

2012

ACTIVITY AND CORPORATE  
RESPONSIBILITY  
REPORT

*Moving forward with  
confidence*

redefining / standards



## INTERVIEW WITH HENRI DE CASTRIES

# 1 / OUR GROUP

- 08 Our business
- 10 Profile
- 12 Highlights
- 16 Results
- 20 Governance

# 2 / OUR STRATEGY

- 26 Insight on strategy, by Denis Duverne
- 30 Our customers
- 34 Our people

# 3 / OUR BUSINESS ACTIVITIES

- 40 Personal stories
- 46 Property & Casualty Insurance
- 48 Interview with Jean-Laurent Granier
- 52 Market indicators: Property & Casualty Insurance
- 60 Life Insurance & Savings
- 62 Interview with Jacques de Vacleroy
- 66 Market indicators: Life Insurance & Savings
- 74 Asset Management
- 76 Interview with Dominique Carrel-Billiard  
and Peter Kraus
- 80 Market indicators: Asset Management

# 4 / OUR CORPORATE RESPONSIBILITY

- 88 Establishing trust, driving achievement
- 92 Human resources
- 94 Environment
- 96 Community
- 100 Principal actions
- 106 HR data
- 112 Environmental data
- 114 SRI ratings
- 118 Glossary
- 120 Calendar



**MOVING FORWARD  
WITH CONFIDENCE  
MEANS UNDERSTANDING  
RISKS**



---

# MOVING FORWARD WITH CONFIDENCE MEANS UNDERSTANDING RISKS

---

Risk is an essential characteristic of any human activity. Without risk, there can be no progress. As Alice Steenland points out: *“There is no such thing as a life without risk. We must encourage an informed approach and share knowledge – it’s a subtle mechanism.”*

People need to have an accurate perception of risk to adopt a behavior designed to prevent or protect against such risk and its consequences. Insurance, which entails passing the risk on to a third party, is a good way of protecting oneself. But the insurer needs to have accurate knowledge of the risk it agrees to cover. This means informed decision-making so as to better select the risks, in full knowledge, and establish a framework for everyday business activities. The insurer must also imagine events that

are “improbable” or even “impossible,” to protect its customers over the long term and guarantee its capacity to meet its commitments in 20 or 50 years’ time.

AXA’s experts derive their knowledge, first of all, from field data and in-house analyses. But, fundamental research into current and emerging risks is also crucial to enable our societies to prevent them or at least mitigate their consequences. This is the purpose of the AXA Research Fund. One day, for instance, insurers may be able to better cover disruptions in air traffic caused by clouds of volcanic ash, thanks to volcanologists and their vast knowledge.

AXA, whose business is protecting people over the long term, assumes its responsibility by encouraging the sharing

---

#### LEFT TO RIGHT

**Jean-Christophe Ménioux,**  
Group Chief Risk Officer

**Alice Steenland,**  
Vice President Group Corporate  
Responsibility

**Godefroy Beauvallet,**  
Head of the AXA Research Fund



of its resources and expertise in risk management, thereby helping to create a stronger and safer society. We may, as Jean-Christophe Ménioux does, talk of a *"natural alignment between collective and societal interests and the economic and financial interests of the insurer."*

Godefroy Beauvallet sums up: *"Thanks to researchers' work, we can modify our representation of risks, because science has made progress."* This interaction between researchers and risk experts, involving shared knowledge and feedback, is central to the AXA Group's approach to risk.

*Public debate has highlighted the emerging need to fight climate change. This phenomenon has a major impact on the business activity of insurers. Our work in risk modeling combined with the research done by climatologists enables us both to adapt our coverage models and increase our knowledge of climate risks. We have chosen to present the way AXA works on risk management through data on climate change.*

---

[www.axa.com/en/  
responsibility/initiatives/](http://www.axa.com/en/responsibility/initiatives/)

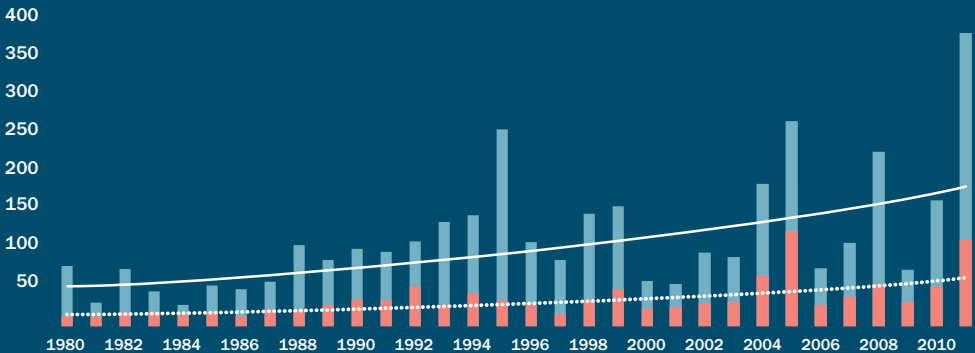


# & MANAGING MEASURING RISKS

## THE STRUCTURE OF RISK MODELS COMBINES A FREQUENCY COMPONENT AND A SEVERITY DISTRIBUTION

Natural disasters worldwide from 1980 to 2011

(in billions of dollars)



- Total amount of losses (2011 values)
- Amount of insured losses (2011 values)
- Trend in total losses
- ..... Trend in insured losses

Figure 1. Natural disasters worldwide from 1980 to 2011. Total amount of losses (blue), amount of insured losses (pink) and trends.

Source: Munich RE, 2012.

Create a favorable environment for risk underwriting and ensure protection over the long term.

## RISK AS THE RAW MATERIAL

---

AXA Group Risk Management (GRM) involves 550 mathematicians, statisticians, engineers and actuaries around the world. *“Risks are our raw material. Our business is to relieve our customers of certain risks by sharing, diversifying and actively managing them. Risk management is fundamental for AXA,”* explains Jean-Christophe Ménioux.

GRM's objective is not to prevent risk taking but to understand and manage the risks taken in order to guarantee AXA's capacity to meet its commitments over the long term. The idea is to create a favorable environment for risk underwriting, while ensuring that it is correctly reflected in the balance sheet and contributes to the Group's profitability. As Jean-Christophe Ménioux explains, *“The secret consists of keeping only the risks that we can control. We identify and exclude the others. Peak risks in regions with a high frequency of natural disasters, for instance, are reinsured.”*

Figure 1.

*The insurance sector has seen an increase in losses from natural disasters for more than 30 years now. Evaluation of natural risks is increasingly critical. Modeling efforts have therefore been encouraged for many years to obtain reliable estimates of the capital required to maintain solvency. We have long used statistical models to model the risks associated with our property insurance business. The structure of these models combines a frequency component representing the annual number of losses, and a severity distribution that stands for the amount of the loss when an event occurs. These two parameters are traditionally calibrated as a function of data on past losses.*

The AXA Group enjoys a major strength: its capacity to diversify and share risks. Thanks to its size, it can absorb shocks when they occur, since they are located in a specific region or in one branch of the business (diversification), and their consequences are spread across millions of customers, which diminishes their impact (sharing).



## GENERIC STRUCTURE OF CATASTROPHE MODELS

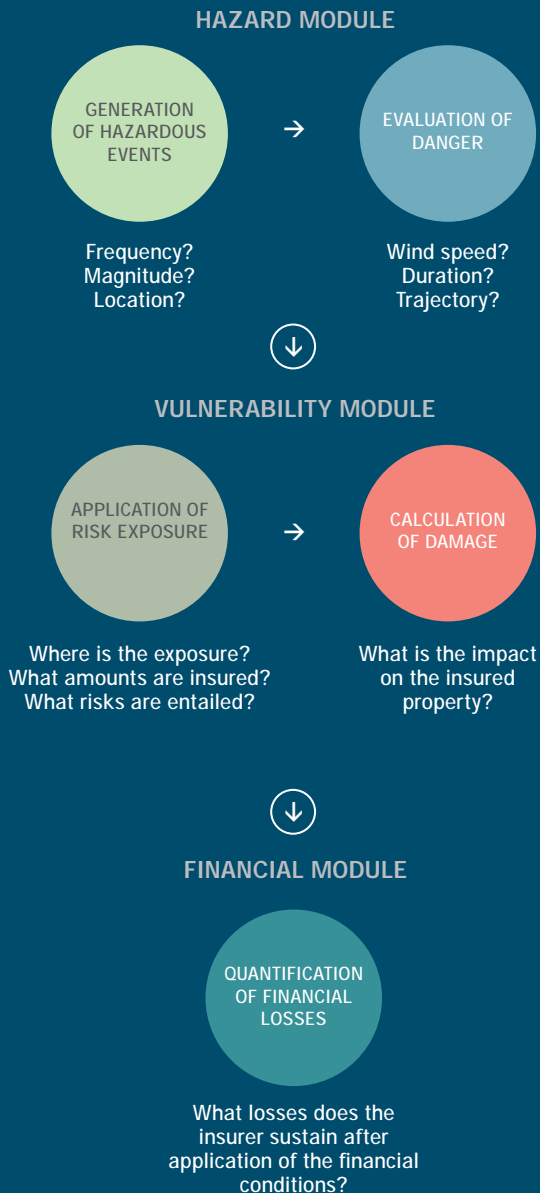


Figure 2. Generic structure of catastrophe models used in the insurance sector to evaluate the distribution of losses associated with a natural risk on a portfolio. Source: adapted from EQECat



→

As Jean-Christophe Ménioux points out: "We are hit as soon as a disaster occurs, since we cover risks worldwide. But at the same time, our exposure is small on the scale of the Group. We have to focus on correctly measuring risk and work in coordination with the different regions of the globe. The emerging markets are no exception. We apply very high standards for risk management in these markets. AXA must be able to withstand very serious events and appear as a leader after a crisis."

The appetite for risk, i.e. the level of risk the company is willing to accept, is dynamic, not static. It entails management decisions that can change as a function of market environment, short-term financial capacity or long-term strategic priorities. Stress tests are regularly conducted, which involve simulating the impact of shocks (stress scenarios) on the balance sheets of insurance companies to measure their robustness. The goal is to ensure that they can survive these unfavorable and extreme events.

→

Figure 2.

To circumvent the technical difficulties involved in modeling natural disasters in cases where historical loss records are not adequate, new approaches based on three modules have been formulated:

- The Hazard Module defines the spectrum of likely events (also called the event catalog) that have occurred historically or could happen in the future. Each event is characterized by its period of recurrence (or frequency) and the key physical risk factors (in the case of a storm, for example, wind speed, displacement, direction, pressure, etc.).
- The Vulnerability Module converts the physical intensity of an event (e.g. wind speed) into the level of damage sustained by a particular infrastructure (industrial plant, residential housing, etc.) in a specific location. This is where the geolocalized risk exposure portfolio is integrated.
- The Financial Module applies insurance conditions to raw damage estimates in order to assess the insurer's net loss. These insurance conditions include the rate of coinsurance, deductibles, ceilings, optional guarantees and per-risk programs.

## MAIN TIPPING FACTORS IN THE EARTH'S CLIMATE SYSTEM

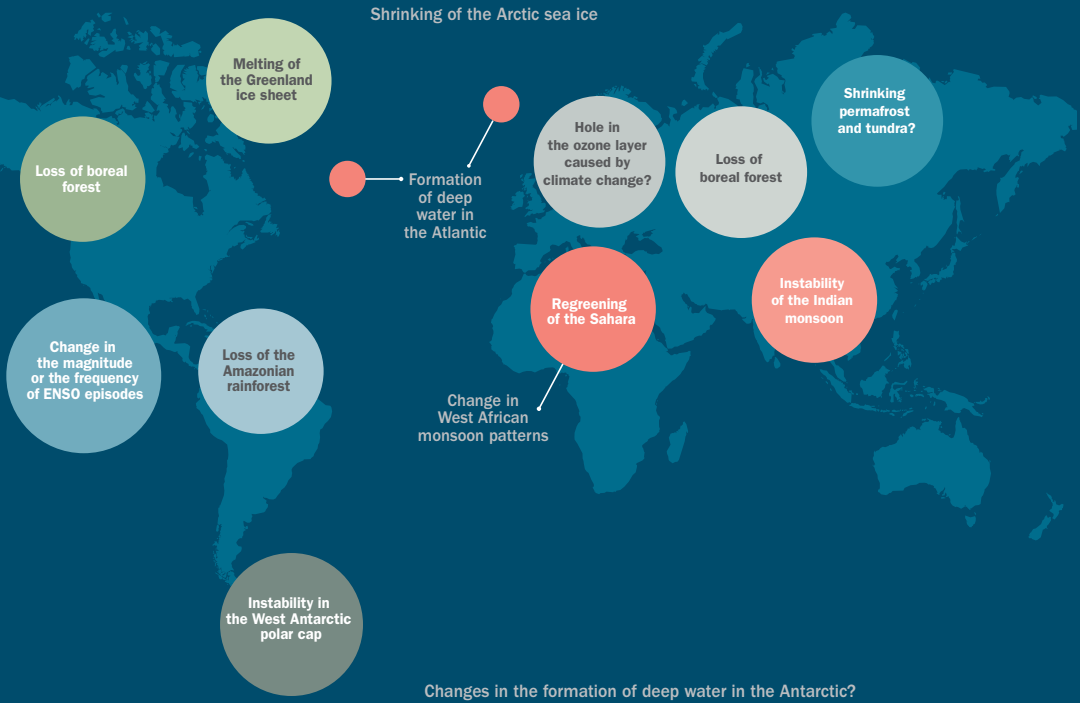


Figure 3.

Figure 3.

Climate tipping factors are regional components of the Earth's system that may undergo an abrupt change when a specific threshold (the tipping point) is crossed. Nine climate-tipping factors that could reach the point of no return during the 21<sup>st</sup> century have been identified.

The most serious are: the Arctic sea ice, the Greenland ice sheet, the West Antarctic ice sheet, El Niño (ENSO), the Indian monsoon, the West African monsoon and the Amazonian rainforest.



### MODELING THE RISK OF NATURAL DISASTERS

---

The role of insurance is to understand and share knowledge of risks. Throwing light on poorly known or even unknown risks that are a threat to society is an integral part of its mission. This is true of climate change, whose nature and future consequences are particularly uncertain.

Evaluating these natural risks is increasingly crucial to the continued survival of the insurance industry. It has therefore encouraged modeling initiatives for many years in order to obtain reliable estimates of the capital required to preserve its solvency.

For many years, insurers used simple probability models to evaluate the risks attached to their property insurance activity. These models combine a frequency

component representing the annual number of losses and a severity distribution. Natural disasters are often described as infrequent but very severe events. Given the extreme nature of climate events, the traditional loss-modeling techniques have proved to be of limited usefulness.

A new approach, based on exposure and specifically adapted to modeling natural disaster risks, was conceived at the end of the 1980s. The originality of this methodology resides primarily in the fact that it combines physical modeling of the risk and its intensity (e.g. wind speed, water height, number of days of drought, etc.) with formulation of vulnerability functions reflecting the severity of the hazard in terms of damage to buildings. This represented an important milestone in the move towards physical evaluation of risk and gave birth to the natural disaster risk models used widely today.



[www.axa.com/lib/en/library/axapapers/climaterisks.aspx](http://www.axa.com/lib/en/library/axapapers/climaterisks.aspx)



## TEMPERATURE CHANGES OBSERVED AT GLOBAL LEVEL

Worldwide

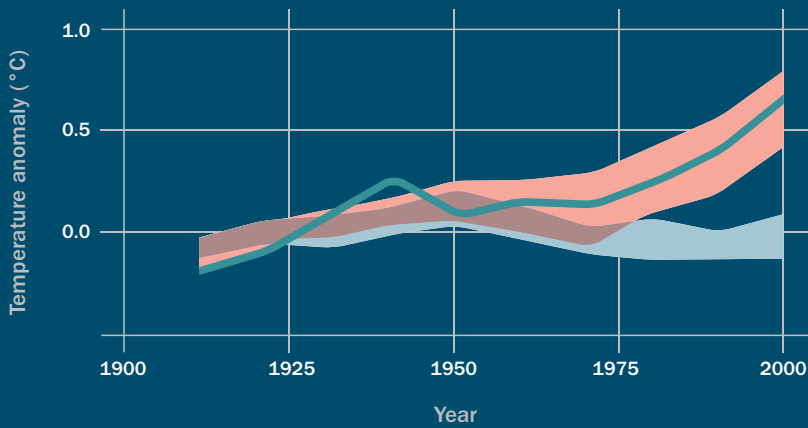


Figure 4.  
Source: IPCC Fourth Assessment Report (2007)

*Figure 4.*  
*Temperature changes (°C) observed at global level compared to the average for 1901-1950.*  
*The green line represents observed temperature changes and the shaded bands the range covered by 90% of recent simulations.*  
*They include natural and human factors (in pink)*  
*or solely natural factors (in blue).*



### PERCEPTION OF CLIMATE CHANGE

---

AXA and Ipsos recently published an opinion poll conducted in 13 countries on global perception of climate change and risk. The Group took the opportunity to organize a symposium involving a large number of stakeholders and scientific experts. Jean-Christophe Ménioux points out: *"We have to study risks so as to better anticipate and manage them, and take an educational approach to inform citizens."*

### PROPAGATING A RISK-MANAGEMENT CULTURE OVER THE LONG TERM

---

Risk management is a responsibility shared by all employees. *"AXA has built a solid risk-management culture over the years, based on selecting risks, sharing ideas, anticipating, communicating and taking a long-term perspective,"* adds Jean-Christophe Ménioux.

This determination to share experience and business expertise translates into the numerous synergies generated between risk management experts and AXA Research Fund researchers. Jean-Christophe Ménioux is a member of the Scientific Board of the AXA Research Fund, where he represents Risk Management, thereby facilitating interactions. Group Risk Management also works hand-in-hand with Corporate Responsibility to verify compliance with the Principles of Sustainable Insurance.

The complementary approach of business functions can also be seen in the field of product innovation. When the Marketing teams devise a new product, a validation process conducted by local risk managers serves to validate the new product and constantly improve pricing techniques.

[www.axa.com](http://www.axa.com)







# RISK & PREVENTION & EDUCATION

Programs to raise awareness of natural disaster prevention aimed at particularly vulnerable communities have been set up in Benin, Indonesia, Madagascar, Mali, the Philippines and Vietnam in partnership with the NGO CARE.

Our sustainability commitment reflects a tangible reality and is organized around a common theme: research and education to reduce risks.



### A RESPONSIBILITY THAT IS CENTRAL TO OUR BUSINESS

---

Our corporate responsibility is an integral part of the way we carry out our everyday business. It is imperative for maintaining our profitability, which in turn is the essential condition for guaranteeing our commitments to customers over the long term. Our sustainability commitment – to help everyone enjoy peace of mind – reflects a tangible reality and unites all our employees and managers throughout the world around a common theme: research and education to reduce risks.

### CLIMATE CHANGE – THE BETTER WE UNDERSTAND, THE BETTER WE CAN ACT

---

Building a stronger, safer society is a major ambition for the Group. AXA strives to play a positive role through transmitting its

expertise on the risks confronting people and society in general. The most visible sign of this engagement is our partnership with the NGO CARE, with two components. Firstly, a series of programs to build awareness of natural disaster prevention aimed at particularly vulnerable communities has been put in place in Benin, Indonesia, Madagascar, Mali, the Philippines and Vietnam, including initiatives

to replant mangroves and provide access to clean water.

Secondly, after two years of work, AXA, the NGO CARE, the United Nations University and the MacArthur Foundation presented the findings of their study on the consequences of unstable rainfall. This international study, entitled “Where the Rain Falls” and conducted with experts and hundreds of families, confirms that unstable rainfall has a significant impact on the behavior of populations: changes in precipitation increase food insecurity and lead to migratory movements as populations relocate in response to changing rainfall patterns. The study notes that there are different migration profiles, with some people seeing migration as a way of improving their ability to adapt, whereas others relocate for reasons of survival rather than greater prosperity.



[www.axa.com/en/news/2012/wheretherainfalls.aspx](http://www.axa.com/en/news/2012/wheretherainfalls.aspx)





Drawing on these observations, it is possible to build scenarios to identify population movements prompted by changing rainfall patterns, and this is exactly what the project researchers did. They developed a model enabling them to analyze families' degree of vulnerability to changing rainfall. As Alice Steenland points out: *"We are very proud to have supported this study that allows better understanding of the problems faced by vulnerable populations exposed to climate risks."*

The initiative has also led to numerous interactions between the different Group subsidiaries and business functions. Mathieu Choux, climatologist with GRM, was closely involved in the study, which was also examined by AXA Fund reviewers before publication.

### EDUCATING YOUNG PEOPLE ABOUT FINANCIAL RISKS

---

The partnership with Junior Achievement, the largest global organization dedicated to financial education for young people, calls on the contribution of AXA Hearts in Action volunteers. The global economic and financial risks program for young

people, known as "Insure Your Success," helps adolescents from 12 to 18 years in schools in Ireland, Japan, the Philippines, Portugal and Romania understand the risks associated with certain financial choices. Using practical exercises, interactive tools and discussions moderated by local AXA Hearts in Action volunteers, the young people learn how to draw up a budget, plan their expenditures and put money aside. Put briefly, they learn to anticipate the financial consequences of the risks they will encounter later on. To help them make informed decisions, the AXA volunteers explain the importance of protecting their assets and help familiarize







Changes in rainfall patterns increase food insecurity and lead to population migrations.



<http://channel.axa.com/en/reinventing-protection-tomorrow-partnership-between-axa-and-care>



The partnership with Junior Achievement, the largest global organization dedicated to financial education for young people, calls on the contribution of AXA Hearts in Action volunteers.



“We have forged strong ties with a number of international institutions in order to keep abreast of major projects on a global level.”

