policy, available on the Group's website (www.axa.com/en/about-us/environmental-footprint-management), describes key actions aimed at reducing AXA's direct and indirect environmental impacts.

In particular, AXA's ambitious environmental targets included in its 2025 environmental strategy are notably focused on the reduction of carbon emissions, one of the main contributors to climate change. Some of AXA's carbon emissions reduction targets for 2019-2025 are based on an approach promoted by the "Science Based Targets" initiative. Please refer to Section 4.3 "Climate Change and ESG Integration – Own operations' impact on climate change" of this Annual Report for further details on AXA policies for the reduction of carbon emissions.

Certain buildings occupied by AXA benefit from environmental certificates such as BREEAM, LEED and HQE. Please refer to Section 4.3 "Climate Change and ESG Integration – Own operations' impact on climate change – 2021 Environmental Performance – Energy Consumption" of this Annual Report for further details on AXA's certifications.

As an insurer and an investor

The AXA Group seeks to prevent or minimize adverse impacts on the environment, namely by:

- offering customers insurance and investment solutions that promote environmentally friendly behaviour;
- applying policies designed to address issues associated with its investments and underwriting activities for sectors that are particularly sensitive from an ESG perspective. These sector specific policies cover human rights and environmental concerns (*e.g.,* oil & gas) and are subject to an annual certification process carried out by entities of the Group;
- committing to align its investments and its underwriting activities with the Paris Agreement, to reach a "warming potential" of +1.5°C by 2050.

AXA also supports initiatives related to climate change and environmental protection, as detailed in Section 4.3 "Climate Change and ESG Integration – Climate, Biodiversity and ESG-related "outreach" and engagement" of this Annual Report. In addition, as stated above for the protection of human rights (please refer to the paragraph "Protection of Human Rights and Environment – Protection of Human Rights and Human Rights policy – Integration of human rights into investments" in this Section), AXA has implemented a Responsible Investment Policy and an analytical framework to identify potential indirect environmental impacts. The ESG assessment is used to give a score to the companies in which AXA has invested, or contemplates making an investment. The list of criteria and sectoral weighting matrix that apply to the various ESG sub-criteria are regularly reviewed for a better grasp of the most significant issues for each sector. AXA applies a minimum threshold below which companies are excluded from its contemplated investments. This assessment is updated by AXA every six months.

The Group's Responsible Investment Policy is available on the AXA Group's website (www.axa.com/en/about-us/responsible-investment).

Please refer to Section 4.3 "Climate change and ESG Integration" of this Annual Report for further details on AXA's strategy, policy, targets and results with respect to environmental protection.

Alert procedure

The current alert procedure allows all stakeholders (employees, business partners, etc.) to share without any delay their concerns and/or report any practice, action or behaviour that they consider inappropriate, illegal, or unethical. Alerts can be submitted within the relevant entity or sent directly to the Group using a dedicated email address (speak-up@axa.com) allowing alerts from all geographical areas where the Group conducts business, without restrictions and irrespective of the stakeholders.

The AXA Group examines all alerts received with the objective of ensuring an adequate response (intervention by adequate actors, deployment of immediate corrective actions and/or precautionary measures, investigations etc.). Alerts are handled in accordance with a strict, independent process that includes key stakeholders in the vigilance plan where relevant. The identity of the author of such alert is treated in a confidential manner and cannot be disclosed without his/her consent (except to judicial authorities). AXA has expressly stated that there will be no act of retaliation against anyone who reports actual or suspected misconduct in good faith, or who participated in establishing the facts confirming a misconduct by providing evidence.

Furthermore, all AXA Group companies are required to define internal regulations and other policies governing whistleblowing pursuant to local laws and regulations. In 2019, a global communication campaign named "Speak-up", was launched to refresh employee awareness of both the local and Group alert procedures. The purpose of the campaign was to strengthen, increase consistency of, and simplify the process across the Group. Various media were used to broadcast this campaign, thus increasing its impact and making it available to all, including through newsletters, screen savers, videos, training, formal presentation, etc.

Follow-up and report on the effective implementation of the vigilance plan

In 2021, the AXA Group ensured the effective implementation of all policies and procedures described in the vigilance plan through the involvement of (i) central teams from the Sustainability, Procurement, Legal, Compliance, Risk Management and Human Resources Departments and (ii) a network of local correspondents.

REPORTING PROCESS

In 2021, the Group continued its efforts to raise awareness on the vigilance plan amongst its entities. Awareness sessions were organized in order to remind entities of the duty of care *(devoir de vigilance)* regulation, as well as the penalties applicable in the event of non-compliance with legal obligations. Correspondents of the Procurement network attended these sessions in 2021.

In addition, AXA relies on a reporting process for Group entities which is based on pre-existing procedures and monitoring tools and, in particular, on an internal review conducted by the Sustainability Department. Each year, the principal operating entities are asked to conduct an internal risk assessment to identify any gaps with the vigilance plan.