*Alice Steenland*

#### THE PRINCIPLES FOR SUSTAINABLE INSURANCE

1

We embed in our decision-making process the environmental, social and governance issues relevant to our insurance business.

2

We work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

3

We work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

4

We demonstrate accountability and transparency in regularly disclosing our progress in implementing the Principles.





insurance activity and in their relations with stakeholders. AXA was closely involved in drafting these principles and even chaired the working group from 2006 to 2010.

Our commitment alongside international institutions working on risks has been extended with AXA's participation in the OECD High Level Risk Forum and in the UN Office for Disaster Risk Reduction (UNISDR). This UN agency centralizes action led through the UN to develop synergies between disaster prevention and coordination of sustainable development actions. Alice Steenland explains: *"We have forged strong ties with a number of international institutions in order to keep abreast of major projects on a global level. It also gives us a platform to act and improve our risk prevention activities."*



them with the concept of insurance. This project brings together educational experts and business professionals. Encouraged by the excellent results obtained, the Group has decided to extend this initiative to six more countries.

#### **INTERNATIONAL ENGAGEMENT**

---

Last June in Rio de Janeiro, at Rio+20, the global UN Conference on Sustainable Development, Jean-Christophe Ménioux signed the Principles for Sustainable Insurance on behalf of the Group. The fruit of over six years' work conducted by the United Nations Environment Program Finance Initiative (UNEP – FI) and the insurance sector, these principles commit signatories to integrating environmental, social and governance criteria in their



RISK  
& RESEARCH  
MODELING

The AXA Research Fund supports scientific progress and discoveries that will contribute to better understanding and preventing risks.

The AXA Research Fund neither commissions nor owns the academic research that it supports.

### BUILDING AN INTERNATIONAL RESEARCH COMMUNITY

---

In 2008, the Group created the AXA Research Fund, a unique philanthropic initiative aimed at supporting scientific work focused on understanding and preventing the risks threatening the environment, human life and the communities in which we live. Trusting fundamental research, the key to scientific progress over the long term, the Fund has built a cutting-edge scientific research community involved in tackling these risks. It contributes to the emergence of new solutions for a safer and stronger society in the long term.

The AXA Research Fund supports scientific progress and discoveries that will contribute to better understanding and preventing risks. To do this, it has developed a solid, extremely selective process backed by researchers, with the aim of financing projects of world-class academic excellence.

Encouraging applications from all disciplines (including the social sciences), the Fund supports leading-edge research not only into the risks identified as major by insurers and the academic world, but also, more broadly, into the most innovative research projects: great discoveries can emerge where they are least expected.

Since its creation, the AXA Research Fund has awarded more than €99 million to almost 200 scientific institutions worldwide. The Fund's mode of financing and operating ensure the independence of the researchers, an essential condition for high-quality research. In particular, in this field of scientific philanthropy, the AXA Research Fund neither commissions nor owns the academic research that it supports. All funding is awarded to academic institutions and never directly to researchers. Applications for funding are examined



[www.axa.com/en/news/2012/axaresearchfund\\_five\\_years.aspx](http://www.axa.com/en/news/2012/axaresearchfund_five_years.aspx)





## AN OBSERVATORY OF RESEARCH INTO RISKS

*To support researchers in relevant fields and benefit from the legitimacy guaranteed by their academic freedom, the AXA Research Fund needed a “compass” to help it navigate the world of research on risks. We asked the French Institut des Systèmes Complexes to search for the word “risk” in the largest database of scientific publications. The word appears in 15% of its 13 million articles, and its occurrence has tripled in the last ten years. The articles tackle interconnected topics. This unique mapping of research on risks provides a map of the major current and future risks, as studied by researchers. Climate change, floods, diabetes, high blood pressure, retirement pensions and capital markets are among the main “continents” on this map. Much of it is still largely unexplored territory, but scientists are determined to examine it thoroughly. The AXA Group is proud to help today’s explorers – and those of tomorrow.*

[www.axa-research.org/home](http://www.axa-research.org/home)





→

and selected by a scientific committee that relies on the recommendations of independent, international scientists and follows rigorous and transparent procedures inspired by the highest international standards. The scientific committee is composed of eminent figures from the world of science and Group experts.

Godefroy Beauvallet points out: *“Obtaining an AXA grant gives you an entrée into a network and the benefit of a multidisciplinary approach to risk.”* The leaders of the projects that are selected gain access to a research community. Several initiatives foster the sharing of knowledge and collaboration between researchers, notably the “Talent Days” that allow junior

researchers supported by the Fund to meet and exchange views with scientists specializing in other disciplines, or take a master class with a senior researcher.

### EMBEDDING SCIENTIFIC PROGRESS IN THE PUBLIC DEBATE

---

The roots of AXA's commitment are set in the profound conviction that understanding present and future risks calls for rational and determined approaches rather than simple historical consensus. In these times of climate, medical and technological upheaval, the past no longer completely explains the future, even if certain parameters are adjusted. The role of researchers is, indeed, to challenge old models and build new ones. It is also essential to embed scientific progress and unanswered questions in the public debate, so as to identify a new social consensus around the challenges to be met.

The Fund encourages researchers to venture out of the purely academic sphere through publications, symposiums and conferences organized for target audiences inside and outside the Group. →





The Fund encourages researchers to venture out of the purely academic sphere through publications, symposiums and conferences organized for target audiences inside and outside the Group.

### THE AXA RESEARCH FUND IN FIGURES

Three fields of research:  
environmental risks, socioeconomic risks, risks related to human life





→

For instance, during “Pop Days,” young researchers are trained in educational techniques for non-specialists before they present their discoveries to AXA employees, including risk experts. Numerous themes have been tackled in this way, including vulnerability to addiction, social cover for underprivileged groups, the propagation of epidemics, the precarious balance between the increasing wealth and the aging population in Vietnam, the melting of the Antarctic sheet ice, the bleaching of coral reefs due to ocean warming, the double jeopardy suffered by natural disaster victims who are unable to rebuild their homes due to a sudden inflation in property prices, the phytoremediation (the use of plants to remediate polluted water),

the perception of floods as a blessing that triggers state aid in Melanesia or reward strategies for traders and their role in triggering the financial crisis.

National and even international events are regularly organized, as for instance the international academic conferences set up for the establishment of AXA Chairs.

[www.axa-research.org/home](http://www.axa-research.org/home)





**ASCEND Project**

Advancing Safer Communities and Economies

**SIMULTANEOUS COMMUNITY**

BARANGAY

CALABANGA, CALABARZON

28 August

# MOVING FORWARD WITH CONFIDENCE

Our world is changing. Economic, demographic, environmental and lifestyle transformations are all taking place, with no area left untouched. We have new risks of varying types, frequencies and degrees of severity facing us now: longevity, dependency and climate change.

## **MOVING FORWARD WITH CONFIDENCE MEANS UNDERSTANDING RISKS**

Without risk, one cannot move forward. We work to expand our knowledge and fund research so we can measure the risks that we choose to accept and guarantee our ability to uphold our commitments to protect people over the long term.

## **MOVING FORWARD WITH CONFIDENCE MEANS HAVING A ROBUST GROUP BY YOUR SIDE**

We are taking steps to make the AXA Group even more agile and attractive and continue to conduct and reorganize our businesses to drive performance, so we can protect people over the long term.

## **MOVING FORWARD WITH CONFIDENCE MEANS HAVING A VISION AND AN AMBITION**

We are improving the way we do our business so we can follow fast-changing trends in behavior, work more collaboratively, and be more efficient, to protect people over the long term.

## **MOVING FORWARD WITH CONFIDENCE MEANS HAVING THE PEACE OF MIND TO PURSUE LIFE AND NEW PROJECTS AT EVERY AGE**

We stretch beyond our traditional compensation role, building relationships based on services that are more varied, more responsive, easier to understand, transparent and personalized, so we can protect people over the long term.

## **MOVING FORWARD WITH CONFIDENCE MEANS BEHAVING RESPONSIBLY**

We are revolutionizing how we interact with society, while promoting knowledge-sharing and the natural alignment of public interests and economic benefits, so we can protect people over the long term.

To help people move forward with confidence,  
we are continuing our transformational journey,  
redefining standards, day after day,  
and planning together  
how we can build a safer, better-prepared world.

[www.facebook.com/axapeopleprotectors](https://www.facebook.com/axapeopleprotectors)

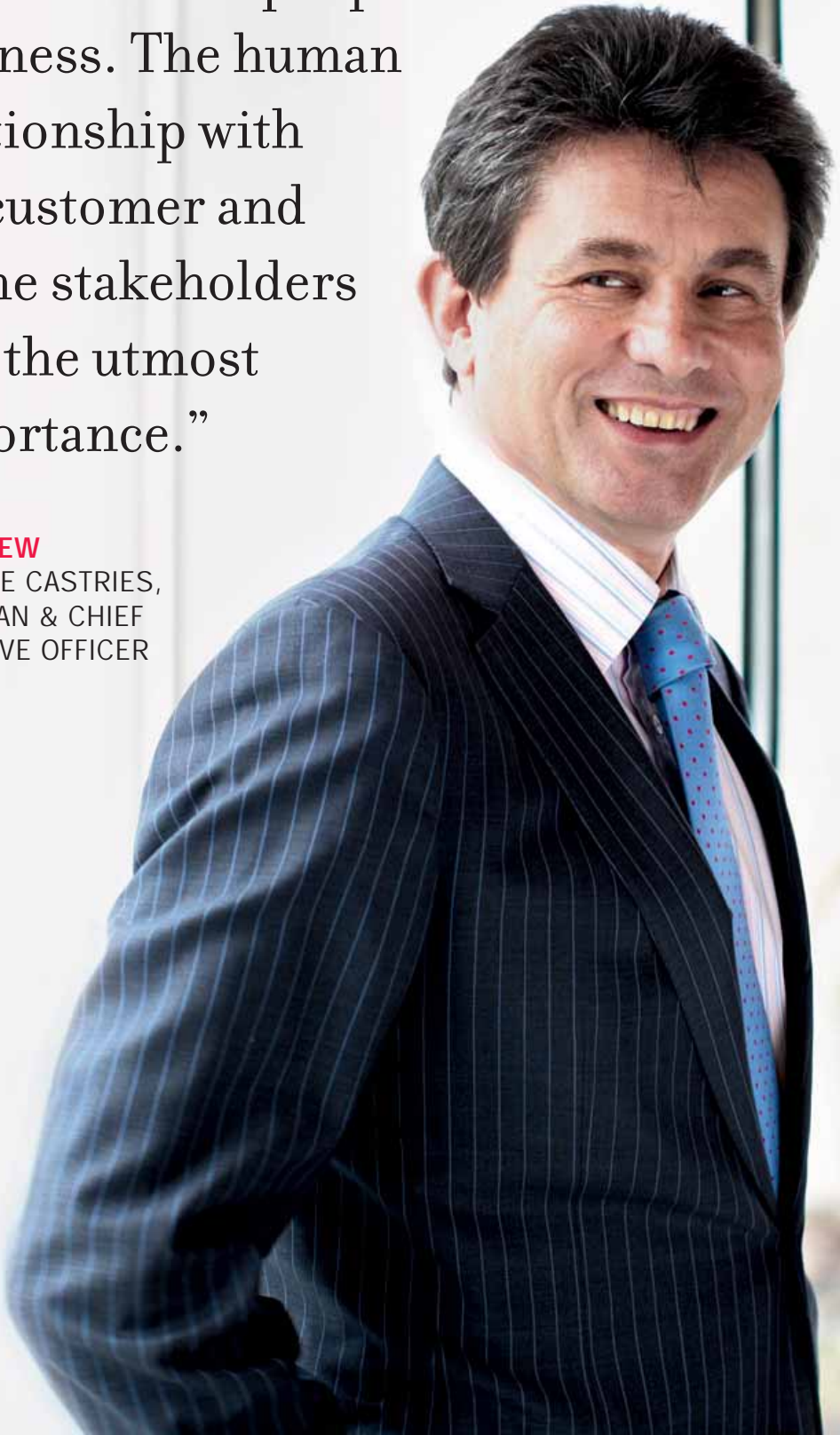
**PEOPLE PROTECTORS**



“Insurance is a people business. The human relationship with the customer and all the stakeholders is of the utmost importance.”

**INTERVIEW**

HENRI DE CASTRIES,  
CHAIRMAN & CHIEF  
EXECUTIVE OFFICER



#### WHAT IS YOUR ASSESSMENT OF 2012?

It was a solid year that enabled the AXA Group to move forward in a still challenging environment. We crossed the symbolic threshold of 100 million customers, proving that our products and services are both effective and attractive. We were again the world's No. 1 global insurance brand.\* Our underlying earnings rose significantly, with profitability improving in all our main businesses – Property & Casualty, Life & Savings and Asset Management. We reported strong growth in new business areas, direct insurance in particular, and in geographic sectors that we see as strategic, Asia in particular.

Another highlight of 2012 was the ongoing work on the Group's transformation. We continued to restructure and reorganize many activities. Those that had contributed less to growth and profitability over the previous period are now back on track to a more satisfactory performance – this is true, in particular, for Asset Management and for our business in the United States.

#### WHY DO YOU MENTION A TRANSFORMATION OF THE GROUP?

It is indeed paradoxical for a Group that throughout its history has made very large, transformative acquisitions and retains a solid attachment to deep-seated convictions and a clear vision of its business – insurance and asset management. Here, I'd like to call for a repeat! Although I joined AXA almost 25 years ago, I don't believe I have experienced so intense a period of transformation as the one initiated in 2010 with the launch of the Ambition AXA plan. Even if the consequences are not always noticeable, the change is having a profound impact at all levels of the organization and, I believe, is helping bring AXA closer to its customers, while making it more agile and more attractive.

*\* For the fourth year running, according to the Interbrand ranking.*

---

“We reported strong growth in new business areas, direct insurance in particular, and in geographic sectors that we see as strategic, Asia in particular.”

---

#### CAN YOU GIVE SOME EXAMPLES OF TRANSFORMATION PROJECTS?

I am thinking in particular of AXA's rapid expansion in new markets and new distribution channels; the “digitalization” of the Group; the change in our business mix towards a new focus on protection and health. I am also thinking about the weight of Property & Casualty, where we stand today among the world leaders; of the strengthening of our balance sheet; the organization of the Group, with the ramp-up of global business lines; our management of talent; our diversity and inclusion policy; the priority we place on quality of service; and our corporate responsibility commitments, including more responsible investments. This is a tremendously exciting period, and I would like to thank all the Group's employees and our distributors. No one will claim that change is always easy, but AXA's robust health illustrates our commitment to this transformation plan.

#### WHICH OF THESE ISSUES ARE THE MOST IMPORTANT FOR THE AXA GROUP?

They are all factors of success in the long term, but I believe that the blossoming of new technologies within the Group and in our relations with policyholders is a vitally important challenge for the coming years, since it will radically change the way



we serve our customers. We therefore took positions as early as possible in this transformation, which concerns, first, our distribution networks, but also the way the company is organized and operates internally. We have set up multi-year programs. In the framework of our operational efficiency plan, this is an area in which we are increasing our investment as of 2013.

**HALF-WAY THROUGH, HOW FAR IS AMBITION AXA IMPLEMENTED?**

Ambition AXA is our 2011-2015 strategic plan. The rollout is proceeding smoothly, as shown by our results. We are in line with the quantified targets. But Ambition AXA also expresses the Group’s desire to expand into specific businesses and geographical sectors. From this point of view, we went through an appreciable acceleration in Asia in 2012. We acquired HSBC’s Property & Casualty business there, which strengthened our regional platform. We also signed a partnership with ICBC, China’s leading bank, which led to a rapid increase in our life insurance revenues in China.

As concerns operational efficiency, we are ahead of our initial spending reduction forecasts for the five years and have raised our global target from €1.5 billion to €1.7 billion. Implementation of Ambition AXA is on track and I am confident that we will have achieved our goals by the end of 2015.

**AXA IS INCREASINGLY SPEAKING UP ABOUT THE RESPONSIBLE NATURE OF ITS BUSINESS. WHAT DOES IT MEAN?**

The life of the Group is not confined to its income statement. We are a responsible and engaged company that believes its business goes far beyond the poor caricature that some might picture. We act upstream to better understand and prevent risks and downstream to better compensate for any potential consequence. This is fundamental to the way we see and carry out our business. Our mission is to protect the society in which we live. Naturally, we protect our customers, whether individuals or corporations, but we also play a role of economic and social stabilizer in all the regions where we operate.

This knowledge and experience give particular legitimacy to our discourse, which also responds to the clearly expressed wishes of our employees, who rightly take pride in doing a job that is useful and in the public interest. We speak up on the issues that we know best – natural risks, social and financial risks, the risks associated with human life. In this way, we share and increase the store of knowledge. This is the purpose of our action through the AXA Research Fund, which has already enabled notable progress in a number of scientific fields. In five years, AXA has invested almost €100 million in the funding of independent fundamental research to increase the understanding of risk. This experience is a



source of pride for the entire Group and we have decided to carry on this commitment.

#### WHAT PROGRESS IS BEING MADE IN EMPLOYEE ENGAGEMENT AND CULTURAL CHANGE?

Insurance is a people business. The human relationship with the customer and all the stakeholders is of the utmost importance. The engagement of our employees is therefore a crucial driver for the Group's success and for its image. Despite a series of difficult years, engagement has remained strong. I am grateful to AXA's employees and am well aware of the substantial efforts they are making. The more we progress, collectively, on engagement, the greater will be our customers' satisfaction and the more evident the Group's success.

We intend to continue, with all our managers, to bring about a cultural change that is still in its infancy. It means moving from our current culture of performance – which has contributed largely to our success – towards a culture of trust and achievement that will allow us to better tackle the new challenges of the future. It will also respond better to the expectations of young people joining us, who express new aspirations in terms of work organization, autonomy and responsibility.

We will systematically encourage and reward behavior and attitudes that foster professional development and achievement for our employees. We will attentively monitor the evolution of their perception in a number of key areas: engagement, behavior, inclusion and diversity, and corporate responsibility. We will have achieved the first step of this challenge once employees perceive tangible signs of progress in their daily professional lives, over the next few years.

#### HOW DO YOU SEE THE GROUP'S FUTURE IN THE LONGER TERM?

The future does not stop with Ambition AXA's 2015 target date, and we will be laying the groundwork for the next stages. I have good reason to be optimistic for our business, in general, and for the Group, in particular. The economic and social needs our business addresses will continue to grow. This is true in the developed countries, which are facing demographic, social and risk management challenges and which are looking for pragmatic and effective solutions. It is also true, at a different pace and on a different scale, for the emerging economies. As for the Group itself, thanks to the work accomplished over the last few years, it is very well positioned both in terms of business lines and geographic areas. True, we have not yet completed adapting our organization, but it is well on track. What's more, we now have a clear and in-depth knowledge of our strengths and weaknesses. This opinion, widely shared by our executive teams, will allow us to go much further in many areas, while making up the lag in a few others. For me, this is a powerful source of optimism and energy to keep moving forward.



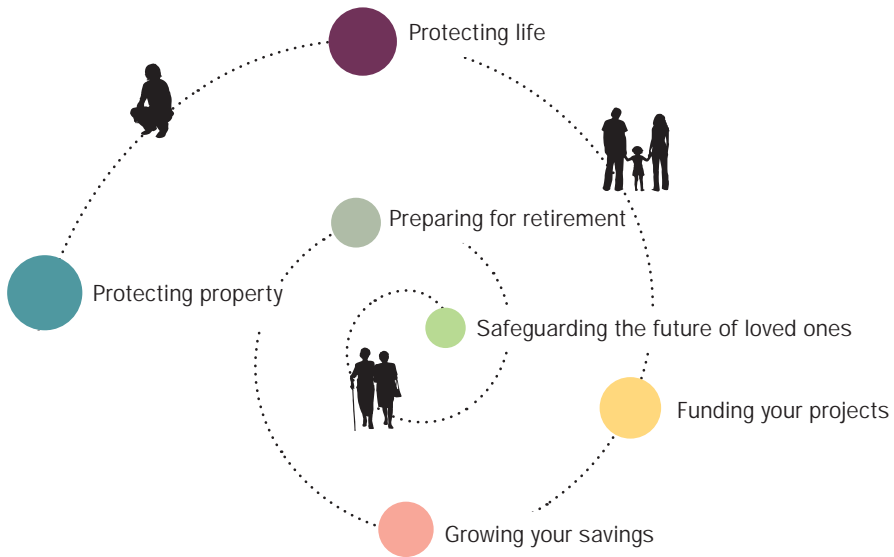
08 Our business  
10 Profile  
12 Highlights  
16 Results  
20 Governance

MOVING FORWARD  
WITH CONFIDENCE  
MEANS HAVING  
A ROBUST GROUP  
BY YOUR SIDE

1/ OUR GROUP

# OUR BUSINESS

## GIVING OUR RETAIL CUSTOMERS PEACE OF MIND AT EVERY STAGE OF LIFE



|   |  |   |  |                                    |   |
|---|--|---|--|------------------------------------|---|
| ●   | ●  | ●   | ●  | ●                                  | ●   |
| Protecting your property and guarding against damage to the property of others                      | Protecting against life's mishaps                              | Funding your projects                               | Growing your savings   | Preparing for retirement           | Safeguarding the future of your loved ones    |
| <i>Motor vehicle, home and property insurance<br/>Personal and professional liability insurance</i> | <i>Health insurance<br/>Personal protection<br/>Assistance</i> | <i>Personal savings<br/>Retail banking products</i> | <i>Investment portfolio management<br/>Private wealth management</i> | <i>Retirement savings products</i> | <i>Life insurance<br/>Personal protection</i> |

## GIVING BUSINESS CUSTOMERS PEACE OF MIND SO THEY CAN FOCUS ON THEIR ENTERPRISE

|                        |                      |                     |
|------------------------|----------------------|---------------------|
| ●                      | ●                    | ●                   |
| Property and liability | Savings & retirement | Protection & health |



## LIFE INSURANCE & SAVINGS

---

Our individual and group life insurance policies encompass savings and retirement products on the one hand, and personal protection and health products on the other. Savings and retirement products meet the need to build up capital to finance the future, a special project or retirement, or to transfer one's wealth. Protection and health products cover risks related to an individual's physical integrity, health or life. In some countries, AXA also offers its retail customers a simple range of banking products and services that complement our insurance offering.



## PROPERTY & CASUALTY INSURANCE

---

The Property & Casualty business includes the insurance of personal property (motor vehicles, homes), and personal or professional liability. It covers a broad range of products and services designed for our retail and business customers. Assistance services are also part of the Property & Casualty offering, which also includes international insurance for large corporate customers in Europe, and a few specialty lines, such as marine and aviation insurance.



## ASSET MANAGEMENT

---

The Asset Management business involves investing and managing assets for the Group's insurance companies and their customers, as well as for third parties, both retail and institutional customers. The objective is to obtain the best possible return on invested assets, based on the risk profile and investment time frame chosen. Our combined areas of expertise allow us to devise investment solutions and products that meet the specific needs and constraints of our customers, by investing in different asset classes, such as equities, bonds or real estate.



# A TOP GLOBAL INSURANCE BRAND<sup>(1)</sup>

160,000 employees in 57 countries  
serving 102 million customers  
every day around the globe

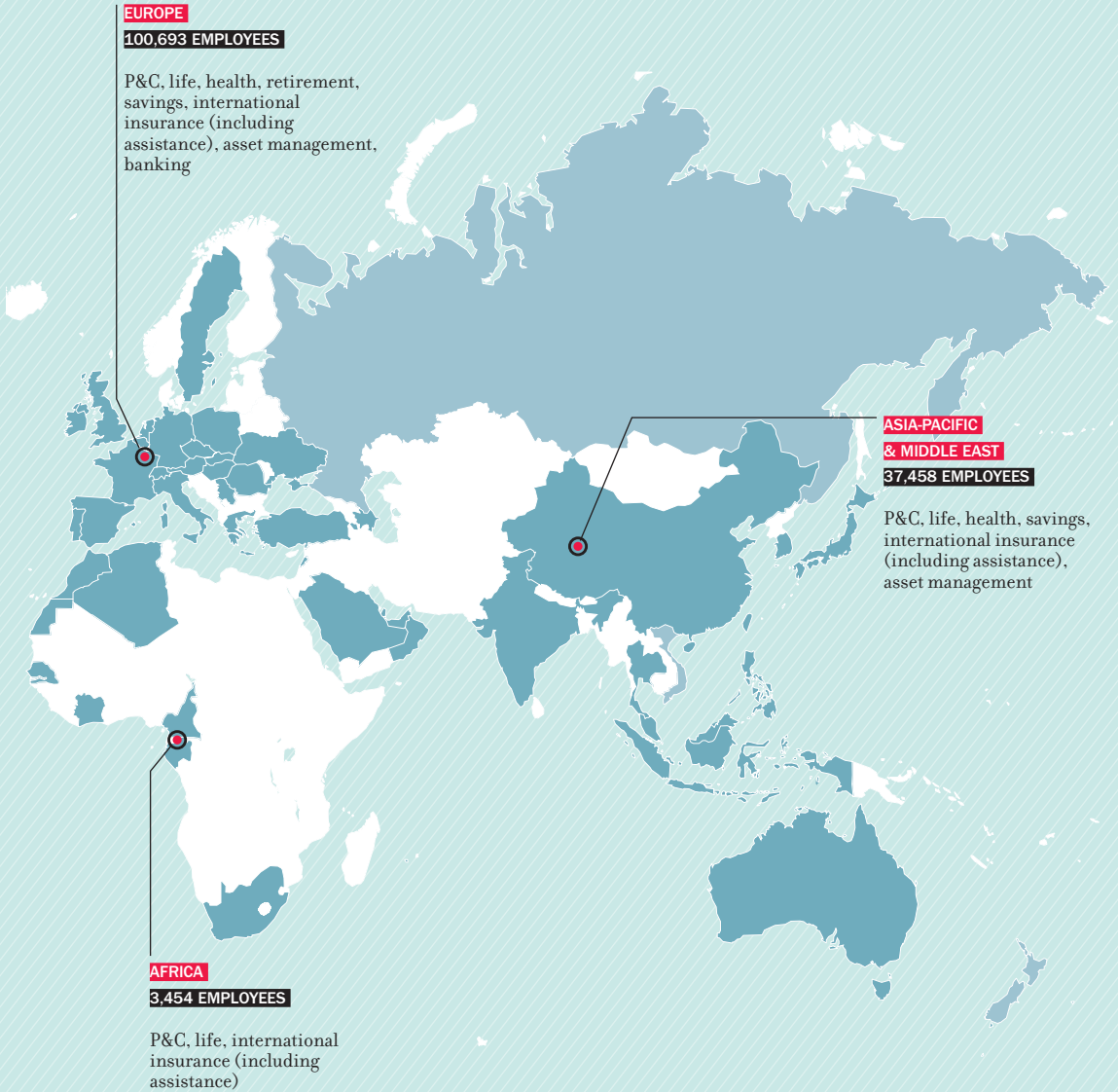


**AMERICAS**

**18,267 EMPLOYEES**

P&C, life, health,  
retirement, savings,  
international insurance  
(including assistance),  
asset management

Employees: **160,000<sup>(2)</sup>**  
Customers: **102 million around the globe**  
Revenues: **€90.1 billion**  
Underlying earnings: **€4.3 billion**  
Net income: **€4.2 billion**  
Equity: **€53.7 billion**  
Dividend per share: **€0.72, up 4%**



- Countries in which AXA has employees
- Countries in which AXA has a joint venture

(1) Top global insurance brand for the fourth year running (Interbrand ranking).  
 (2) 159,872 total staff, including 113,422 salaried employees.





# 2012 HIGHLIGHTS

## JANUARY

### PROTECTION AGAINST DIGITAL RISKS

Seven out of 10 French people do not know how to delete data concerning them on the Internet. Based on this observation, AXA France launched the first-ever solution to protect policyholders against both digital and everyday risks: *Protection Familiale Intégr@le*, supplemented by a guide to "Common Sense on the Web." It tackles issues such as protection of privacy on the Web and identity fraud. The guide (in French) can be downloaded from:

[www.axafrance.fr](http://www.axafrance.fr) and [www.axaprevention.fr](http://www.axaprevention.fr)

## FEBRUARY

### RISK EDUCATION IN BENIN

As part of our partnership with the NGO CARE, a new program for assistance to vulnerable communities was launched. Its goal is to prevent the risk of waterborne diseases and improve access to clean drinking water. Over a five-year period, 54,000 people living in 80 Benin villages will receive training in good hygiene practices, following the installation of 122 new wells. In conjunction, a pilot campaign was conducted in France on the theme "Like is Life" (1 like = 1 life) on the AXA People Protectors Facebook page.

## MARCH

### FIRST AXA CHAIR IN ASIA

The AXA Research Fund supported the creation in Singapore of a permanent AXA-NTU (Nanyang Technological University) Chair on natural disasters. Based on a multidisciplinary approach and attached to the Earth Observatory of Singapore, one of the world's leading earth sciences research institutes, it aims to provide greater understanding and hence better anticipation of these risks, to which millions of people are exposed. This new Chair confirms AXA's long-term commitment to the region.

### PARTNERSHIP BETWEEN AXA AND HSBC

AXA acquired HSBC's property and casualty businesses in Hong Kong, Singapore and Mexico. The transaction also includes an exclusive ten-year P&C bancassurance deal in these countries, as well as in India, Indonesia and China. It will make AXA the number one P&C insurer in Hong Kong and strengthen its position among market leaders in Mexico and Singapore.

### EDUCATING YOUNG PEOPLE ABOUT FINANCIAL RISKS

In association with Junior Achievement, the largest global organization dedicated to the financial education of young people, AXA launched Insure Your Success, a program of education on financial risks. More than 90 AXA volunteers are training high school students in Ireland, Japan, the Philippines, Portugal and Romania with the aim of preparing them to manage their finances better and protect themselves against the risks of everyday life.

**MAY**

**CULTURAL PHILANTHROPY AND HERITAGE PRESERVATION**

Thanks to the corporate philanthropy of the AXA Group, the French State was able to acquire *Christ de pitié soutenu par saint Jean*, a painting attributed to Jean Malouel, for the Louvre museum. The work, probably produced between 1405 and 1410, is exceptional for its painterly qualities, lightness of touch and emotional force. The gift is part of AXA’s program to preserve cultural heritage and support public collections, to which the Group contributed €48.3 million over the last nine years.



**PROMOTING GENDER BALANCE**

In France, AXA launched a new internal network, “AXA Mix’iN,” dedicated to promoting gender balance. With 450 members, this network is one of the drivers for mobilizing AXA employees for a better gender balance in the company and facilitating access by women to supervisory and management positions. The creation of AXA Mix’iN confirms AXA’s commitment to Financi’Elles, which brings together the gender-balance networks of eight financial-sector companies (AXA, Barclays, BPCE, BNP Paribas, Caisse des Dépôts, Crédit Agricole CIB, HSBC and Société Générale).

social and governance criteria an integral part of its business activities and its relations with all stakeholders (see page 89).

**JULY**

**A NEW STEP IN THE CHINESE LIFE INSURANCE MARKET**

AXA announced the official launch in China of ICBC-AXA Life, the joint life insurance company set up with the world’s leading bank, the Industrial and Commercial Bank of China Co. Ltd. (ICBC) and its historic partner Minmetals. The launch marks a major step forward for AXA in Asia. Active in more than 20 main cities and provinces, the company, whose head office is in Shanghai, aims to become one of the key players in the Chinese life insurance market.

**AXA NUMBER ONE IN DIRECT INSURANCE IN KOREA**

With the acquisition of Ergo Daum Direct and its portfolio of 500,000 customers, the Group is bolstering its position as leader, with 22% of the South Korean direct auto-insurance market. This transaction gives AXA the opportunity to strengthen its presence in the largest and most dynamic P&C market in Southeast Asia.

**OCTOBER**

**JUNE**

**SIGNATURE OF THE PRINCIPLES FOR SUSTAINABLE INSURANCE**

On 19 June, AXA signed the *Principles for Sustainable Insurance* during Rio+20, the global UN Conference on Sustainable Development. The Group, which was closely involved in drafting the document, undertook to make environmental,

**ONE OF THE TOP 100 GLOBAL BRANDS**

For the fourth year running, AXA is the number one global insurance brand in the Interbrand ranking. Across all industries, AXA is ranked 58<sup>th</sup> global brand and fourth French brand. AXA is also ranked among the world’s 50 leading “green” brands.





### AXA SUPPORTS CORPORATE GROWTH

AXA supports the development of firms by offering innovative “direct” financing solutions that combine the expertise of an institutional investor with that of banks as regards customer relations. AXA France and Crédit Agricole CIB signed their first joint financing agreement with Neopost, leader in mail processing. A similar agreement had been signed in August with Société Générale to the benefit of Sonepar, leader in trade distribution of electrical equipment.

### CLIMATE CHANGE: A REALITY PERCEIVED ACROSS THE WORLD

AXA and Ipsos published an opinion survey on the perception of climate risks, conducted with 13,000 people in 13 countries on three continents. The main finding: climate change has become a reality. It is already giving rise to serious concern about the direct consequences – established or potential – for the personal lives of the people polled. A majority is convinced that solutions exist and that the insurance industry has a role to play in implementing them. AXA took the opportunity to release a new research and education paper on the topic of climate risks.

[www.axa.com/en/news/2013/climaterisks\\_bestof.aspx](http://www.axa.com/en/news/2013/climaterisks_bestof.aspx)

## NOVEMBER

### CLIMATE CHANGE AND FOOD INSECURITY

The NGO CARE France and the United Nations University Institute for Environment and Human Security presented the findings of the “Where the Rain Falls” study, which was conducted in eight countries (Bangladesh, India, Thailand, Vietnam, Ghana, Tanzania, Guatemala and Peru) with the support of the AXA Group. Some 900 million people throughout the world are already affected by food insecurity, primarily due to climate change. Another 600 million people could be affected looking to 2080, leading to a sharp increase in migratory movements over the next 25 years. This study shows how populations adapt their behavior in the face of climate change and food insecurity risks.

[www.axa.com/en/news/2012/wheretherainfalls.aspx](http://www.axa.com/en/news/2012/wheretherainfalls.aspx)

### SECOND CONGRESS OF THE EUROPEAN ASSOCIATION OF AXA AGENTS

Almost 1,300 European agents met up in Granada for the second congress of the European Association of AXA Agents. Discussions focused on the opportunities provided by new technologies and the Web to strengthen customer relations. Agents are increasingly aware of the need to adapt their working methods to respond to new customer practices.

## DECEMBER

### RESPONSIBLE INVESTMENT

AXA signed the United Nations Principles for Responsible Investment, a collective initiative that aims to promote responsible investment among investors and asset managers. AXA IM and AllianceBernstein already signed the principles several years ago (see pages 85 and 89).

# MID-WAY THROUGH AMBITION AXA, WE ARE ON THE RIGHT TRACK

Revenues

+ 5%

to €90.1 billion (reported)

Underlying earnings

+ 13%

to €4.3 billion (reported)

Adjusted earnings

+ 31%

to €4.5 billion (reported)

Dividend per share up

€ 0.72

**GÉRALD HARLIN**

GROUP CHIEF

FINANCIAL OFFICER



**We delivered good results in 2012, with significant growth in underlying earnings and operating free cash flows. On this basis, coupled with our robust balance sheet, the Board of Directors is recommending a dividend of €0.72 per share, up 4% on last year.**

2012 was a solid year. Our performance in terms of revenue and earnings growth was in line with the targets set in our Ambition AXA strategic plan. Although some of our insurance activities were affected by the drop in interest rates, underlying earnings nonetheless rose 9%. This compares with an Ambition AXA target of between 5% and 10% a year. Adjusted earnings rose 28% on a comparable basis. We have strengthened our balance sheet with a €7 billion increase in equity to €53.7 billion. Our gearing ratio has fallen from 30% in 2009 to 26%, nearing our 2015 target of 25%. Our Solvency I ratio is close to an all-time high at 233% and is above 200% on a Solvency II basis.

Our operating performance reflects the efforts we have made to improve productivity. We made significant operating cost savings in 2012 and we are raising our 2015 target by €200 million to €1.7 billion.

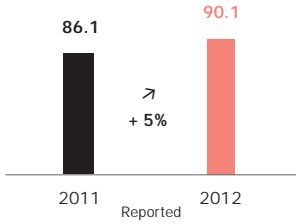
Our aim is to combine our scale advantages with the benefits we can gain from becoming more agile. The success of these efforts is reflected in our progress in the fast-growing countries (Asia excluding Japan, Latin America, Eastern Europe) and in expanding businesses (direct insurance). High-growth markets accounted for 21% of our Property & Casualty business versus 4% in 2007, and 17% of our Life business versus 4% in 2007.

“A balanced mix between our three business lines and a good geographic distribution contribute to the Group’s stability.”

We have improved our profitability in both Life & Savings and Property & Casualty. In Life & Savings, new business rose 25% to €1.9 billion versus €1.4 billion in 2011, driven by higher volumes, an improved business mix and lower costs. The margin on new business rose 5 percentage points to 31%. In Property & Casualty, the current-year combined ratio fell by 0.8 of a percentage point to 98.8% while the all-years combined ratio stood at 97.6%. Lastly, after several difficult years, the Asset Management business delivered an improved performance, with positive net inflows in the last four months of the year.



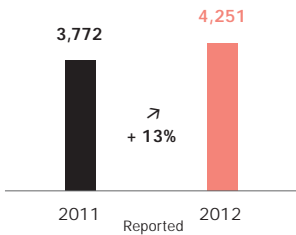
**Revenues** (in billions of euros)



We continued our efforts to achieve the targets set in our Ambition AXA strategic plan. We remained selective, developing our new business in segments that meet customer needs and enable us to earn satisfactory margins. This led to a 2%

like-for-like rise in revenue to €90.1 billion, driven by both Property & Casualty and Life & Savings, but partly offset by lower Asset Management revenues. We also benefited from our expansion in high-growth markets.

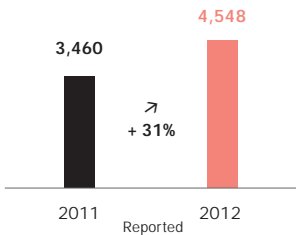
**Underlying earnings** (in millions of euros)



Despite lower interest rates, which affect some insurance activities, our underlying earnings rose to €4.3 billion, rewarding the hard work and dedication of our distribution networks and our employees and reflecting our balanced business mix. In Life & Savings, underlying

earnings after tax rose by 19% on a comparable basis. Protection & Health was the biggest contributor in 2012. Property & Casualty delivered an improved combined ratio of 0.3%, which also contributed to growth in the Group's underlying earnings.

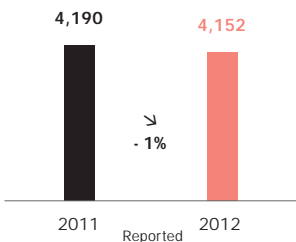
**Adjusted earnings** (in millions of euros)



Adjusted earnings rose by 28% on a comparable basis and by 31% on a reported basis, thanks to the improvement in underlying earnings

coupled with a decrease in impairment and an increase in realized gains.

**Net income** (in millions of euros)

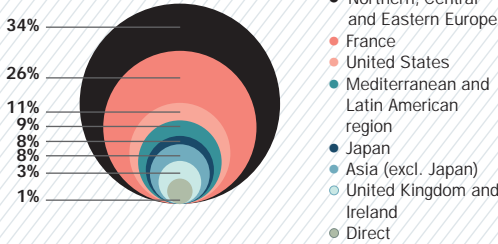


Net income was down 1% to €4.2 billion. In 2011, we had benefited from some positive exceptional items totaling €1.4 billion (mainly

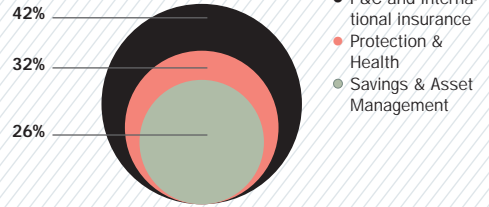
one-time gains on the disposal of businesses in Australia, New Zealand and Canada). Excluding these items, net income rose by 44%.

### Balanced business mix and geographic distribution

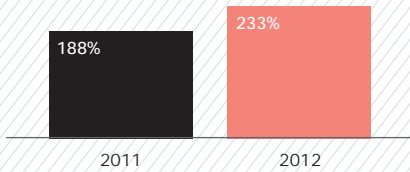
Geographic breakdown of underlying earnings for insurance, excluding international insurance



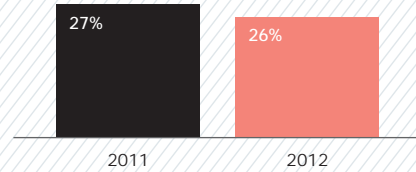
Underlying earnings before tax, excluding holding company



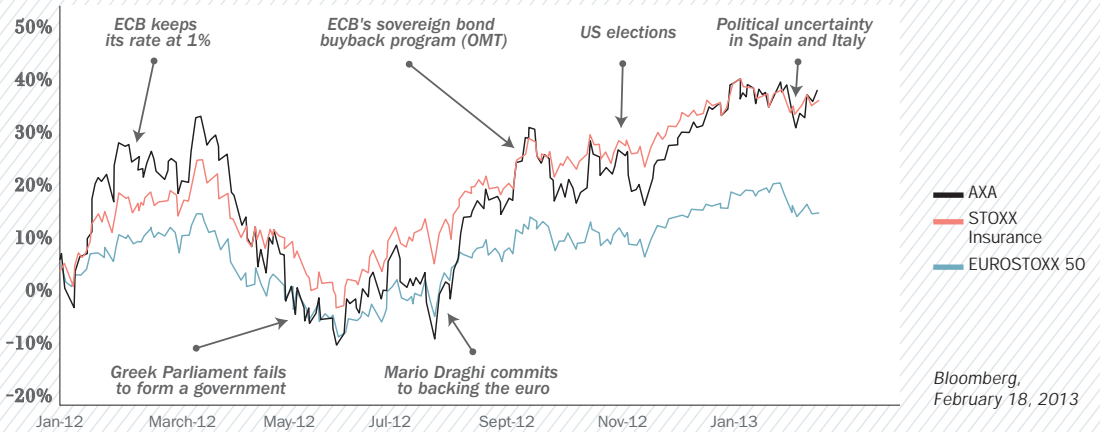
### Solvency I ratio



### Gearing ratio



### AXA share gains 33%



The AXA share performed very well in 2012, ending the year with a 33% gain. Over the year, share price fluctuations mainly reflected the economic environment. In early 2012, the AXA share price benefited from ECB announcements to boost the economy. In the second quarter, the share followed the market's general decline due to the sovereign debt crisis. At the end of July, the ECB's commitment to back

the euro and the resulting rise in confidence lifted AXA's share price.

Since early 2013, the AXA share has moved in line with the insurance sector, against a backdrop of political uncertainty in Spain and Italy and fears over the fiscal and budgetary situation in the United States.