Following the assessment conducted in 2021, gaps were identified and the relevant entities shall implement remedial action plans, including the following:

- the inclusion of the corporate responsibility clause that was reviewed by the Group at the end of 2019 in procurement contracts;
- the strengthening of supplier monitoring in high ESG risk categories through EcoVadis;
- the raising of human rights awareness among employees, such as the inclusion of people with temporary or permanent disabilities; and
- the adjustment of local alert procedures to cover matters related to human rights and the environment.

RESPONSIBLE PURCHASING BUSINESS

Translating AXA's Sustainability strategy and commitments into its management of suppliers is a continuous activity for AXA. This alignment means that AXA integrates sustainability considerations to select and monitor its suppliers. This approach is articulated around two axes:

- **Responsible people & processes:** all the AXA Group professionals working in a procurement department must sign the Group's Code of Professional Conduct but also a dedicated and reinforced Code of Ethics, which promotes fairness and neutrality, confidentiality and transparency of sourcing decisions. The professionals are also trained to the AXA Sustainability strategy and the AXA Responsible Procurement policy through awareness sessions given by the network of Responsible Procurement identified in our various entities.
- **Responsible vendors:**
  - An ESG criteria' grid was shared during the first half of 2021 across the Procurement teams and integrated into the Group's calls for tenders. Criteria may vary according to the category of purchases. As an example, they may involve the EcoVadis rating, the carbon emissions of suppliers' products and services, and their responsible procurement policy. Since January 2022, the number of tenders including ESG criteria is tracked by the Procurement teams.
  - AXA requires from its vendors to include a "corporate responsibility clause", which is mandatory in its contracts. It includes, in particular, complying with the principles of the ILO (prohibiting the use of child/forced labour, promoting employee health & safety and freedom of expression, and non-discrimination). 96.8% of the procurement contracts entered or renewed in 2021 included this corporate responsibility clause (*versus* 96.6% in 2020).
  - AXA implemented an assessment of the extra-financial risks of its suppliers, identified thanks to an internal Risk Matrix by procurement category (please refer to section "Vigilance Plan – Identification and Evaluation of Risks to Human Rights and the Environment – Environment – As a Responsible Business Partner" above). 72.5% of the vendors evaluated in 2021 shared a Bronze or higher EcoVadis scoring (*versus* 67.2% in 2020).
  - Aware of the carbon emissions' impact from its activities, the Group is working to implement best practices to be in line with its objective to reduce carbon emissions by 20% by 2025. AXA has therefore implemented locally new sustainable ways of buying, *e.g.* greening of car fleets, purchases of green energy on offices and data centres, deployment of new measures for IT purchases (*e.g.*, by asking 10 of its key providers to communicate their services and products' carbon footprint link to AXA's purchases). All these best practices applied locally are shared by the Responsible Procurement community in order to promote a wider deployment.

Detailed information on AXA's Responsible Procurement policy and AXA standards regarding procurement is provided in AXA's Group Procurement Guidelines. The document is used for supplier selection and management purposes.

Since 2018, AXA uses a dedicated Vendor Risk program to reinforce its operational control and Risk Management of third parties. Please refer to Section 5.7 "Operational Risk" of this Annual Report for further information on this program.

The AXA Group is pursuing its commitment in implementing these same principles and received a "Platinum" score in its latest EcoVadis evaluation.

INVOLVEMENT OF AXA STAKEHOLDERS

In line with its strong culture of dialogue, AXA has regular discussions with its various stakeholders at different levels. Please refer to Section 4.1 "AXA Sustainability Strategy – Sustainability Governance & Stakeholder Dialogue" of this Annual Report for further details about the stakeholder dialogue initiated by AXA.

In order to maintain effective communication between employees and management as well as a constructive social dialogue, the vigilance plan was presented on several occasions to employee representatives. Through discussions with the Group's French employee representatives and more particularly with the Social Committee of the French Group's Works Council, certain provisions of the vigilance plan have been placed at the core of the employer-employee dialogue.

The AXA Group strives to strengthen the communication of its vigilance plan to all of it stakeholders, in particular by making it available on AXA's website (www.axa.com/en/about-us/our-commitment-to-human-rights).

4.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENTS INCLUDED IN THE GROUP MANAGEMENT REPORT

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31, 2021

To the AXA SA Annual General Meeting

In our capacity as Statutory Auditor of AXA SA (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (Cofrac Inspection Accreditation n°3-1060, whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) of the consolidated non-financial information statement (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for year ended on December 31, 2021, included in the management report pursuant to the legal and regulatory provisions of Articles L.225 102-1, R.225-105 and R.225-105-1 of the French Commercial Code *(Code de commerce).*

Conclusion

Based on the procedures performed, as described in the "Nature and scope of our work" Section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, are not presented fairly in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the Information needs to be read and understood with reference to the Guidelines, significant elements of which are disclosed in the Statement and available upon request from the entity's headquarters.

The entity's responsibility

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- the preparation of the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non- financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's Guidelines as mentioned above.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, *i.e.,* the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and professional standards applicable

The work described below was performed in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors (CNCC) applicable to such engagements, as well as with ISAE 3000 (Revised) – *Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of Statutory Auditors. In addition, we have implemented a system of quality control including documented policies and procedures to ensure the compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of 10 people between September 2021 and March 2022 and took a total of 9 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 16 interviews with people responsible for preparing the Statement, representing among others Sustainability, Risk Management, Compliance, Tax, Procurement, IT and Human Resources.

Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed were based on our professional judgment and allowed us to provide a limited level of assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L.225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents information set out in Article L.225-105-1 II where relevant to the principal risks and includes an explanation for the absence of the information required under Article L.225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assessed the process used to identify and confirm the principal risks and the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and

- corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the appendix. For several risks (stakeholders engagement practices, climate-related risks, biodiversity, inclusive insurance, anti-bribery & fight against corruption, business conduct, tax policy, personal data protection, and responsible procurement), our work was performed at the consolidation entity level; for the remaining risks, our work was performed at the consolidation entity level and on a selection of contributing entities which are, on social data [61], on societal data [62], and on environmental data [63];

- we verified that the Statement covers the scope of consolidation, *i.e.,* all the companies included in the scope of consolidation in accordance with Article L.233-16, within the limitations set out in the Statement;
- we asked what internal control and Risk Management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in the appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities which are, on social data [64], on societal data [65], and on environmental data [1], and covers between 19% and 46% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the French Institute of Statutory Auditors (CNCC); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 21, 2022

One of the Statutory Auditors
PricewaterhouseCoopers Audit
Audit

Bénédicte Vignon
Partner

Sylvain Lambert
Sustainable Development Partner

[61] *AXA Belgium, AXA Tianping Property & Casualty Insurance Company Limited, AXA Services Egypt S.A.E., AXA General Insurance Egypt., AXA Life Insurance Egypt S.A.E., AXA Ireland, AXA XL in the US, AXA Services Ltd, AXA XL in India, AXA Business Services India, AXA Seguros Mexico.*

[62] *AXA Tianping (HQ), AXA France (AXA Atout Cœur), AXA Holdings Centrales, AXA Krungthai (Life), AXA Indonesia.*

[63] *AXA XL in the US, AXA Tianping (HQ), AXA Egypt, AXA France (Les Terrasses 1,2,3 (Nanterre), Lyon, Marly Le Roi), AXA XL in India, AXA Business Services India, AXA Seguros Mexico, AXA Switzerland, AXA Insurance Thailand, AXA Life Insurance Japan (limited scope), AXA UK & Ireland (limited scope), AXA Philippines Life (limited scope).*

[64] *AXA Belgium, AXA Tianping Property & Casualty Insurance Company Limited, AXA Services Egypt S.A.E., AXA General Insurance Egypt., AXA Life Insurance Egypt S.A.E., AXA Ireland, AXA XL in the US, AXA Services Ltd, AXA XL in India, AXA Business Services India, AXA Seguros Mexico.*

[65] *AXA Tianping (HQ), AXA France (AXA Atout Cœur), AXA Holdings Centrales, AXA Krungthai (Life), AXA Indonesia.*

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- Climate change and biodiversity: energy consumption, distance covered by business travel and vehicle fleet, CO_2 emission by scope, water consumption, office and marketing paper consumption, waste production, "green" investments, AXA's investments Warming Potential and carbon footprint, insurance products with a positive impact on the environment through the guarantees or services offered, financial commitments to reforestation, AXA's digital carbon footprint;
- Employer responsibility: headcounts and distribution, number of external recruitments, number of resignations, number of dismissals, annual gross payroll (fixed and variable), number of training days, absenteeism rate, "employee Net Promoter Score", salaried employees with teleworking arrangements, salaried employees having been trained at least once during the year, AXA's gender parity amongst Top Senior Executives;
- Inclusive insurance: number of emerging customers,
- Partnerships & philanthropy: engagement rate of AXA employees in volunteering, cash donations for community investment projects, number of employees who participated to volunteering acts, number of volunteering acts, total hours contributed to volunteering acts during working time, share of volunteering acts performed by AXA employees done in support to climate or inclusive protection causes;
- Business behaviour: entities having certified AXA Standards on Product Approval Process, revenues covered by Binding Corporate Rules, Scoring ISO 27001, share of new contracts that include a Corporate Responsibility clause, suppliers having a good ESG external rating;
- Fight against corruption: entities having certified AXA Standards on Anti-bribery & fight against corruption;
- Fight against tax evasion: entities having certified compliance with AXA Group tax policy & tax code of ethics, coverage of Group tax footprint in Tax Transparency report;
- Governance: number of external stakeholders' panels where AXA is present.

Qualitative information (actions and results):

- Stakeholders engagement;
- Safe environment;
- Inclusion and Diversity;
- Talent management/loss of key staff;
- AXA's impact on climate change: own operations' environmental footprint;
- AXA's impact on climate change as an investor;
- Impact of climate change on AXA as an investor;
- AXA's impact on climate change as an insurer;
- Impact of climate change on AXA as an insurer;
- Impact of climate change on AXA operations;
- AXA's impact on biodiversity;
- Inclusive insurer;
- Partnership & philanthropy;
- Anti-bribery & fight against corruption;
- Business conduct;
- Responsible procurement;
- Tax policy;
- Responsible data use, data privacy, and data security.

AXA Bank Belgium
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