# MANAGEMENT COMMITTEE

at January 1, 2013

1. HENRI DE CASTRIES  
Chairman & Chief Executive Officer
2. DENIS DUVERNE  
Deputy Chief Executive Officer in charge of Finance, Strategy and Operations
3. JEAN-LAURENT GRANIER  
Chief Executive Officer of the Mediterranean and Latin American Region business unit, Chairman & Chief Executive Officer of AXA Global P&C, and in charge of overseeing the worldwide operations of AXA Corporate Solutions
4. PETER KRAUS  
Chairman & Chief Executive Officer of AllianceBernstein (United States)
5. NICOLAS MOREAU  
Chairman & Chief Executive Officer of AXA France and in charge of overseeing the worldwide operations of AXA Assistance and AXA Global Direct
6. MARK PEARSON  
President & Chief Executive Officer of AXA Financial, Inc. (United States)
7. JACQUES DE VAUCLEROY  
Chief Executive Officer for the Northern, Central and Eastern Europe business unit and Global Head of Life & Savings and Health
8. VÉRONIQUE WEILL  
Group Chief Operating Officer

# EXECUTIVE COMMITTEE

at January 1, 2013

**In addition to the eight members of the Management Committee:**

9. MICHAEL BISHOP  
Chief Executive Officer of AXA Asia
10. THOMAS BUBERL  
Chief Executive Officer of AXA Konzern AG (Germany)
11. DOMINIQUE CARREL-BILLIARD  
Chief Executive Officer of AXA Investment Managers
12. PHILIPPE EGGER  
Chief Executive Officer of Insurance Activities in Switzerland
13. PAUL EVANS  
Chief Executive Officer of AXA UK
14. GÉRALD HARLIN  
Group Chief Financial Officer
15. JEAN-LOUIS LAURENT JOSI  
Chief Executive Officer of AXA Japan
16. GEORGE STANSFIELD  
AXA Group General Counsel and Head of Group Human Resources
17. EMMANUEL DE TALHOÛËT  
Chief Executive Officer of AXA Belgium



# A BALANCED GOVERNANCE STRUCTURE

The Group is governed by a Board of Directors composed of 15 members, 11 of whom are independent according to the criteria set out in the Afep/Medef Code. The Board sets the company's strategic guidelines and oversees their implementation. It has appointed a Vice-Chairman and Lead Independent Director from among its members. His main role is to supervise the contribution of the independent directors to the Board's work and, where necessary, to express their opinions to the executive management team. The Board has four special committees that deal with specific issues and report on them to the Board: Audit Committee, Finance Committee, Ethics and Governance Committee, Compensation and Human Resources Committee.

AXA's executive management team is composed of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer. The Chairman and Chief Executive Officer is also assisted in operational matters by a Management Committee, which meets weekly, and an Executive Committee. The Executive Committee is composed of members of the Management Committee and the heads of AXA's main subsidiaries, business units and support functions. It is responsible for conducting Quarterly Business Reviews of AXA's performance and for reviewing progress in major projects.

## COMPENSATION POLICY AND EXTRA-FINANCIAL CRITERIA

*The general principles of AXA's executive compensation policy are presented regularly to the Board's Compensation and Human Resources Committee.*

*Members of the Board other than the executive directors receive directors' fees, the aggregate amount of which is voted by the shareholders at their annual meeting. The aggregate gross amount of fees paid to the directors in 2013 in respect of 2012 amounted to €1,200,000.*

*For the record, in accordance with the recommendations of the Afep-Medef Code, the executive directors' compensation is set by the Board of Directors at the proposal of the*

*Compensation and Human Resources Committee.*

*Extra-financial environmental, social and governance (ESG) criteria are taken into consideration when setting executive compensation levels for the Group and its entities. For the past few years, a quantitative customer satisfaction target has also been included in performance-related compensation for members of the Management Committee and Executive Committee.*

*Since 2010, a criterion related to growth in local deployment of the corporate responsibility strategy has been included in the reporting*

*dashboards and compensation of local executives. Results are measured using a special tool developed on the basis of SRI-type methodologies and reviewed each year during the performance review (see page 95). The global scope of this mechanism and the comprehensive approach based on the broad variety of CSR issues covered by the tool are specific to the AXA Group.*

## BOARD OF DIRECTORS at January 1, 2013

### HENRI DE CASTRIES

Chairman & Chief Executive Officer

### NORBERT DENTRESSANGLE

Vice-Chairman & Lead Independent Director, Chairman of the Compensation & Human Resources Committee

### DENIS DUVERNE

Director, Deputy Chief Executive Officer in charge of Finance, Strategy and Operations

### JEAN-PIERRE CLAMADIEU<sup>(2)</sup>

Independent Director

### JEAN-MARTIN FOLZ

Independent Director, Chairman of the Ethics & Governance Committee, member of the Finance Committee and the Compensation & Human Resources Committee

### ANTHONY HAMILTON<sup>(3)</sup>

Independent Director, Chairman of the Audit Committee and member of the Compensation & Human Resources Committee

### ISABELLE KOCHER

Independent Director, member of the Compensation & Human Resources Committee

### SUET-FERN LEE

Independent Director, member of the Finance Committee

### STEFAN LIPPE

Independent Director, member of the Audit Committee

### FRANÇOIS MARTINEAU

Independent Director, member of the Ethics & Governance Committee and the Compensation & Human Resources Committee

### RAMON DE OLIVEIRA<sup>(1)</sup>

Independent Director, Chairman of the Finance Committee and member of the Audit Committee

### DOINA PALICI-CHEHAB

Director, Employee shareholder representative, member of the Finance Committee

### MICHEL PÉBEREAU<sup>(3)</sup>

Director, member of the Finance Committee and the Ethics and Governance Committee

### DOMINIQUE REINICHE<sup>(1)</sup>

Independent Director, member of the Finance Committee

### MARCUS SCHENCK

Independent Director, member of the Audit Committee

*(1) Dominique Reiniche and Ramon de Oliveira were due to retire by rotation and stood for re-election at the annual shareholders' meeting on April 30, 2013.*

*(2) Jean-Pierre Clamadieu was coopted by the Board on October 10, 2012 and his cooptation was ratified at the annual shareholders' meeting of April 30, 2013.*

*(3) Anthony Hamilton and Michel Pébereau were due to retire by rotation. They did not stand for re-election and the Board nominated Deanna Oppenheimer and Paul Hermelin for election as new directors in their place at the annual shareholders' meeting of April 30, 2013.*

## SPECIAL COMMITTEES

### Compensation & Human Resources Committee

**Composed of five members, all of whom are independent, this committee is chaired by Norbert Dentressangle. Its main role is to deal with executive compensation matters and review issues related to Group human resources.**

### Audit Committee

Composed of four members, all of whom are independent, this committee is chaired by Anthony Hamilton. Its main role is to review the Company's financial statements and monitor financial reporting.

### Ethics and Governance Committee

Composed of three members, two of whom are independent, this committee is chaired by Jean-Martin Folz. Its role is to closely examine certain governance issues and review the Group's corporate responsibility strategy.

### Finance Committee

Composed of six members, four of whom are independent, this committee is chaired by Ramon de Oliveira. Its role includes reviewing all proposed financial transactions that are significant for the Group, as well as the risk analysis and measurement framework.



FOR MORE INFORMATION: [www.axa.com/en/governance](http://www.axa.com/en/governance)





26 Insight on strategy, by Denis Duverne  
30 Our customers, at the heart of our brand  
34 Our people, drivers of success

# MOVING FORWARD WITH CONFIDENCE MEANS HAVING A VISION AND AN AMBITION

## 2/ OUR STRATEGY

# INSIGHT ON STRATEGY

## Underlying earnings (in € per share)



## Operating free cash flows (in € billions)



## Growth in adjusted ROE



## Gearing ratio



\*Not adjusted for the change of accounting method for deferred acquisition costs adopted retrospectively at 1 January 2012.  
Ratio of adjusted earnings to shareholders' equity.



## DENIS DUVERNE

MEMBER OF THE MANAGEMENT COMMITTEE, DIRECTOR AND DEPUTY CHIEF EXECUTIVE OFFICER IN CHARGE OF FINANCE, STRATEGY AND OPERATIONS

CAN YOU GIVE US A BROAD OUTLINE OF THE AMBITION AXA STRATEGIC PLAN?

**Our goal is to become the preferred company for all our stakeholders. To accomplish this, we must continue the in-depth work we began several years ago on strengthening our focus on the customer and fostering employee involvement through building a culture of trust and achievement. Ambition AXA is our strategic roadmap out to 2015. It is built on three key strategic priorities: reinforcing selectivity in mature markets, accelerating growth in emerging economies and digital business, and improving efficiency everywhere.**

**Being selective means putting our resources where they can really make a difference and drive the Group's growth. It means developing a sustainably profitable product and service lineup and taking a more segmented approach to our clientele to step up our presence in specific strategic segments. We also want to become more agile to speed up our expansion in the fast-growing emerging markets. We aim at doubling our size in Asia, Central and Eastern Europe, the Middle East and Latin America through focusing primarily on protection, health and direct business. We must also continue to make our global size a stronger competitive advantage. We need to become more efficient and improve our speed of execution at all levels. This is the challenge facing our cost-cutting program, which we initially set at €1.5 billion over five years.**



“We continued our transformation in 2012 with tangible results, showing that we are on the right track.”



→ HOW ARE THESE PRIORITIES REFLECTED IN THE GROUP'S PERFORMANCE?

We continued our transformation in 2012 with tangible results, showing that we are on the right track. AXA's exposure to fast-growing regions and markets continues to increase both in the emerging countries of Asia, Latin America and Eastern Europe, and in the new direct and online insurance businesses. We are developing our new business in more profitable segments that better meet our customers' aspirations. In all our business lines, we are moving in the right direction and we are on track to achieve our medium- and long-term targets. In 2012, our revenues grew by 5%. We continued to attract new customers. We now have a total of 102 million customers around the globe, clear proof that we have an attractive, effective proposition.

We have returned to profitable growth, with a 9% increase in underlying earnings. Our balance sheet is increasingly robust. Equity rose €7 billion to €53.7 billion and our gearing ratio has fallen from 30% in 2009 to 26% in 2012 and is nearing our 2015 target of 25%. Our Solvency I ratio is close to an all-time high at 223%. It is over 200% based on our internal capital model, which is in line with Solvency II.

WHAT ABOUT EACH BUSINESS LINE?

In Property & Casualty, our focus on technical excellence in underwriting, pricing and claims management is beginning to pay off. Greater sharing of experience between mature and new markets is one contributory factor. Our technical margins are improving, with a combined ratio at 97.6% versus a 2015 target of 96%. Revenues were up 2% in the mature markets, 12% in the fast-growing markets and 9% in direct insurance excluding the UK. Growth in direct insurance is really beginning to accelerate and it now accounts for 11% of our business. The Corporate segment rose 3% and our international insurance business has proved its ability to deliver good results on a regular basis. We are now the number one international P&C insurer in Asia.



In Life & Savings, the business momentum is driven by protection and health, two segments with strong growth potential, and by the unit-linked business. In three years, the sales share of the protection and health business has grown by one third and it is the largest contributor to Life & Savings underlying earnings. Sales of protection and health products grew by 7% in 2012, mainly in Asia, and now account for 40% of the new business. Unit-linked sales increased 2%. In line with our strategy, the relative contribution of the general account is decreasing. This is the result of a more selective approach in France, Italy and Germany, where this type of investment remains relatively unattractive for our customers because of the prolonged decline in interest rates. The improved business mix led to a 19% improvement in underlying earnings after tax, on a comparable basis.

The Asset Management business has bounced back after several difficult years, with positive net inflows for AXA IM in the second half and for AllianceBernstein in the fourth quarter. Our two asset managers have significantly improved their investment performance, with assets under management up €56 billion compared with 2011, driven mainly by a rise in the financial markets.

#### WHAT WERE THE HIGHLIGHTS OF THE GROUP'S TRANSFORMATION IN 2012?

Our aim is to get ever closer to our customers, be more agile, work better together and be more efficient. A number of projects are now well underway. From this point of view, 2012 was a year of marked acceleration. The work we have done on our customer relations, particularly in terms of finer segmentation and better meeting their needs, has enabled us to develop innovative products and services that set us apart in the eyes of our customers. We have clearly moved up a gear in digital and multi-access. This is not just an adaptation but a completely new way of running our business to move in tune with the times and changing consumer behavior.

Our acceleration in the fast-growing markets was supported by several major partnerships. Our new Life joint venture with ICBC in China, the acquisition of HSBC's P&C business in Singapore, Hong Kong and Mexico, and the exclusive bancassurance agreement with HSBC that also includes India, Indonesia and China have opened up new growth opportunities and strengthened our positions in these countries. The joint venture with ICBC, the world's largest bank in terms of customers, increased revenues by 250% in the second half of the year compared with the first. We have already made substantial progress but still want to go further in speed and responsiveness.

#### WHERE ARE YOU IN YOUR COST-CUTTING PROGRAM AND INVESTMENT PLAN?

Our cost-cutting program initially targeted €1.5 billion of cost savings over five years. Since then, we have identified new levers enabling us to be even more ambitious and target €1.7 billion across the program as a whole. In 2012, we made €337 million of savings on P&C acquisition costs and administration costs. In 2013, we plan to invest €1.2 billion compared with €1.1 billion in 2012. We have earmarked €1.1 billion for investment in the technology we need for our digital and multi-access development plan. This includes providing our distribution networks with more effective tools to enhance customer relations. But beyond the figures, the key factor lies in the quality of synergies created in distribution, in products and in the way our teams operate and work together.

# OUR CUSTOMERS AT THE HEART OF OUR BRAND

**More than a hundred million customers put their trust in AXA worldwide. Reinforcing this trust is a daily challenge in serving the needs of consumers who are increasingly well informed and ever more demanding. To overcome that challenge, we will strengthen our service commitment yet further and become a more digital business.**

**AXA IS THE NO. 1 GLOBAL INSURANCE BRAND.  
WHAT DO YOU GAIN FROM THIS RANKING?**

AXA is the No. 1 global insurance brand\* for the fourth consecutive year. More importantly, we are among the top 100 global brands for all sectors combined and one of the top 50 global "green" brands.\* That's a huge strength in our bid to become an industry benchmark in the emerging markets, build on trust in the mature countries, help and support our partnerships and attract the best talent. It is also a source of pride and energy for our people and our distributors.

**HOW DO YOU UNITE CUSTOMERS AND EMPLOYEES  
AROUND THE AXA BRAND?**

Our leadership is founded on our ever-improving ability to convince not just our customers but all our stakeholders. Their preference is conditional

on the quality and consistency of the signals we send out. We are proud that more than 550,000 people are "fans" of our AXA People Protectors Facebook page. However, AXA is still not among the top three preferred consumer brands in too many countries. We need to continue improving the customer's experience in each contact with the brand.

Innovation is another driver. Each year, we hold the "Innovation Awards," a competition open to all Group employees to reward local initiatives that have proved their worth. In 2012, 381 projects were submitted. Projects are assessed on their degree of focus on the customer, their differentiation potential, and their connection with our responsible business strategy. By detecting and relaying these best practices, we can spread them quickly and effectively.

**IS SERVICE A REAL DIFFERENTIATING FACTOR?**

AXA wants to become the leader in customer service. This is a strong signal that means going beyond our traditional role of compensation or reimbursement to build a broader service relationship with our customers. Our policyholders want a faster response, simpler processes, a more personal and open approach. This need is even more important in the current economic environment, which in many cases has put a further strain on the household budget. Since April 2012, AXA France has responded with concrete commitments under the "AXA at Your SERVICE" label. This initiative is meant to set an example. It is backed up by a massive internal mobilization and support program known as "Esprit de Service" (Spirit of Service).

\* Interbrand ranking. The annual "Best Global Brands" ranking compiled by Interbrand, a brand consultancy and design company, is a benchmark. To find out more: <http://www.interbrand.com/en/about-us/Interbrand-about-us.aspx>



**VÉRONIQUE WEILL**  
MEMBER OF THE MANAGEMENT COMMITTEE  
AND GROUP CHIEF OPERATING OFFICER

---

“Going beyond our traditional role of compensation or reimbursement to build a broader service relationship with our customers.”

---

For our people, it is a unifying project that aims to create a new type of relationship in which they systematically look at things from the customer’s point of view. Apart from efficient execution of processes, we must better identify specific needs and circumstances and be more attentive to the customer’s own situation by doing more than just compiling the information needed for administration purposes. Through combining quality of service with operational efficiency, both the customer and the company win. We believe that perceived quality can contribute to improving productivity through fewer additional claims, fewer reminders, etc.

Another major novelty is “qualemeilleurservice.com,” the first insurance service comparison site in France. Consumers can select the services they find most useful – e.g. having a replacement vehicle during repairs, obtaining legal protection in case of a dispute with the garage, etc. – at ten specific key times such as: my car has broken down or I have had an accident; I am preparing for retirement; I am moving house; etc. The comparison site identifies the insurers that best meet these needs. This initiative provides everyone with a powerful information and comparison tool. It also gives us a better understanding of the expectations and sensitivities of our policyholders so that we can serve them better.

“Digital growth should also enable us to develop an attractive model for our distributors, particularly through cross-selling.”

Another place, another market, that of small businesses and the self-employed – a segment identified as strategic in the Mediterranean-Latin American region. In the event of a major claim, corporations must be able to carry on business as usual. In Mexico, therefore, we now pay out 50% of the claim immediately and we plan to extend this initiative to the entire region, adapted where necessary to suit specific local needs.

**AXA HAS EMBARKED ON A DIGITAL TRANSFORMATION. WHAT DOES IT MEAN?**

It means giving our customers the opportunity to choose how they want to contact and interact with AXA at any particular time.

In 2012, the Group embarked on a major transformation program. Twelve entities have developed their digital model and set detailed targets. They are supported by a Group-level digital team that brings together marketing and IT experts and focuses on innovation: cross-referencing data from social networks and websites, developing our mobile presence, etc.

It is no longer simply a question of offering our products online, but, much more ambitiously, we must think up new propositions and new services. In France, for example, customers can now track each stage of the claims process online and on mobile devices. AXA France is testing virtual branches where customers can find all the information they need, buy or monitor their accounts online and have direct contact with their agent whenever they want. AXA Ireland has developed an approach enabling customers to switch freely between traditional distribution channels, telephone and Internet, knowing their requests will be seamlessly handled. This new information flow and flexible processing is now an inspiration for the entire Group.

Digital growth should also enable us to develop an attractive model for our distributors, particularly through cross-selling. Insurance agents will have more time to advise and sell, manage prospective customers online, and at the same time enjoy a reduced administrative burden.

# Comment

## MAKING SURE OUR DIGITAL CAPABILITY MEETS OUR CUSTOMERS' NEEDS

In 2012, AXA Equitable laid the groundwork for operating in a purely digital environment. We are harnessing technology to make our interaction with our customers more effective and more profitable for them, for our partners and for the business.

To focus better on our customers, we first had to make sure that our digital capability not only meets their current needs, but would also meet their future needs. After taking stock of the existing situation, we identified the most promising digital opportunities that would help us meet our Ambition AXA targets. We actively encouraged the company to adopt and promoted the use of the necessary technology – from digitization of simple documents right through to complete procedures. Updating or changing a claim, which previously took several days, can now be done in a few minutes. We reprocess and reformulate our data and present it in the most practical format for the customer's specific needs.

But customers also want to choose the venue for their “meeting,” which might be in their kitchen, in their office or on Facebook. In October, we launched the social media program for our AXA Advisors network. It is a wonderful opportunity for our financial advisers, because human relationships are of vital importance to them. This new source of information and exchange enables them to improve their service, whether it's a relationship with an existing customer or an initial contact with a prospective customer. This new point of contact is now fundamental. At end-2012, 150 financial advisers were already members of this program, which also acts as a corporate showcase for the company.



AMY RADIN  
MARKETING MANAGER  
AXA EQUITABLE (UNITED STATES)

*“We are harnessing technology to make our interaction with our customers more effective and profitable.”*

Our digital team has also launched an iPad application. This is a practical tool that teaches people, either alone or with the help of their adviser, how to get the best out of their investment in Structured Capital Strategies® through simulations and appropriate scenarios. It is very popular with our advisers because they can personalize their service offering according to the appetite for risk and objectives of each individual customer and prospect.

These initial successes herald the next steps in our digital development. We are learning a lot and making quick progress. Above all, we remain pragmatic and guided by the satisfaction of our customers and their advisers. That's the best and fastest way to make the company more agile and efficient.



# OUR PEOPLE DRIVERS OF SUCCESS

## WHY IS CORPORATE CULTURE A PILLAR OF THE GROUP'S STRATEGY?

Corporate culture is the reflection of a company's collective rules, symbols, attitudes and shared values. It is guided by the company's history, the behavior of its leaders and the impetus given by human resources and line management. It is what enables every employee to reach fulfillment and contribute to the common good.

Our Group has a unique background and structure. In just a quarter of a century, we have metamorphosed from a small local player to a global leader. We could have fallen several times along the way, but I am convinced that AXA's success lies in our corporate culture, which is founded on the quest for excellence, recognition of skills, the ability to give everyone a chance, cultural diversity, vision and leadership, but also on entrepreneurial spirit. This is a combination unique to AXA.

Our corporate culture has been an important source of motivation for tens of thousands of Group employees. However, the world has changed, AXA has grown up and although we have to keep the best of what has made us so successful, it is strategically vital for us to evolve our culture to support changes in our societies.

## WHAT DO YOU WANT TO EVOLVE TOWARDS?

Although excellence is still paramount, many factors – the growing power of new markets, lessons learned from the financial crisis, our organizational change, the challenges of digitization, and the arrival of new generations on the job market, to name but a few – are driving us to design and implement HR systems, processes

and symbols that will support and accelerate the Group's transformation.

First of all, cooperation and team success must be encouraged in a Group that increasingly operates in a matrix structure between geographical entities and global business lines. This requires empathy and constructive dialogue. The Test and Learn process – the right to try something out and therefore to make mistakes – is also very important. For that, we take our inspiration from the high-tech companies. The ability to take risks in order to innovate must be encouraged, obviously within agreed limits that guarantee our continued robustness for our customers. Diversity and inclusion are other catalysts of change. We operate in 57 countries. So, although AXA is a French company and immensely proud of its roots, we must also reflect the diversity of our talent as well as the diversity of our customer base. Lastly, employees who are in direct contact with our customers must be free to call on their own experience and use their judgment and common sense, particularly when it comes to special cases that do not pigeonhole neatly into our procedures.

This culture is not only crucial to achieving our results and improving our daily decision-making, it is also a means of developing and retaining the best talents. Continuous progress in our working methods and the trust it inspires must help us to achieve our goal of always improving our ability to meet our customers' expectations.

## WHAT STAGE HAVE YOU REACHED IN THIS TRANSFORMATION?

It will be a long journey, but we have started. Everyone already knows how high the stakes are. It is a global cross-functional project that will take



**GEORGE STANSFIELD**  
MEMBER OF THE EXECUTIVE COMMITTEE,  
GENERAL COUNSEL AND HEAD  
OF GROUP HUMAN RESOURCES

---

“Cooperation and team success must be encouraged in a Group that increasingly operates in a matrix structure.”

---

time and involves shifting towards a culture of trust and achievement to better meet and master the challenges of the future.

Decisions on hiring, promotion and recognition or sometimes the departure of leaders set clear markers for our culture. These decisions must be taken on the basis of behaviors that promote a culture of trust, such as inclusion, teamwork, a strong focus on customers and employees.

**HOW DO YOU MEASURE PROGRESS?**

The tradition in our Group is to let employees express themselves through Scope,\* a strictly anonymous survey comprising 70 questions to identify areas for development. This survey has been in existence for more than 15 years now. More than just a metric, it provides a tangible basis for defining action and improvement plans within each team, across all entities.

“It is a global, cross-functional project that will take time and involves shifting towards a culture of trust and achievement.”

At end 2011, in addition to Scope, we conducted a new anonymous survey called the OCI\*\* among more than 16,000 employees with the aim of drawing up an inventory of our management styles and behaviors. The results clearly revealed the continuing impact of our “historical” culture, with all its strengths and limitations. This made it easier to identify drivers for change and enabled managers to draw up their own personal development plans. I am pleased to see that behaviors are beginning to adapt, but the real test will be what our employees think. The next survey, which will take place in 2014, will enable us to measure our progress.

**HOW IS YOUR TALENT MANAGEMENT EVOLVING?**

Our talents, people who take on responsibilities and will become the Group’s leaders, must absolutely be drivers and models of cultural change. In addition to their expertise, they demonstrate positive attitudes and behaviors as well as the ability to take a collective view of success. To attract and retain them, we have set up a specific framework that places great emphasis on enabling people to develop their potential through their drive, commitment and ability to learn.

We are working to make our talents a shared asset by using a common leadership and appraisal model. We have therefore rolled out a common performance appraisal system to increase convergence. We are also working on the AXA employer brand. The aim is to improve our message, both internally and externally, about the Group’s specific features and appeal.

\* Scope: Internal satisfaction survey covering all Group employees. In 2012, more than 80% of all employees responded to the survey.

\*\* OCI: Organizational Culture Inventory. This survey measures the gap between the perceived and ideal environments in terms of behaviors.

# Comment

## THE CULTURAL APPROACH IN THE MEDITERRANEAN- LATIN AMERICAN REGION

In the Mediterranean–Latin American region, we have engaged the process of cultural change based on a few common principles. The Region’s Executive Committee has carried out an in-depth review to look at how we can better match our cultural approach to the operational reality of each country: what we do and how we do it are part of a whole. We do not have a culture on the one hand and achievement on the other; the culture is there to help us achieve and meet our Ambition AXA targets.

The theme of trust and achievement is now an integral part of our business. In the mature countries as well as in the fast-growing ones, the local executive committees have identified actions to be taken over the next three years. It was crucial to engage all countries in the process while leaving them freedom of choice in setting their roadmap and deciding how they want to move forward.

To create a virtuous circle, we have identified the best practices already existing in the region. These are now the “Blue Points” of our target culture. Seeking, identifying and sharing them helped us to recognize their value and encourage a constructive dynamic.

For example, we have set up a new training program for managers to support them in their employee appraisal and development practices. The annual performance appraisal



SYLVIE VUITTENÉY  
HEAD OF HUMAN RESOURCES,  
MEDITERRANEAN AND LATIN  
AMERICAN REGION

*“It was crucial to engage all countries in the process while leaving them freedom of choice in setting their roadmap and deciding how they want to move forward.”*

is a moment of truth that must be based on trust. More than 150 of our managers have already attended this program in 2012.

We have also facilitated the development of short-term international postings for employees in the region. This is part of our talent development and recognition system. These experiences may take the form of a short assignment in a transnational team or a several-month posting to another country for a specific project.





40 Personal stories  
46 Property & Casualty Insurance  
60 Life Insurance & Savings  
74 Asset Management



MOVING FORWARD  
WITH CONFIDENCE  
MEANS HAVING THE PEACE  
OF MIND TO PURSUE LIFE  
AND NEW PROJECTS  
AT EVERY AGE

3/ OUR BUSINESS  
ACTIVITIES



PEOPLE PROTECTORS

PERSONAL STORIES

# TAKING TIME FOR YOURSELF AND YOUR HEALTH

Facilitating access to private healthcare

**HONG KONG**





Miu is a young woman of 26, who works in Hong Kong. She lives in the New Territories, a suburb where middle- and upper-class people aspire to a more peaceful life, far from the hustle and bustle of the city. Miu has learned to take time for herself and for her family. She is also concerned with the health of her family.





→ Hong Kong enjoys a very high-quality healthcare system, which attracts people from the rest of China. This means people must arm themselves with patience to obtain a consultation with a doctor in a public hospital – and patience is not the main characteristic of Hong Kong’s hyperactive residents! Semi-private and private establishments charge higher rates, so it is advisable for people to take out personal medical insurance. Drawing on this fact, and to adapt to Hong Kong residents’ new lifestyle, AXA offers appropriate solutions to provide Hong Kong residents with access to the private system.



See Miu  
on **AXA Channel**  
<http://channel.axa.com/en>



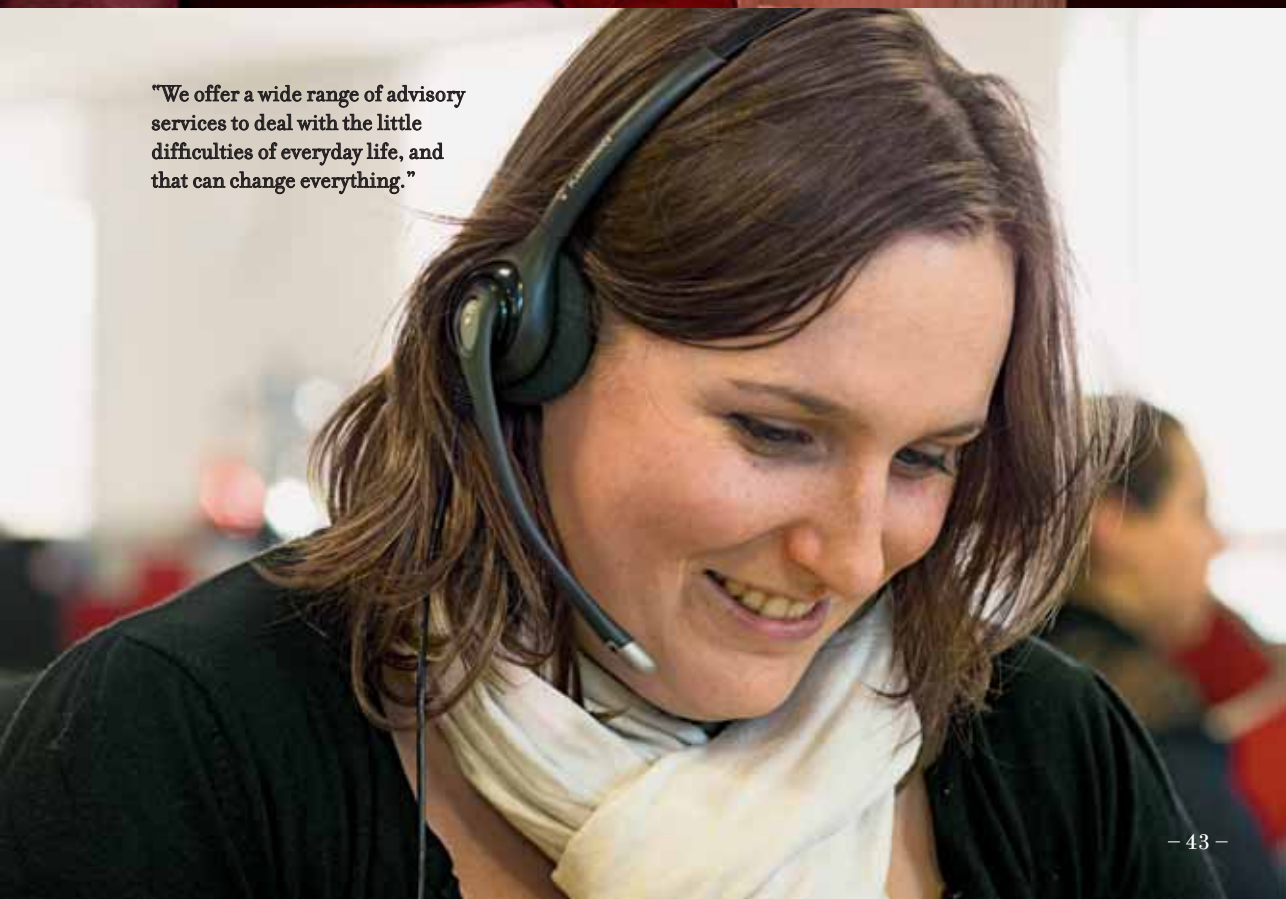
# THE LITTLE DETAILS THAT MAKE THE DIFFERENCE

Supporting people  
suffering from cancer

UNITED KINGDOM



*"We offer a wide range of advisory services to deal with the little difficulties of everyday life, and that can change everything."*







David was diagnosed with tongue cancer but has been free of the disease for five years. In the United Kingdom, AXA offers a personalized support service, helping patients work through the shock of the diagnosis and benefit from a personal contact and psychological, financial, administrative or even nutritional assistance throughout their treatment.

It is sometimes easier to talk about personal problems on the telephone. The anonymity can help patients talk freely about their illness, its consequences on their body and the upheavals it brings about in relations with their spouse and family or professional life. Being ill makes people more

vulnerable and hospital personnel, often overwhelmed by their work, don't always have the time to explain the whys and wherefores of a treatment protocol or answer all the patient's questions. Our nurses are qualified to answer questions and, most important, have the time to do so. Today, David has regained his health and is again enjoying a full and balanced life. He talks about his experience.



See David  
on **AXA Channel**  
<http://channel.axa.com/en>

---

See other stories  
in photos and video on  
<http://channel.axa.com/en/>

---



### PREPARING FOR RETIREMENT: WHAT SOLUTIONS?

More free time and the start of a new phase of life, longer and in better health as life expectancy increases. Retirement is an important stage of life, which is seen by most in a positive light. A good illustration of this point is Patrick de Gmeline, an "active" retiree who lives at "100 miles an hour."



### BUILDING A LIFE PROJECT

After a terrible road accident with serious consequences for the future of little Quentin, then two years old, AXA made a large number of arrangements and services available to ease the family's daily life.



### REINVENTING THE PROTECTION OF TOMORROW

With support from AXA, the NGO CARE is implementing an ambitious program on climate risk education and prevention, in partnership with the municipality of Calabanga in the Philippines. Its 73,000 inhabitants live in an area particularly vulnerable to major natural disasters.

JOIN THE AXA PEOPLE  
PROTECTORS FACEBOOK PAGE  
PEOPLE PROTECTORS  
<http://www.facebook.com/axapeopleprotectors/>

A graphic element featuring a play button icon, the text "JOIN THE AXA PEOPLE PROTECTORS FACEBOOK PAGE", "PEOPLE PROTECTORS", and the URL "http://www.facebook.com/axapeopleprotectors/". To the right is a small square image of a woman in a red jacket holding an umbrella in the rain.



# Property & Casualty Insurance

---

# Did Property & Casualty meet its targets?

“Business has improved significantly. We delivered profitable growth across all our markets. With revenue up 3% to €31.3 billion, business has almost doubled since 2000.”



## JEAN-LAURENT GRANIER

MEMBER OF THE MANAGEMENT COMMITTEE, CHIEF EXECUTIVE OFFICER OF THE MEDITERRANEAN AND LATIN AMERICAN REGION BUSINESS UNIT, AND CHAIRMAN & CHIEF EXECUTIVE OFFICER OF AXA GLOBAL P&C

With operations in more than 40 countries, we are the world's fourth largest company in Property & Casualty insurance. Revenues in the mature countries grew by 2%, with the help of the pricing cycle, particularly in France and Germany. Business volume in the fast-growing markets continued to expand, with 12% revenue growth. These markets accounted for half of all new contracts. The direct business grew by 2%, making a positive contribution of €50 million. Weaker sales in the United Kingdom due to portfolio restructuring were more than offset by a 9% increase in volumes in the other countries. Lastly, our international business, a segment developed by AXA Corporate Solutions, which serves large international corporates, delivered strong 16% growth in the emerging markets. This business, which demonstrates excellent underwriting expertise, is a strong lever for developing our presence in the corporate segment in the fast-growing markets of Asia, the Gulf and Middle East countries, and Central and Latin America.



→ ARE YOU CONFIDENT THAT AMBITION AXA WILL CONTINUE TO PRODUCE RESULTS?

In all regions, we share the same vision in the P&C business. As a global business line, we are now able to align our practices more effectively even though we still have room for improvement in our speed of execution. We continue to deploy our operational programs based on our three strategic priorities, which are to restore technical margins, transform our distribution channels and speed up our expansion in fast-growing markets and in direct insurance. The business line now plays a key role in strengthening the Group’s technical expertise. More particularly, our underwriting and pricing discipline is certainly a strength that sets us apart. In the emerging markets, AXA Corporate Solutions’ specific expertise in major risks also helps us to make faster progress than our peers. As regards productivity, we are streamlining our processes to become more efficient. We implement easy-to-reproduce schemes such as our anti-fraud tool. We have strengthened our distribution capability around two complementary models, one multi-access-based to satisfy

all customer segments, the other one Web-based with a focus on simple products at attractive rates. Lastly, we are one of the few global players with a global platform in direct insurance. We have made and are still making a lot of progress. We have every confidence in the future.

WHAT IS THE REASON BEHIND THE PARTNERSHIP WITH HSBC IN ASIA AND LATIN AMERICA?

We have acquired HSBC’s P&C insurance operations in Hong Kong, Singapore and Mexico and signed an exclusive ten-year bancassurance agreement in those countries, plus India, Indonesia and China. This makes AXA the number one P&C insurer in Hong Kong and number two in Singapore with 13% and 12% market share respectively. This partnership also strengthens our position as one of the leaders in the Mexican market, with a current 16% share. It is a major milestone in our strategy of expansion in Asia and Latin America, two regions where we want to significantly expand our P&C operations. We will combine the strength of the HSBC brand in Asia with that of the AXA brand. On top of 400 HSBC branches, we also gain access to a network of insurance agents. In Asia alone, our operations will grow by 40%.

“In all regions, we share the same vision in the P&C business. As a global business line, we are now able to align our practices more effectively.”

## 2012 KEY FIGURES PROPERTY & CASUALTY INSURANCE

# No. 1

International P&C  
insurer in Asia

# No. 3

Direct insurer in Europe

# €19 BILLION

in compensation paid to  
10 million customers in 2012

# 6.5

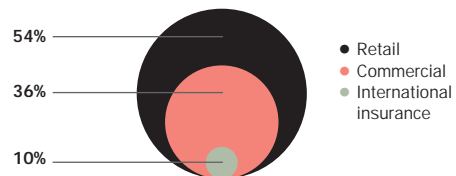
million motor claims settled  
in 2012

Operations in more than

# 40 COUNTRIES

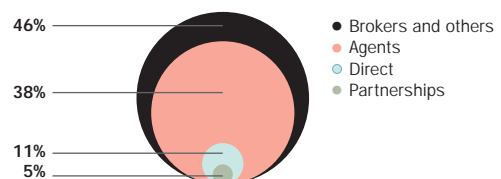
### A balanced business mix

2012 revenues by business type



### Diversified distribution channels

2012 revenues by channel



# MARKET INDICATORS

## PROPERTY & CASUALTY INSURANCE

### PROPERTY & CASUALTY INSURANCE \*

No. 1 → France, Belgium, Switzerland,  
Ukraine, Mexico, Turkey

No. 2 → Singapore, Bahrain, Portugal

No. 3 → Spain, Morocco, Qatar,  
Vietnam, Philippines,  
Hong Kong, Luxembourg,  
Ireland, Germany

No. 4 → United Kingdom, Russia

*\* AXA's position in the P&C insurance market.*

In 2012, the impact of natural disasters was relatively limited on the scale of the Group, despite events such as Hurricane Sandy at the end of October on the north-east coast of America. The marine insurance activity of AXA Corporate Solutions and that of AXAART were impacted by the consequences of local floods. No major disasters occurred in Europe – a positive one-off factor, although it does not offset the long-term trend of an increase in natural disasters and in the damage associated with climate change. Economic conditions remained manifestly unfavorable. We therefore focused our efforts on responding to this double challenge. We continued with our transformation, introducing new tools and common processes likely to consolidate our operational model and better respond to our customers' new expectations.



## RETAIL / COMMERCIAL

### Strengthening our technical excellence

Our resources in underwriting and technological innovation are helping us develop profitable segmented solutions, conquer new niche markets and identify emerging needs. In the retail segment in mature markets, we have developed finer segmentation based on customer type, allowing a review of pricing and better selection of risks. In motor vehicle insurance, which accounts for 40% of P&C business, the "Motor Way" initiative has facilitated creation of a community of professional experts, who work together and share the same tools. In-depth expertise has been developed around a pricing method taking into account customer behavior and the prices charged by the competition. The initiative has also given a powerful boost to subsidiaries that had the strongest need to restore their technical margins. The positive effects did not take long to materialize, particularly in Belgium and Germany. In 2012, a similar approach was implemented in homeowner insurance.

Our commercial risks business also benefited from a major technical boost with rollout of a new model for optimizing our contract portfolios. This model enables finer adjustment of prices by segment to better reflect real risks and continue offering competitive solutions. This is a good illustration of an approach that both facilitates consolidation of our network of P&C expertise and the convergence of our local subsidiaries towards Group best practices.

### Two complementary distribution models

Our traditional multi-access model is now complemented by a direct model that offers Internet-based low-cost products, which relies on the convergence of information systems. It is a response to a great number of customers who are increasingly well informed, demanding and mobile. Purchases made on the Internet and from mobile phones are constantly growing: two-thirds of consumers already use several channels to acquire information on products and obtain quotes. This means it is crucial for AXA to step up to the plate. AXA Ireland, for instance, has made digital and multi-access a priority. In less than two years, this subsidiary designed, developed and implemented an effective multi-access model. It incorporated online commerce expertise, deployed specially adapted solutions and pricing, integrated the different channels and provided self-service access for customers. Today, 29% of sales in Northern Ireland and 16% in the Irish Republic are made using multi-access. In-depth work to optimize listings on search engines and the building of web pages has led to a significant increase in visits to these sites (35% of the 1.6 million visits are generated by natural



listing) and to the sales conversion ratio. The lead taken here by AXA Ireland constitutes a set of best practices that we will now be sharing on the international level.

Thanks to the Internet solution and services offered to its customers, AXA France has been able to develop virtual agencies through its network of general agents. These agencies provide a virtual extension both for policy underwriting, and services such as claims management.

In South Korea, we reinforced our position as leader with the acquisition of Ergo Daum Direct, the fourth-largest player in the direct motor insurance market.

### Service, a differentiating factor

Seen as a crucial factor in what can be difficult times, service is the key driver for the insurance of tomorrow, through our capacity to respond appropriately to more personalized needs and a demand for more continuous assistance. AXA France has launched the "AXA at Your SERVICE" label – a program that aims to achieve excellence in services. An online code of conduct has been defined on [axa.fr](http://axa.fr), focusing on four major commitments to customers: enable greater simplicity for everyday processes; provide appropriate advice over the long term; ensure a tangible presence at every key event in the customer's life; and, lastly, remain attentive to customers' needs in order to progress, innovate and provide the best possible service. AXA France has also launched the first insurance service comparison site on the market. Some 94% of French people consider service to be an important component of the insurance contract, but 44% of them say they are not familiar with the services offered by their insurer. For customers keen to have greater transparency, the website [quialemeilleurservice.com](http://quialemeilleurservice.com) compares the offers available on the market for key events in life, according to the most meaningful criteria.



---

Service is the key driver for the insurance of tomorrow, through our capacity to respond appropriately to more personalized needs.

---

# Comment

## POSITIVE DRIVERS FOR OUR PROPERTY & CASUALTY BUSINESS IN ASIA

In Asia, the Property & Casualty business is benefiting from a combination of economic growth, insurance penetration that is still relatively low, and a large demographic base. We are building on these positive forces to develop our operations. Being a global player enables us to leverage best practices and expertise to advance more rapidly. Being a regional player enables us to leverage investments and cross-fertilize successes across the region.

An excellent case in point is the success of the Indian Bharti AXA General Insurance partnership, a joint venture between AXA and Bharti set up in 2008. Today, BAGIC employs more than 1,500 people and has a strong network of over 3,800 hospitals and 2,000 garages. The activity today holds 10<sup>th</sup> place in the market.

Asia is also a region prone to natural disasters, a point that is particularly significant in the development of property and casualty operations, directly impacted by increasingly intense and frequent occurrences such as earthquakes, tsunamis and typhoons. Quick reaction on our part is crucial, whether to speed up compensation for losses, implement preventive measures or educate local communities about risks.

Over the years, AXA Corporate Solutions has developed solid expertise in major risk assessment and management, from which we are benefiting today. AXA Assistance, through its network of service providers, has the capacity to provide timely and effective solutions in dramatic situations. During the serious floods in Thailand in 2011, we provided timely replacement solutions for factories whose machines were under water, allowing personnel to continue working and ensuring business continuity.



GAËLLE OLIVIER  
CHIEF EXECUTIVE OFFICER OF AXA ASIA P&C

Even though some employees were unable to return home, we provided innovative support solutions.

In 2012, the AXA Research Fund made a €3 million grant to Nanyang Technological University of Singapore (NTU) to create a permanent Chair in Natural Hazards, the first of its kind in Asia. Through our partnership with the NGO CARE, in Vietnam, Indonesia and the Philippines, we work closely with local communities on a series of prevention programs aiming both to raise awareness and preparedness and build for the future, through the replanting of mangroves, for instance.

Lastly, acquisition of the insurance operations of HSBC in Mexico, Hong Kong and Singapore, together with an exclusive distribution agreement in these three countries and also in Indonesia, India and China, has made AXA the leading general insurance player in Hong Kong and second leading in Singapore. This exclusive distribution agreement will enable us to provide insurance solutions to close to 2.8 billion people in Indonesia, India and China combined. A fabulous opportunity to contribute to the development of these countries!

→ In Switzerland, customers can now take advantage of the “24hr Home Assistance” module, which guarantees rapid assistance in the event of home emergencies, such as a breakdown in the heating system or a key that breaks in the lock. AXA takes responsibility for the cost of organizing and dispatching a tradesman, together with the expenses related to continued operation of the system or function until final repair of the damage.

**Commercial insurance, an instrument for the conquest of the emerging markets**

In 2012, new momentum in commercial insurance has proved to be a growth driver for all entities in the developed countries. In parallel to the creation of new segmented solutions targeting sectors such as real estate, museums and schools and education, some existing products specific to the restaurant industry and the IT sector, and targeted products focusing on environmental and pollution issues and international programs were rolled out in new subsidiaries. This momentum in commercial activity also supports our strategy of differentiation in emerging markets. Numerous niches that are not – or are but sparsely – covered and which represent growth opportunities exist in these markets. For instance, transversal initiatives rolled out by the Mediterranean-Latin American region in the SME segment have led, for the past three years, to stronger growth in revenues than the market average, notably thanks to a specialization program for agents.



Using this model, we have carried out rigorous, in-depth work to support our commercial networks in selling this type of product.

In Southeast Asia, China, India and the Gulf countries, development initiatives were conducted jointly with AXA Corporate Solutions to benefit from its expertise in major risks and marine insurance. Strengthening our capacity in commercial risk markets has delivered an approximately 4% increase in revenues and an improvement in the combined ratio.



---

New momentum in commercial insurance has proved to be a growth driver for all entities in the developed countries.

---

## AXA CORPORATE SOLUTIONS

AXA Corporate Solutions operates in the major risk insurance sector and is dedicated to prevention and management of claims for large national and multinational companies in the aviation, marine and space sectors. It is one of the five top European players.

In 2012, in a rather sluggish insurance and reinsurance market, AXA Corporate Solutions posted a 4% increase in revenues and maintained a satisfactory level of profitability. We benefited from a smaller number of natural disasters than the average for the last few years. Nevertheless, 2012 saw Hurricane Sandy and the ensuing floods affecting New York and New Jersey, an earthquake in Italy and exceptional claims in the marine sector, hull and machinery branch.

Our strategy, based on highly selective underwriting and customer service adapted to the needs of international companies, is proving its worth. Our platform is further supplemented by risk-prevention initiatives with a team of dedicated engineers.

We were able to roll out a strategy for profitable growth in the emerging countries, particularly in Asia and the Middle East. In these countries, we provide support in terms of capacity and expertise to local AXA subsidiaries to help them win market share, particularly in the fields of P&C and construction. Here, AXA Corporate Solutions is opening up to the mid-sized company market.

In an unfavorable economic environment in the Western countries, we successfully capitalized on our reputation and the work of our brokers, who developed a genuine risk management policy for our customers.

Lastly, another highlight of 2012 was the completion of IT convergence work, which has enabled all international branches of AXA Corporate Solutions to be connected to the same system, an essential step before making further investments in digital processes.





## AXA ASSISTANCE

AXA Assistance is the third largest in its sector worldwide. Its 6,500 employees are present in 33 countries and conduct operations in more than 200. Thanks to numerous commercial successes, the subsidiary posted an increase in revenues to €992 million in 2012. AXA Assistance is becoming global in its four business lines (vehicle, travel, health and home assistance), and new technologies are radically changing modes of interaction.

In vehicle assistance, we continued our policy of innovation with the launch of the Plug & Move platform, which provides mobility assistance for electric-battery driven vehicles. Accessible on the [www.plug-move.com](http://www.plug-move.com) site and also on iPhone and Android smartphones, the application provides advice, route calculations and practical information on recharging stations, together with attractive offers and services in selected shops and restaurants to allow motorists to put their battery-charging time to good use. We also renewed international assistance partnerships with numerous prestigious brands for a period of three years.

In health, the Corporate Mobility solution, successfully launched in 2011 and designed for expatriates and business travelers, now includes three new products: the “Webcorp Mobile” application for security at your fingertips; “Mr. Travel,” the first serious game for business travel and expatriate workers; and, lastly a new insurance guarantee for management and cover of evacuation costs for people at risk due to political instability or natural disasters. The Corporate Mobility range proposes a global medical and psychological assistance service solution. Thanks to the quality of the services we offer, we have won major new contracts in the United States, Brazil and Singapore.



AXA Assistance is becoming global and new technologies are radically changing modes of interaction.

2012 was a profitable year for the travel business. We consolidated our leadership in the payment card market. The partnership with Barclaycard Germany to launch a new offering enabled us to strengthen our presence in Europe. We have expanded our activities with American Express, particularly in Mexico. Lastly, AXA Assistance won the MasterCard Optional program in Europe, effective as of January 1, 2013.

In home assistance, we continued the commercial development of extended guarantees for electrical appliances, TV, sound systems and Hi-Fi. Marketed in France since 2007, this extended guarantee offering is now available in Belgium and Portugal and rollout in other AXA Assistance subsidiaries is continuing.



# Life Insurance & Savings

---

# What are the dynamics of the Life & Savings business?

“We operate in more than 30 countries and are highly diversified both in terms of business mix – Protection & Health accounts for almost 40% of our business – and distribution, with 50% of our products distributed by exclusive networks of tied agents and salaried sales forces. This is what underpins our robustness.”

## JACQUES DE VAUCLEROY

MEMBER OF THE MANAGEMENT COMMITTEE, CHIEF EXECUTIVE OFFICER FOR THE NORTHERN, CENTRAL AND EASTERN EUROPE BUSINESS UNIT AND GLOBAL HEAD OF LIFE & SAVINGS AND HEALTH

In 2012, we brought in an additional €3.9 billion. We paid out more than €11 billion in protection and health benefits to our customers. Almost €5.2 billion of interest was added to their savings invested in euro funds.

As regards business momentum, new business grew by 3% in 2012 – representing €6.2 billion – while our margin on new business rose to 31% from 25% in 2011. Sales growth was driven by excellent dynamics in protection and health, with growth of 7% coming mainly from Asia and Japan. These products attracted net inflows of €4.8 billion. Protection & Health is the biggest contributor to the Life & Savings business.

Unit-linked business rose by 2% with new inflows of €2.8 billion and excellent sales volumes in the United States, Japan and continental Europe.





→ HEALTH & PROTECTION ARE STRATEGIC PRIORITIES. HAS THIS NEW FOCUS ALREADY HAD A POSITIVE EFFECT?

These two activities are indeed areas where the Group wants to make clear progress. The global health market is growing fast and steadily. It is expected to grow by 7% a year out to 2015 in the regions where we operate. We already have a strong position in this market, mainly in the developed European countries (including France, Germany and the United Kingdom) as well as Japan. Our ambition is to strengthen our exposure to the fast-growing markets to become a leader in health insurance. The individual protection market is also growing quickly, supported by demand from the emerging countries. Neither of these activities is especially correlated with the financial markets and we are looking hard at new ways of offering our customers attractive, competitive products. To do that, we have to streamline our structures and develop new distribution methods to become more efficient. We are moving in that direction and the contribution from the emerging markets is gradually rising. In China, our life insurance joint venture with ICBC gives us access to a customer base of some 280 million individuals and more than 4 million companies.

“Our organizational structure for coordinating activity by business line means that we have experts in countries where AXA is leader. This has enabled us to build up a community of knowledge and a shared vision of what we need to do.”

HOW DOES AXA HANDLE THE DISRUPTIVE EFFECT OF THE ECONOMIC ENVIRONMENT ON THE SAVINGS BUSINESS?

We have built a four-pronged strategy based on diversification, adjusting the investment mix, adjusting the returns proposed and gaining customer loyalty. After a year of implementing this strategy, the contribution of unit-linked business rose more sharply than in 2011. That's good news. In continental Europe, it contributed 31.5% in 2012 compared with 29.2% in 2011. More importantly, we have performed better than the market in all regions. In France for example, the rise was 24% compared to 13% for the market. We have carried out in-depth work on revamping our “structured” product portfolio, i.e. unit-linked products that offer guarantees. We are now able to offer more competitive solutions and pricing than other market players, including the banks. We were targeting €2 billion in premium income and in fact achieved €3.5 billion. In parallel, our efforts to provide our customers with better support and advice are illustrated by a slowdown in the surrender rate.

THE COMPETITION IS GETTING TOUGHER, PARTICULARLY FROM LOCAL PLAYERS IN FAST-GROWING MARKETS ...

Fortunately, we have a real strength: our organizational structure for coordinating activity by business line. We have experts in countries where AXA is leader, enabling us to build up a community of knowledge and a shared vision of what we need to do. Our experts meet, discuss and decide together regularly. Best practices and innovation in a particular market can be deployed quickly wherever they are most needed and appropriate. In this way, we can leverage our innovative capability, which emanates from both mature and emerging countries as evidenced by the work we currently perform on disabling conditions. We are therefore well equipped to meet our targets.

## 2012 KEY FIGURES LIFE INSURANCE & SAVINGS

**€3.9 BILLION**  
of net inflows

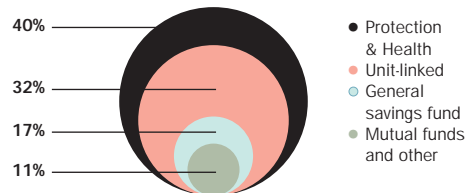
**€1.1 BILLION**  
of benefits paid  
to protection & health customers

**€6.2 BILLION**  
of new business

Operations in  
**30 COUNTRIES**

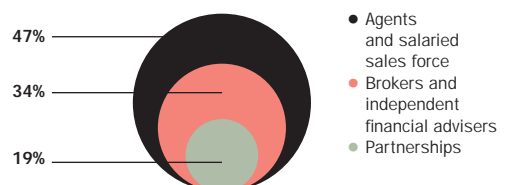
### A balanced business mix

New business by business line



### Diversified distribution channels

New business by distribution channel



# MARKET INDICATORS

## LIFE INSURANCE & SAVINGS

### LIFE INSURANCE\*

- No. 1 → Switzerland
- No. 2 → Indonesia
- No. 3 → Belgium, Philippines
- No. 4 → France
- No. 5 → Hong Kong, Morocco
- No. 6 → Germany

### HEALTH INSURANCE\*

- No. 1 → France
- No. 2 → United Kingdom, Mexico
- No. 3 → Luxembourg, Romania, Morocco
- No. 4 → Hong Kong
- No. 5 → Germany
- No. 8 → Japan

*\*AXA's position in the life insurance/health insurance markets.*

In a climate of extremely low interest rates, traditional savings activities continue to face some real challenges. By contrast, protection and health activities are supported by growing needs in both the developed and high-growth countries. In 2012 we pursued a value-driven rather than volume-driven strategy to strengthen our portfolio. This strategy combines a selective approach to new business with a drive to accelerate our expansion in areas where the best growth opportunities are to be found. We have evolved our product offering, our networks, our expertise and our culture without losing sight of our customers' real needs.



## HEALTH

The contribution of Protection & Health to the Group's total business has increased steadily since 2010, reaching 40% of new business in 2012. This trend is fully in line with our strategic objectives. Our Group-level coordination structure makes an active contribution by building up a shared vision of the markets and enabling us to pursue a strategy that aims to make AXA a global leader in health insurance by 2015.

### Technical expertise drives operational excellence

Selling health insurance products is a complex business. Its profitability depends on the quality of underwriting and risk selection. It requires specific skills of our distributors, who must be able to understand the customer's needs and know exactly what risks they are insuring. We are engaged in a continuous progress approach based on strengthening the expertise of our underwriters and consolidating all our processes. We have provided our subsidiaries with capability maturity models enabling them to better assess their service quality and customer satisfaction level. These models have had a particularly positive impact on claims, network and purchasing management in the Mediterranean-Latin American region. They have also been used to good effect in the United Kingdom, Germany, Japan and France. In 2012, we extended this approach to pricing, setting

up a "Health Pricing Academy" that, in time, should contribute to improving our operating performance in health. In parallel, each country has its own skills-development program based on a common framework of expected competencies in the health business. Although there is still room for further improvement, these models are already helping us to spread our cutting-edge expertise in health insurance faster and more effectively.

### Acceleration in high-growth markets

In Asia, our teams have put a lot of time and effort into developing insurance products aimed at international customers and high net worth individuals. Designed by AXA PPP International, these products entitle policyholders to receive healthcare outside their home country.



They were first launched in Indonesia, followed by AXA Hong Kong in 2012. Germany has also developed a corporate healthcare protection plan for expatriates.

To enhance the customer experience, both Indonesia and Thailand embarked on a four-month “protection and health” campaign in August, portraying AXA as a strong, credible expert in health insurance. It was clearly a success as website traffic has increased and new business volumes have risen by 31% in Indonesia and 27% in Thailand.

**Meeting customers’ real needs**

Our “out-of-pocket” initiative aims to give policyholders peace of mind in the face of spiraling healthcare costs. New solutions have been introduced to cover medical expenses that are not covered either by the national health system or by insurance. This type of service is expanding rapidly and offers a source of additional growth for AXA.

In the United Kingdom, AXA PPP has introduced a product called Health-on-Line, which offers 30% cheaper insurance but is only available either direct or online.

In France, customers can obtain an average 30% reduction on the cost of their corrective lenses or benefit from capped rates for dental care through the Itélis network, which comprises more than 1,800 opticians, 3,200 dental surgeons and 450 hearing care professionals.

AXA Japan, which has already excelled with its “cancer therapy” solution, the first plan to cover the cost of home care, launched new products in 2012 covering cutting-edge medical treatment and providing solutions tailored to the needs – from the simplest to the most sophisticated – of different age groups. AXA Japan has also extended its medical assistance services to cover diabetes and mental illnesses. These products meet a strong need and have enabled us to exceed our new business target by 170%.





Two-thirds of our underlying earnings come from Protection & Health.

## PROTECTION

Protection covers the risk of disability, illness, accident and death for our retail customers or employees and their families. AXA is among the global leaders in protection. It has some very strong positions in group plans in France and Switzerland, as well as a substantial personal protection business worldwide. We are currently working on improving access to our products by targeting the distribution channels that best suit our customers, providing our distributors with the right products, simplifying our risk selection process and implementing a specific selling process for protection products in each subsidiary.

### Offerings tailored to each market

Protection covers simple needs that can be met through standard coverage as well as more sophisticated needs such as long-term care.

FamilyProtect, a product launched in France early in the year, has now been extended to Belgium,

Spain and Italy. It provides simple products (e.g. funeral plan, accident protection and term life insurance) online and through mailings to a target population with a more limited ability to save.

Leveraging our expertise in Asia – especially Japan – and Italy, we have developed new products for critical illness and long-term care. AXA France has introduced “Entour’Age”, an inter-generational insurance that not only covers people caring for their elderly dependent parents but also the dependents themselves, who need to protect their own children. Within the space of six months, we had already reached our annual target of 6,000 new contracts. Italy, the leader in long-term care insurance, has developed a product offering specifically for disabling illnesses. These examples illustrate our ability to transfer our know-how quickly and our creativity in product innovation.

### Optimizing the underwriting process

The work we began last year on re-engineering the underwriting process and optimizing our health questionnaires was extended in 2012. A common underwriting framework has been developed for all subsidiaries with the aim of assessing process effectiveness and improving service level. After an analysis stage, each country drew up an action plan to help them achieve the common standards.

Widespread deployment of a simplified health questionnaire for automatic insurance of simple risks is a major breakthrough in cost containment. It allows subsidiaries to focus their expertise on complex risk analysis and increase their employees’ productivity by giving them tasks that have a higher added value. Customers find the process simpler and easier. Those with simple demands benefit from a shorter response time, while those with more complex cases receive an in-depth analysis and a tailored response.

## SAVINGS

2012 was a turbulent year for the savings business. It was severely affected by weak bond yields, volatility in the equity markets up until the summer and difficulties in some European countries. Many customers were considering whether to withdraw their savings. It is extremely difficult to develop new attractive products in such a troubled, uncertain economic climate. The year proved to be a real test for our ability to adjust and our nimbleness in shifting our weighting towards unit-linked business, reducing costs and, ultimately, retaining our customers.

### Product range refocused on unit-linked business

Our efforts have paid off. We have adjusted our product mix by increasing our weighting to structured products – i.e. unit-linked with guarantee – and reducing our weighting to general account business, which has shrunk by 33% over two years. Our innovative capability, particularly with structured products such as *Structured Capital Solutions* developed by AXA Equitable and AXA *Coupon Sérénité* in France, has contributed to this success. Again in France, we have enhanced our range since September with an innovative unit-linked fund called AXA Selectiv'Immo. This new fund gives investors the opportunity to diversify into the property market on a more long-term basis while continuing to benefit from the tax-efficient structure of life insurance. In 2013, we will be working on flexible or regular premium unit-linked products, which provide a full capital guarantee at maturity (15, 20 or 30 years) while still allowing investors to profit from positive market movements.



### Better support for our customers

The concerns that emerged early in the year over certain Eurozone countries, coupled with low interest rates, led to an 18% increase in withdrawals in the first quarter. We reacted quickly with a retention plan that succeeded in reversing the trend in the third quarter. We set up a call center in the relevant countries and networks to inform customers and distributors about the products they hold and the repercussions of early withdrawal. Our distributors were encouraged to provide their customers with better support to strengthen our customers' loyalty. We took measures to improve our management of products reaching maturity, setting up a call center to support our customers. We also devised special communication campaigns for our customers and distributors.

### Closer links with our asset managers

We have significantly improved margins on our unit-linked portfolios. To improve efficiency and obtain better financial terms, we have entered into tighter partnership agreements with a smaller number of asset managers, in addition to our natural relationships with AXA IM and



# Comment

## 360° HEALTH SERVICE, COMBINING QUALITY CARE WITH AFFORDABLE PREMIUMS OVER THE LONG TERM

Although we all know that our health is one of the most important things in life, it is not always easy to make the right choices and to know what is best for us in terms of care. Should I have a complete check-up? Which doctor or care process is the best for me? Apart from covering the financial costs, our 360° health service plan (*gesundheitsservice360°*), which is unique in the German market, addresses health issues from a very early stage and over the long term thanks to preventive advice and individualized guidance. An authorized opinion is delivered in the event of illness to assess potential therapies and the most suitable doctors selected from the best available.

Our prevention system covers the primary stage, which consists of avoiding illness by acting directly on its causes, the secondary prevention stage, which detects illness at a point where it can be treated effectively, and the tertiary stage, which reduces the likelihood of relapse, helps people get back to normal life and minimizes the after-effects. Customers choose the level of service they wish.

We offer dental care options and vaccination programs as well as more sophisticated programs to ensure that our customers receive the best treatment quickly if they fall ill or contract a chronic disease.

Among our customers, more than 3,500 patients with heart disease or type 2 diabetes as well as people aged 70 plus receive special guidance. We advise 3,000 families of patients with cancer or neurological disorders every year.



KLAUS-DIETER DOMBKE  
MANAGER, HEALTH INSURANCE,  
AXA KRANKENVERSICHERUNG AG

*“Apart from covering the financial costs, our 360° health service plan, which is unique in the German market, addresses health issues from a very early stage.”*

In a demographic environment of an aging population, this system of prevention, advice and guidance enables us to manage healthcare costs better and more rationally. It provides a quality service that helps to achieve results more quickly, avoid unnecessary treatment and reduce paperwork.

We have implemented and developed a national network of partners composed of general practitioners and specialists, institutions, pharmacists and suppliers of software and medical equipment. With the help of these partners, we can improve the health process, reduce costs and make insurance premiums affordable in the long term – to the benefit of all our customers. The ultimate aim, of course, being to sustainably improve the competitiveness of both AXA and its partners.



---

The Entour'Age long-term care plan, launched in France in 2012, attracted 16,000 customers.

---



→ AllianceBernstein. This European-wide program ensures that our special partners contribute to growth in unit-linked business. We are beginning to export this model to Asia. We took another significant step forward by setting up a unit dedicated to variable annuities. It is responsible for managing the existing portfolio (outside the US) from design right through to distribution, and for developing it within a disciplined risk management framework.

### Growth in pension savings

Customers are showing an increasing interest in private pension solutions prompted by the growing realization that state pension schemes are unlikely to pay out as much as initially expected. This market has existed for many years in France, Italy, Switzerland and Germany. In France and Italy, new business has expanded significantly. In France, AXA has gained a leading position in PERPs (popular retirement savings plans). In Italy, AXA MPS has enjoyed strong growth in this type of product following an original online advertising campaign, enabling web users to estimate the amount of their pension benefit by themselves. Pensions will be one of our key focuses in 2013.

## BANKING

### AXA Bank Europe

AXA Bank Europe is a retail banking business operating in Belgium and some Central European countries. It supports the Group's growth strategy in Europe. Banking products complement AXA's offering and provide our customers with additional savings and investment solutions. In an unfavorable economic climate, we have taken measures to reduce risks and strengthen our capital ratios, particularly in Hungary where the mortgage lending business has been shelved. With a solid presence in Belgium, AXA Bank Europe gained further market share in mortgage lending and delivered growth in medium-term and long-term deposits. This performance is a strong illustration of the trust our customers place in us during these uncertain times and bears witness to the hard work and dedication of our agent network. In the Czech Republic and Slovakia, AXA Bank Europe has rounded out its product range with a new loan offering, with excellent growth prospects.

### AXA Banque France

AXA Banque continued to expand, attracting more than 75,000 new customers in 2012, bringing the total to more than 750,000, thanks to its competitive offers such as the 6% Welcome rate on its passbook account early in the year, a 3% Booster rate for mortgage loans in the final quarter and Crédits Légers, personal loans starting from 2.5%. New customer deposits totaled €4.5 billion in 2012, up 15% over one year. New lending amounted to €1.5 billion, a sharp increase of 18% in a French market down 30% in mortgage lending and 10% in personal loans.

To strengthen its positioning and credibility as a direct local bank, an ambitious transformation program has been initiated in the AXA France networks, and particularly the general agents.





# Asset Management

---

What was  
2012 like  
for AXA  
Investment  
Managers  
and Alliance  
Bernstein?

## DOMINIQUE CARREL-BILLIARD

MEMBER OF THE EXECUTIVE  
COMMITTEE AND CHIEF EXECUTIVE  
OFFICER, AXA INVESTMENT MANAGERS

### WHAT IS YOUR ASSESSMENT OF 2012?

2012 confirmed the robustness of our multi-expert model, our positioning as an active asset manager and our three-pronged growth strategy focusing on product innovation, stronger distribution capability and operational efficiency. In a troubled environment, our ability to provide our customers with a full range of solutions, coupled with the strong views and experience of our teams, have enabled us to deliver an excellent commercial and financial performance. AXA IM has succeeded in gaining market share and attracting some prestigious, demanding customers. It has leveraged its asset management platforms to meet investor demand through inflation protection, capital protection, enhanced return, diversification and smart beta credit and equity solutions. AXA IM has also been able to develop innovative loan initiatives by leveraging its in-depth knowledge of bank balance sheets coupled with the excellence of its credit analysis teams. Lastly, we have pursued the improvement of our operational efficiency, notably through the successful integration of AXA Rosenberg and through streamlining our range of funds.

### WHAT IS THE SHORT-TERM OUTLOOK?

We expect the real economy to stabilize in 2013, as a prelude to a gradual recovery that financial markets should anticipate, creating a more favorable environment for riskier assets. AXA IM is well positioned to take advantage of upcoming opportunities; our equity and alternative expertise is a real strength to benefit from the market rebound, as is our positioning as an active manager. Our teams based in Asia, the United States and Europe could gain significant additional market share.



## PETER KRAUS

MEMBER OF THE MANAGEMENT  
COMMITTEE, CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER OF  
ALLIANCEBERNSTEIN

### WHAT IS YOUR ASSESSMENT OF 2012?

Throughout 2012, and particularly during the second quarter, the capital and credit markets continued to experience volatility and disruption worldwide generated by concerns over European sovereign debt. The effect of the US fiscal cliff – which recently shifted to concerns regarding the debt ceiling debate – and signs of slowing growth in emerging markets, particularly China, also created market volatility that negatively affected investment performance. These conditions, combined with net outflows in our Institutional and Private Client channels, resulted in significant decreases in our investment advisory and services fees. In spite of this, we finished 2012 strong, with greater stability in many parts of our business and real momentum in others. In the fourth quarter, our total net flows turned positive for the first time since before the financial crisis, thanks to a second consecutive \$5 billion-plus net inflow quarter for Retail and our first net inflow positive quarter for Institutional. Not only did our fixed income services outperform in the fourth quarter, many of our core growth and value equity services did as well.

### HOW DO YOU SEE THE NEAR FUTURE?

2012 has been a year of meaningful progress for AllianceBernstein in executing our medium-term strategy to improve our investment performance, diversify our business, innovate for clients with our offerings and strengthen our financials. Investors seem more optimistic about the global macroeconomic outlook coming into 2013. In the months ahead, we'll continue to face uncertainties on issues like the Eurozone and US debt, but we are more confident than ever in our business mix, our long-term growth strategy, and our ability to continue improving our operating leverage.





## 2012 KEY FIGURES ASSET MANAGEMENT

# 24

The **number of responsible investment funds** offered by AXA IM, including 6 best in class and 1 ethical fund

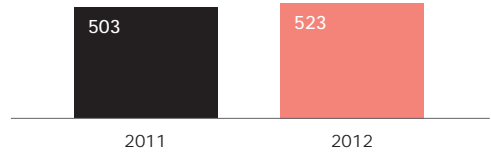
# 23

The **number of performance and innovation awards won** by AllianceBernstein in Asia (excluding Japan)

### AXA IM

#### Assets under management (average)

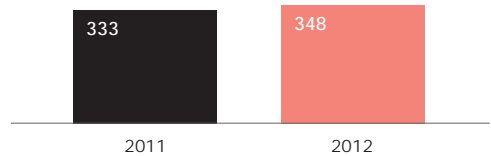
In billions of euros



### AllianceBernstein

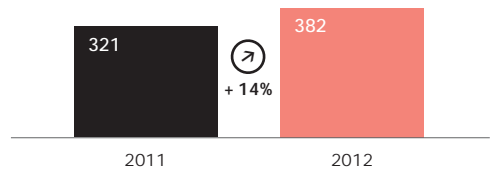
#### Assets under management (average)

In billions of euros



#### Underlying earnings

In millions of euros



# MARKET INDICATORS

## ASSET MANAGEMENT



The Asset Management business has bounced back after several difficult years, with positive net inflows for AXA Investment Managers in the second half and for AllianceBernstein in the fourth quarter. The Group has a total €1,116 billion of assets under management, up slightly on 2011. Both our asset managers have significantly improved their investment performance and we expect to return to positive dynamics in 2013.



## AXA IM

### A milestone achievement

At end-2011, we completed a major transformation program that lasted for several years. After the substantial net outflows experienced in 2009 and 2010, we had practically returned to break-even and were on track to rise to the challenges set by Ambition AXA. In 2012, we launched the plan's roll-out and began to generate real momentum. We enjoyed positive net inflows of €3 billion in a broadly flat market. Our investment returns remained high, enabling us to offer our customers longer and more robust track records in all asset classes. We are confident that our restored momentum is sustainable thanks to this ability to create the conditions for long-term growth.

### A win-win model

AXA IM manages about 75% of the reserves set aside by AXA to meet its commitments to policyholders. A strategic link in the Group's value chain since its creation in 1994, AXA IM's expertise benefits AXA entities seeking investment performance and solutions tailored to their specific needs. In return, managing such large volumes gives AXA IM the ability to develop new expertise that can benefit not only the Group but also a growing number of institutional clients. This virtuous circle is a strong growth driver and has already enabled us to accumulate and manage €180 billion of non-Group assets, which now represent 32% of our assets under management and 54% of our revenues. We also have a well-balanced business mix thanks to our multi-expert model, which combines specialist teams in each asset class with a transversal team that draws this expertise together in investment solutions. Fixed-income accounts for 55% of our asset base, equities for 8%, diversified investment solutions for 21% and alternative investment for 16%.

### A clear strategy

Our customers are looking for global investment opportunities to optimize the risk-reward profile of their portfolios. AXA IM provides advice, along with the customized, simple, durable investment solutions they need to meet their commitments and achieve their objectives. In the beginning, AXA IM focused on managing assets for the Group's European entities but has gradually built effective platforms in all asset classes. Our ambition is now to become a global leader in asset management. To do that, we must continue to move in tune with our customers' changing needs by developing new products and expertise while maintaining a high performance and service level that sets us apart.

### Consolidation of distribution channels

In order to capitalize on China's fast-growing asset management market, AXA IM has opened a representative office in Beijing with the aim of forging and building long-term relationships of trust with the major Chinese institutional investors. We have strengthened our sales and marketing teams in several mature markets, including the United Kingdom, Switzerland,

the Netherlands and Germany. We have also reviewed our marketing materials and processes. Sales grew by 7%, mainly to non-Group investors. Customer satisfaction, measured using our TNS Sofres barometer for Europe and Asia, is improving continuously: 56% of our customers considered us “very good” or “excellent,” an 8 percentage point improvement in 2012 and 17 percentage points over two years.

**New growth drivers**

For three years, AXA IM has been enriching and diversifying its product offering to make it more global and better focused on the more buoyant markets. In an environment where institutional investors are more attracted by low-cost index-tracking funds, we have also rolled out a range of innovative smart beta hybrid strategies. These strategies optimize risk-reward while avoiding the drawbacks of conventional index tracking, which is based on market cap weighted indices.

AXA IM also seized the opportunity provided by banking disintermediation to devise financing solutions in the form of fixed-term, variable-rate OTC private placements. In partnership with the banks, this lending activity offers companies an interesting financing alternative. It will enable AXA IM to leverage its long-standing expertise in credit analysis. The product is currently restricted to AXA, but could be proposed to other AXA IM customers at a later stage. Two transactions have already been completed in France on behalf of the Group, in partnership with Société Générale and Crédit Agricole. All in all, corporate lending transactions currently total €300 million.

Our commercial real estate credit business, which already totaled more than €4 billion in assets at end-2012, is another example of AXA IM’s ability to develop new growth drivers for the future. Again, this is a business where we have established real credibility as it was first launched in 2006 by our AXA Real Estate team. In an industry where reaping the benefits of innovation takes time, these examples reflect the advantages of our model. We hope to exploit it soon with the same success in other areas.







We are confident that our restored momentum is sustainable thanks to this ability to create the conditions for long-term growth.



### Operational efficiency

Several measures have helped to reduce our cost-income ratio by 2 percentage points compared with 2010. We have now completed the integration of AXA Rosenberg, a lengthy but crucial task, which has generated significant cost savings. In 2012, we also restructured our subsidiary in Germany. We rolled out our efficiency and performance program in four of our core operating processes. This enabled us to identify major productivity gains allowing us to redeploy our resources to support our future growth. We continued our efforts to be more selective and to streamline our very broad range of funds. The target is to reduce the number of portfolios we manage by 20% over the next two years. We have finally embarked on simplifying our information systems as their architecture had proved to be over-complex. The aim is to speed up digitization of online services for customers in the short term.

## ALLIANCEBERNSTEIN

### Continued evolution

AllianceBernstein is the world's 22<sup>nd</sup> largest global asset management firm. It serves a clientele of institutional investors, retail investors and private clients in major global markets. At 31 December 2012, assets under management totaled \$430 billion, an increase of 5.9%, including \$219.8 billion for institutional clients, \$144.4 billion for retail investors and \$65.8 billion for private clients. In difficult market conditions, the teams focused on implementing long-term strategic initiatives to improve investment performance, innovation, customer offerings, business diversification and cost structure. AllianceBernstein thus actively continued to evolve its business model.

### Priority on investment performance

AllianceBernstein successfully pursued its quest for better performance. More than 89% of our bond funds are invested in products that have outperformed their benchmarks in the three past years. We won 72 awards for our retail and



institutional investment performance in the United States, Europe and Asia. In equities, our Global, International, Emerging Markets and US Strategy funds all comfortably outperformed their benchmarks in the fourth quarter. Our growth strategies, such as US Thematic and US Large and Small Cap Growth, outperformed across the year as a whole. Our market strategies, such as Select US Equity and global Market Neutral, outperformed over several quarters.

### Business diversification

The retail channel ended the year with record sales of \$56 billion. Our success was particularly evident in Asia excluding Japan, where we won 23 performance and innovation awards, and ranked top in market share of assets under management in Taiwan and Hong Kong. The institutional channel responded to some 400 requests for proposals, bonds and equities combined. This is 18% more than the previous year and reflects the excellent relationships we have forged pretty much across the globe. This channel was driven mainly by our bond offering but there was also some renewed interest in our equity strategies, alternative and

multi-asset investment. We met demand in the private client channel by introducing Strategic Equities, a new convictions-based approach to equity investment, and by providing easier access to alternative investment. Our research services gained in market share and profitability, despite a significant drop in volumes.

### Cost reduction

Our cost structure benefited from the roll-out of our property rationalization and payroll adjustment plan. Our operating margin rose by 1.8% over the year to 18.8%, even reaching a high of 20.4% in the second half.

### Responsible investment

In 2012, AllianceBernstein joined AXA IM – which signed up in 2007 – in publicly committing to adopting and implementing the United Nations' six principles of responsible investment (PRI), incorporating environmental, social and governance (ESG) criteria into the analysis and investment decision process. AllianceBernstein supports the principle that ESG criteria can have a positive impact on investment returns in the long term and therefore includes them in its in-depth fundamental research. A dedicated Responsible Investment Committee ensures that ESG principles form an integral part of the investment decision process.



88 Establishing trust, driving achievement  
92 Human resources  
94 Environment  
96 Community  
100 Principal actions  
106 HR data  
112 Environmental data  
114 SRI ratings

# MOVING FORWARD WITH CONFIDENCE MEANS BEHAVING RESPONSIBLY

## 4/ OUR CORPORATE RESPONSIBILITY



# CORPORATE RESPONSIBILITY ESTABLISHING TRUST, DRIVING ACHIEVEMENT

**Three years after formalizing our new corporate responsibility strategy and structuring our approach, we have made solid progress, visible in-house and recognized outside the Group. The ratings and AXA’s presence in the benchmark environmental, social and governance indexes attest to the progress made. In the Dow Jones Sustainability Index (DJSI), our 74/100 rating remains significantly higher than the insurance sector average (50/100) on all assessment criteria.**

## THREE YEARS AFTER LAUNCHING YOUR NEW STRATEGY, WHAT LEVEL OF MATURITY HAS BEEN ACHIEVED?

Each subsidiary has taken the corporate responsibility (CR) theme on board and is implementing it at its own level. We have a framework of common actions along with targets in each country, a dedicated governance structure, and a network of Chief Corporate Responsibility Officers (CCRO) composed of members of the local executive committees. We have provided monitoring tools to measure the progress made and set quantified targets for the level of CR maturity each year. Each CCRO is responsible for presenting a specific strategic plan with concrete and detailed proposals for achieving such targets. According to our in-house “maturity” indicator, the Group as a whole progressed by three points in 2012 and two subsidiaries have already reached a “strategic” level, i.e. have incorporated societal challenges in their strategy. All Group subsidiaries must reach this level of CR maturity by 2015.

The Group also progressed in integrating our flagship focus on risk research and education, which is now firmly rooted. In 2012, 63% of the funds allocated by the Group to philanthropic projects already reflect this orientation. Since 2010, with our partner the NGO CARE, we have trained more

than 600,000 people living in vulnerable areas across the world to better anticipate climate risks. Thanks to the active participation of AXA Hearts in Action volunteers in five subsidiaries, our new partnership with Junior Achievement enables us to educate young people about financial risks. The initiatives undertaken by our subsidiaries to promote risk education are not confined solely to philanthropy. They are increasingly extended to customer relations, product development and distribution.

Here is another sign of maturity: corporate responsibility has become a real driver of our culture of trust and achievement thanks to the high level of engagement of our employees. The Corporate Responsibility Week, first launched in 2010, is now a highly successful yearly event, with participation level doubled in 2012 compared with 2011. Some 52,000 employees from 40 countries mobilized around the initiative – i.e. 53% of the workforce concerned, versus 25% on the previous year. 90% of the employees replying to our post-event survey mentioned they felt prouder to work for AXA. This is the Group-wide event that mobilizes the greatest number of employees worldwide.

“While our corporate responsibility fully expresses our primary objective of protecting our customers and society in the broader sense, it is also a driver for innovation and for the creation of value.”





**EMMANUEL TOUZEAU**  
 HEAD OF GROUP COMMUNICATION  
 AND CORPORATE RESPONSIBILITY

The initiatives conducted by the Group, such as our commitment alongside CARE and our investment in high-level research through the AXA Research Fund, are a source of pride for our employees. In addition, the AXA Hearts in Action network of volunteers is also mobilized around the theme of risk education.

**DOES CORPORATE RESPONSIBILITY TEND TO FADE AWAY DURING AN ECONOMIC CRISIS?**

On the contrary: AXA has clearly strengthened its commitment in this area over the last few years. In 2012, AXA became a signatory to the Principles for Responsible Insurance of the United Nations Environment Program Finance Initiative (UNEP FI), which codifies the integration of environmental, social and governance (ESG) criteria in the insurance industry. AXA chaired the preparatory working group from 2006 to 2010 and was closely involved in drafting the principles. As signatories, we have undertaken to integrate ESG criteria throughout the entire value chain of our business. It will take time, but it is a significant step forward.

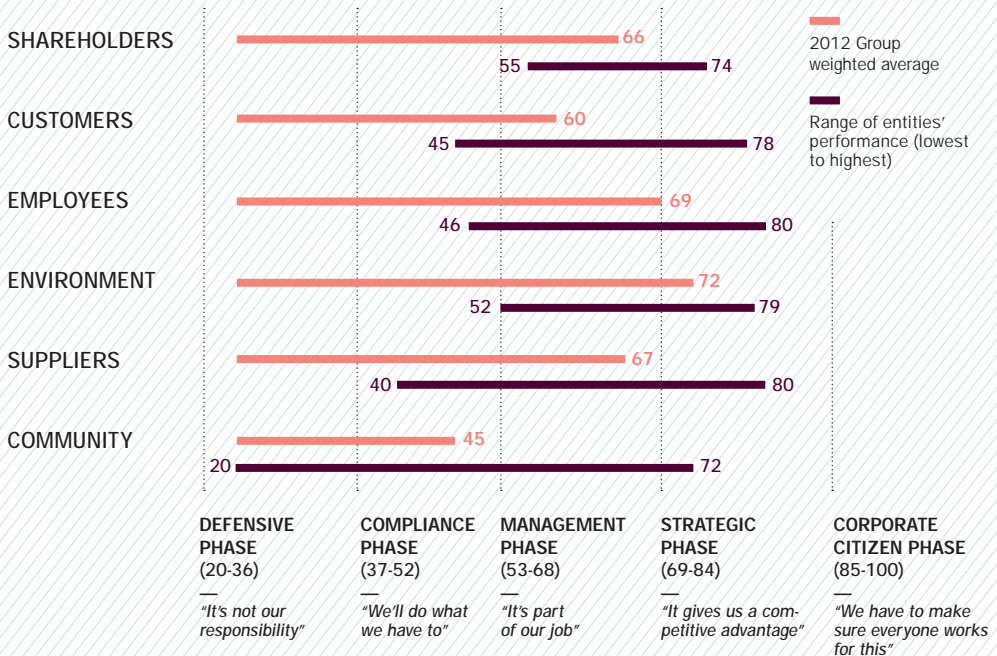
Furthermore, at the end of 2012, the Group signed the United Nations Principles for Responsible Investment (UN PRI), which seek to promote responsible investment among investors and asset managers – our asset management subsidiaries AXA IM and AllianceBernstein had already signed up to this initiative.

Lastly, we have officially formalized a responsible investment policy, since we are convinced that taking these criteria into account is a logical step for an insurance company, whose business consists of managing long-term risks. This is a very important step since, as a Group-wide approach, it will concern a large part of our €500 billion own-account assets portfolio in the long term.

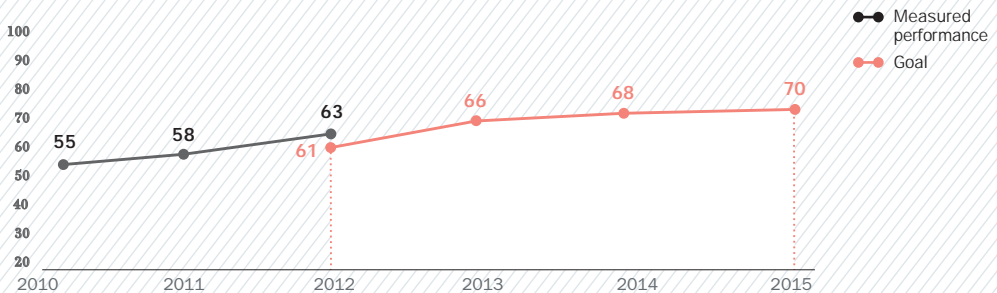
The conviction that such a responsible approach creates value for AXA is indeed the reason why we are strengthening our CR commitment, even in a period of economic crisis. Corporate responsibility contributes fully to the objectives of Ambition AXA, notably through strengthening employee engagement. Our in-house barometer, Scope, reveals that the engagement score of AXA Hearts in Action volunteers is seven points higher than for the remainder of our employees. In addition to this employee pride, our commitment also creates value for the brand. Moreover, it means €100 million of revenues generated by “green products” and 800,000 micro-insurance policies in emerging markets this year. While our corporate responsibility fully expresses our primary objective of protecting our customers and the society in a broader sense, it is also a driver for innovation and for the creation of value within our Ambition AXA plan.

# MEASURING GROUP MATURITY AND TRENDS

## Internal measurement of Group performance by stakeholder



## Trends in Group maturity level



# Comment

## INCORPORATING CORPORATE RESPONSIBILITY (CR) CRITERIA IN THE GROUP'S STRATEGIC PLANNING PROCESSES

The Group has a dedicated indicator that enables it to accurately monitor its CR performance on the local and global levels. Deploying this measurement system has not only enabled us to measure a significant improvement in the development of our CR strategy since 2010, but has also prompted us to carry out an unexpected experiment in change management.

In 2010, as part of Ambition AXA, the Management Committee called on the CR team to establish a measurement of the level of CR performance in all Group entities. We decided to develop a specific tool whose purpose was to obtain objective indicators of both qualitative and quantitative criteria. Inspired by assessment systems developed by specialized rating agencies, we developed our own model that could adapt to specific local features. Each corporate function at Group level and all the Chief Corporate Responsibility Officers contributed to the process. Once the tool was deemed sufficiently robust, we tested it in the local entities.

In concrete terms, this tool analyses more than 70 factors over a wide range of CR-related criteria: governance, risk management, compliance, customer relationship management, environmental impact management, "green" products, micro-insurance, human capital management, community engagement, corporate philanthropy, supplier management, etc. Each factor is weighted and rated according to the performance of the entity, which then receives an aggregate global rating out of 100, corresponding to its level of "CR maturity." This rating places the entity on one of five levels of the CR maturity scale.\* This scale tracks progress from a "defensive" phase through to a strategic integration phase.



SYLVAIN VANSTON  
ESG INTEGRATION MANAGER,  
GROUP CORPORATE  
RESPONSIBILITY

Every year, entities can fine-tune the analysis of their strengths and weaknesses in corporate responsibility and assess their potential for improvement. Our goal for 2015 is to help subsidiaries achieve the "strategic" rating, which corresponds to integrating societal challenges in the company's global strategy.

What was originally intended as a simple assessment process has evolved into a guide to the development of CR strategy, which the subsidiaries use to identify the measures required to formulate and adapt their own strategy. In addition, this indicator is included in key performance indicators and in the remuneration of local managers. Supported by clear incentives, a dialogue and shared vision is gradually being built between the Group and its subsidiaries.

This process has enabled us to transform disparate data into quantified progress indicators, while avoiding the trap of over-simplification as concerns local situations.

\*Scale developed by Simon Zadek, strategy consultant.

# CONDITIONS FOR ENSURING A FULFILLING WORK ENVIRONMENT

## Fostering well-being at work

In an uncertain economic and financial context, the well-being of our employees is a key condition for ensuring their engagement. In practice, quality of life in the workplace is very highly correlated with managers' attitudes and practices. AXA has embarked on a process of cultural transformation based on fostering employee development. The culture of trust and achievement to which the Group aspires entails giving each employee the possibility to grow, to find their rightful share of personal achievement within their professional environment and encouraging constructive relationships. This implies bringing change to managerial practices. AXA has initiated a training program aimed at all its managers with a view to harmonizing practices and passing this new culture on to their teams. An action plan has been defined in each subsidiary and a great many

initiatives have already emerged. These concern, for instance, the development of distance working, work-life balance and identifying causes of stress among employees.

## Measuring cultural change

A new indicator for "culture of trust and achievement" was defined in 2012, and is assessed using the replies given by all Group employees to 12 of the 70 questions in the annual Scope questionnaire. These questions assess employees' perceptions in four areas: engagement, practices, inclusion and diversity, and corporate responsibility. This new indicator, which goes beyond the simple concept of engagement, will enable us to measure development of the AXA culture, year after year, in each region, country and subsidiary, and to compare our performance to that of our competitors.



---

The culture of trust and achievement to which the Group aspires consists of giving each employee the possibility to grow.

---

## Building dynamic relations with labor unions

In 2011, the conclusion of a European agreement on anticipating change, signed by Group management, UNI Europa Finance and all French labor unions, shook the world of insurance. This agreement, negotiated by the European Works Council (EWC), establishes a labor-management dialogue whose objective is to better anticipate change in the sector, adapt the skills of personnel to future needs and safeguard jobs.

The Group regularly briefs the EWC on strategic changes arising from the European macroeconomic environment and specific changes occurring in the insurance sector. The new "European skills and employment observatory" was set up to anticipate occupational trends and strengthen employability. Lastly, measures are taken to safeguard the jobs of the Group's European workforce and support those employees whose jobs might be threatened. In today's business environment, this is a strong indicator of the dynamism of labor relations in AXA's EWC.

In addition, to ensure that this action better reflects today's global environment, AXA has facilitated access to the EWC for countries such as Mexico, Turkey and Japan.

## Combatting unconscious prejudice

AXA has committed to promoting a work environment where employees are treated with respect and dignity, and individual differences are valued. We are keen to avoid prejudice, whatever form it may take. In 2012, we set up a governance structure that should facilitate execution of our diversity & inclusion strategy.

To combat instances of prejudice, which may be unconscious in some cases, a specific tool entitled "Creating a culture of inclusion within AXA" has been made available to employees. Our continued analysis of the male-female gender gap prompted us to set up new mentoring and sponsoring initiatives. A program was launched



to facilitate the return to work for women who have taken a career break. Lastly, a detailed study of AXA's management structure culminated in creation of the "Talent in tandem" program, which provides for young, high-potential women to be guided and supported by a senior male executive. The pilot version of this program was launched in Germany, Italy and Switzerland. To supplement the Group's global diversity platform, an internal network dedicated to promoting gender balance has been created in France. Called AXA Mix'iN, the network brings together over 450 men and women who work as executives and managers in the Group's French entities.

## Employee shareholders

Through its employee shareholding program, the Group encourages employee engagement by facilitating acquisition of shares under preferential conditions. More than 21,000 employees from 40 countries, representing over 18% of the workforce, subscribed to Shareplan in 2012, investing a total of almost €291 million to buy the 30 million new shares issued. In addition, the Group awarded 50 free shares to over 120,000 employees to give them a share in the profits generated by Ambition AXA. AXA employees now hold approximately 7.5% of the capital.



# A PROCESS OF CONTINUOUS IMPROVEMENT



We are already working on new environmental targets in collaboration with operational teams (procurement, information systems, marketing and human resources) in order to define targets for 2020 that will enable the Group to move towards a more sophisticated, fully integrated environmental strategy.

## Measuring action plans in all countries where the Group operates

The Group’s corporate responsibility team coordinates a network of 300 employees and environmental managers in the different entities. Based on our internal reporting tool, which enables entities and the Group to assess their own performance, the network is responsible for ensuring that our results improve continuously. Managers analyze the indicators, identify performance targets and promote best practices. In addition, some subsidiaries have set up projects designed to raise employee awareness and provide training in environmental issues and risks. Lastly, an annual transportation survey is used to measure the CO<sub>2</sub> emissions associated with employee commuting practices in 41 countries.

## Acting to reduce our direct and indirect footprint

Everywhere in the world, we are developing concrete initiatives to reduce our environmental impact and build our partners’ awareness of ecological challenges by improving the understanding of environmental risks and engaging in the combat against climate change.

We defined reduction targets and performance indicators for the 2008 – 2012 period:

- 20% reduction in energy consumption (kWh/full time equivalent, FTE)
- 20% reduction in CO<sub>2</sub> emissions (tons equivalent, CO<sub>2</sub>/FTE)
- 15% reduction in water consumption (m<sup>3</sup>/FTE)
- 15% reduction in paper consumption (tons/FTE), compared with 2009.

## → Energy consumption

Energy consumption fell by 7% between 2011 and 2012, for a 16% decrease between 2008 and 2012. Although the Group did not fully achieve its target of a 20% reduction, all entities reported progress, as can be seen from two types of initiatives. The first concerns long-term actions put in place by AXA Technology Services to optimize the IT

system environment and thereby reduce energy consumption by 55.7 GWh over this period. Secondly, a number of entities – AXA France, AXA Winterthur, AXA UK, AXA Middle East, etc. – have implemented an energy reduction policy officialized by the awarding of environmental certificates, while others, such as AXA Assicurazioni and AXA Germany, have opted for using more energy-efficient buildings. The proportion of renewable energy consumed stands at 36 %.

#### → CO<sub>2</sub> emissions

CO<sub>2</sub> emissions from energy consumption and business travel (air, train and car) fell by 4% between 2011 and 2012, for a decrease of 34% between 2008 and 2012, exceeding the initial target. Use of the Group's 50 videoconferencing studios in 2012 contributed to a total savings of more than 60,000 trips and 64,000 tons of CO<sub>2</sub> emissions since 2008. CO<sub>2</sub> emissions associated with employee commuting in 2012 declined by 6% compared with 2011, for a reduction of 0.98 tons eq. CO<sub>2</sub> per employee.

#### → Water consumption

Water consumption declined by 2% between 2011 and 2012, for a fall of 4% between 2008 and 2012. These results were under target, but can be explained by the greater accuracy of the measuring system and a wider scope for reporting than was envisaged in 2008.

#### → Paper consumption

Our global paper consumption fell by 11% this year, taking to 43% the overall reduction in office paper consumption and 33% in marketing and distribution paper consumption between 2008 and 2012, thereby exceeding the target of 15%. Many subsidiaries have adopted a responsible printing policy by reducing the number of printers and introducing a printing access system entailing use of employee badges. AXA is also taking steps to increase its use of paper from recycled sources and sustainably managed forests. In 2012, AXA increased the proportion of sustainably sourced office paper from 64% to 66% and slightly reduced the consumption of sustainably sourced marketing and distribution paper, from 72% to 68%.

#### → Waste management

Between 2011 and 2012, the quantity of non-sorted waste generated by AXA declined by 13%, while the volume of paper sorted for recycling increased by 14 %.

Globally, the Group achieved its targets, except in energy and water consumption (set at -20% and -15% respectively). These impacts are more difficult to control since AXA operates in leased, collectively managed premises. Conversely, the Group outperformed its environmental targets for carbon emissions and paper consumption, which it can control independently.

#### Encouraging responsible practices

Our environmental commitment also entails raising our customers' awareness and encouraging them to reduce their environmental footprint by offering them the insurance and investment solutions needed to bring about essential changes in behavior.

For individuals, we offer solutions that reward the use of vehicles with low CO<sub>2</sub> emissions. AXA Assistance launched a smartphone application – Plug & Move – for electric-vehicle users, which includes an itinerary and geolocation service. For home insurance, policies encourage energy efficiency by rewarding the replacement of electrical equipment by lower-consumption models. Solutions for small and medium-sized enterprises encourage the choice of eco-friendly buildings and vehicle fleets. For our industrial clientele, special policies cover the equipment and revenues associated with the sale of renewable energy.

Lastly, AXA IM applies a search filter for environmental, social and governance (ESG) criteria to various asset classes and offers investors the opportunity to select the level of ESG integration that best suits their needs. AXA IM's RI Search tool, which covers more than 2,300 companies, allows managers to compare the ESG footprint of their funds against the benchmark index, by analyzing, for instance, the carbon footprint of their portfolios.

# A GROUP COMMITTED TO CREATING A BETTER-PREPARED SOCIETY

## **A recognized label of scientific excellence**

Established in 2008, the AXA Research Fund illustrates our determination to create a safer and better-informed society. Under the unifying theme of risk research and education, the Fund supports many eminent international scientists and institutions whose work focuses on environmental and socio-economic risks and the risks associated with human life.

With 367 projects already in place, the AXA Research Fund has achieved international recognition and is attracting a growing number of grant applications: in 2012, it received 3,436 applications from 1,054 research institutions. It has achieved this level of recognition by success-

fully tackling three major challenges: become a label of excellence, establish a community of researchers and contribute to the public debate. The substantial funds allocated, the independence that researchers enjoy in carrying out their work, the transparency of the selection process and its international reach have all contributed to establishing the Fund's credibility. Today, the 367 researchers who are supported form the foundation of this international research community, which also includes academic reviewers and AXA risk experts.

The life of this community is structured by special events such as "Pop Days," which help young researchers better present and publicize their work, and "Talent Days," which bring together researchers from different disciplines working on the same topic along with a distinguished scientist. These new links with the scientific community help enhance our knowledge of risks.

In 2012, the AXA Research Fund inaugurated six new Chairs: the permanent NTU Chair in Natural Hazards in Singapore; the Bristol University Chair in volcanology in the United Kingdom; the CNIO Chair in molecular oncology in Spain; two Chairs in Italy: the EIEF Chair in finance and homeowners' insurance and the Bocconi Chair in decision making; and, finally, a Sciences Po Chair in France on the consequences of economic instability, inequality and solidarity.

In 2013, the AXA Research Fund will be placing greater emphasis on enhancing the impact of researchers' work on the public debate by supporting joint research initiatives involving both AXA teams and research teams.

---

With 367 projects already in place, the AXA Research Fund has achieved international recognition and is attracting a growing number of grant applications.

---





**Prevention and education, the heart of our commitment to society**

In 2012, our partnership with the NGO CARE enabled numerous projects to be concretized. These projects harness research and education to help vulnerable populations be better prepared in the face of climate-related risks. After two years of work, CARE and the United Nations University published the findings of their study on the consequences of unstable rainfall. This international study, entitled “Where the Rain Falls,” co-financed by AXA and the MacArthur Foundation, confirms a major observation: unstable rainfall has a profound effect on the behavior of populations.

A new project was launched that will benefit 54,000 inhabitants of Benin over the next five years. Its goal is to raise awareness of the risks of waterborne diseases and improve access to clean water. Altogether, 80 villages will be trained in best hygiene practices and CARE teams will ensure that village inhabitants become proficient in using the 120 or so new wells drilled thanks to the program. The project should help reduce the contraction of waterborne diseases by 10% and increase access to clean water to 20 liters per person per day.

The partnership signed at the beginning of the year with Junior Achievement, the largest global





AXA Hearts in Action is the spearhead of employee engagement in solidarity initiatives.

non-governmental organization dedicated to the financial education of young people, took effect in five countries: Ireland, Japan, Portugal, the Philippines and Romania. AXA volunteers moderated practical, targeted sessions aimed at helping young people from 12 to 18 years better understand financial risks.

### Employee volunteers, the heart of the company's efforts

The Group's global, decentralized corporate philanthropy organization, AXA Hearts in Action, is the spearhead of employee engagement in solidarity initiatives. In 2012, 28,500 volunteers took part in the different initiatives and 60,902 hours were donated by the Group. Depending on local choices, these actions provide support for people excluded from mainstream society, protect the environment or promote risk education.

In Mexico, for instance, the Fuerza AXA initiative focuses on prevention and community participation. It acts at three levels: preparation for disasters, assistance during a crisis and help with reconstruction. Our partner, the NGO Operación Bendición Mexique (OBM), organized a one-week humanitarian-aid training program for our 80 local volunteers.

For its part, AXA IM supports the efforts of the non-profit organization Habitat et Humanisme in favor of housing for people in difficulty. In addition to the financial aspect (donations or help with fundraising), employees contribute their skills to property development operations. They assist the organization by advising it and putting it in contact with developers, solicitors, property managers and banks.

### Micro-insurance, a partnership-based approach

AXA continues to foster micro-insurance projects that combat social exclusion and give the most vulnerable groups access to insurance. Two new initiatives were conducted in 2012. In the fall, the Mediterranean-Latin American region signed a partnership with the Grameen Jameel Foundation to develop a micro-credit solution for entrepreneurs. This activity was launched in Morocco. Another initiative, directed by the group-insurance subsidiary AXA Creditor, enabled a hospitalization insurance offering to be formulated in the Philippines.

# PRINCIPLE CORPORATE RESPONSIBILITY ACTIONS OF THE GROUP

## GROUP COMMITMENTS, BY STAKEHOLDER, IN 2012

## STATUS

### SHAREHOLDERS

→ Create a Group Corporate Responsibility Committee



→ Define a Group strategy for responsible investment



→ Conduct a periodic review of the corporate responsibility (CR) strategy by the Group Management Committee, and integrate CR into the Group's strategic planning process



### CUSTOMERS

→ Apply clear communication standards in all entities



→ Incorporate environmental, social and governance (ESG) considerations in the product development process



→ Develop a Group strategy for micro-insurance



## DESCRIPTION

A Group Corporate Responsibility Committee, composed of heads of corporate functions, regularly reviews and approves the various components of Group CR Strategy. Every year, the Chief CR Officers, members of the Executive Committee of their respective entities, coordinate development of the CR strategy plan for their entity as part of the broader strategic planning process at Group level.

The Group has created a Responsible Investment Committee (RIC) under the chairmanship of the Group Chief Investment Officer, with a mandate to develop a global responsible investment (RI) policy. In 2012, the RIC formulated the Group's first global RI policy, covering the Group's own-account business (approximately €500 billion). This policy, which defines the corporate governance practices that our asset managers must encourage, enables formulation of guidelines concerning a number of sensitive sectors. The "Impact Investments" project will allocate capital to projects with a social or environmental component. Also in 2012, AXA, at Group level, signed the United Nations Principles for Responsible Investment.

A half-yearly review of the CR strategy is conducted by the Group Management Committee, supplemented by an annual review conducted by the Board of Directors, whose mandate formally includes monitoring CR strategy. AXA has created a performance indicator encompassing the different CR-related areas. This composite indicator is derived from an assessment tool developed by AXA. It is used by entities on an annual basis to track their level of "CR maturity" and identify future avenues for improvement. This process and the performance indicator are included in local action plans and in annual managers' targets.

The application of "clear communication" standards has now been formalized for all the Group's main entities. All new documents for customers must now be drafted in accordance with these recommendations.

In 2012, the AXA Group signed the United Nations Principles for Sustainable Insurance. The first principle engages us to embed ESG considerations in our business processes: underwriting, risk management, product development, claims management, etc. ESG criteria are integrated in the product development and approval processes and in the Group underwriting guide for the P&C business. Development of products with environmental added value is part of the strategy of the Global P&C business line. AXA has also developed a policy governing relations with countries subject to embargo or presenting a high political or corruption risk. Furthermore, the investment policy excluding companies that produce controversial weapons has been extended to the insurance business. Systematic integration of an RI solution in savings products is currently being examined.

In 2012, two initiatives contributed to concrete implementation of the micro-insurance strategy. In the Mediterranean-Latin American region, a partnership was signed with the Grameen Jameel Foundation to develop a micro-insurance solution associated with micro-credit for self-employed people, a product launched in Morocco. The second initiative, managed by the Creditor group-insurance subsidiary, led to an initial offering covering the risk of hospitalization in the Philippines, in partnership with local insurance players, micro-finance institutions and brokers.

... GROUP COMMITMENTS, BY STAKEHOLDER, IN 2012

STATUS

**EMPLOYEES**

→ Achieve gender balance at all levels and in all entities



→ Include corporate responsibility in the curriculum of AXA University training programs



→ Involve employees in the corporate responsibility process



**ENVIRONMENT**

→ Between 2008 and 2012, reduce CO<sub>2</sub> emissions and energy consumption by 20% and water consumption by 15%



→ Reduce paper consumption by 15% between 2009 and 2012 (target: 80% of paper to come from recycled or sustainably managed sources by 2012)



→ Draw up Group environmental guidelines for business travel and company vehicle fleets



## DESCRIPTION

The Group's objective is to have women represent 25% of Group Senior Executives (GSE) by 2015. In 2012, the figure stood at 15%. A number of steps were taken to strengthen the development of high-potential women employees: coaching, sponsoring, "talent tandems," development of a framework program for flexible working hours and managing the return from maternity leave. An online training module was launched in June 2012 to raise employee awareness of unconscious prejudice, micro-behaviors and groupthink. This module promotes an inclusive culture aligned with the Ambition AXA culture of trust and achievement.

The Group Senior Management Program (GSMP), which targets young managers, includes solidarity initiatives in its curriculum. CR has been included in the training curriculum for the following corporate functions: risk management (new hires and senior executives), procurement (new hires and the supplier audit training program) and claims (management of services for people with major bodily injuries). Subsequent extension to other functions is envisaged. CR is also included in presentations to students. A volunteering module is currently being examined as part of the program to retain young graduates in risk management.

In 2012, 52,000 employees (compared with 26,000 in 2011) took part in Corporate Responsibility Week, held at all subsidiaries. Some 88% of participants said they had a better understanding of corporate responsibility after the event while 90% felt more pride in working for AXA. More than 39% of Group employees participated in the AXA Challenge to promote risk education, which helped finance risk-education projects. Lastly, in the annual employee satisfaction survey, the Group measures employees' perception of corporate responsibility. A strong correlation was found between positive perception and employees' engagement in their work.

Energy consumption per employee decreased by 16%, CO<sub>2</sub> emissions by 34% and water consumption by 4% compared with 2008. The AXA Group made good progress in meeting its targets, the only visible discrepancy being in energy and water, which are more difficult to manage since some 80% of this consumption concerns premises leased by AXA, which means there is limited scope for action. Nevertheless, the gradual relocation of entities to more energy-efficient buildings will have a positive impact on this performance. On the energy side, the Group works closely with AXA Technology Services to reduce power consumption in our office-based computer systems. The challenge is greater for water, although consumption per employee (9.96 m<sup>3</sup>) is still satisfactory compared to the benchmark.

Consumption of office paper and marketing and distribution paper per employee were 43% and 33% lower, respectively, compared with 2009, exceeding the targets set. The percentage of paper from recycled sources or sustainably managed forests rose from 64% to 66% for office paper but fell slightly (from 72% in 2011 to 68%) for marketing and distribution paper. Furthermore, in 2011, AXA incorporated minimum environmental specifications in the Group's call for bids relative to the procurement of office paper.

Starting in 2011, the new Group environmental principles applicable to vehicle fleets and business travel developed by the HR, Procurement and CR departments were implemented at all Group entities. The main objective is to reduce CO<sub>2</sub> emissions generated by business travel.



... GROUP COMMITMENTS, BY STAKEHOLDER, IN 2012

STATUS

**SUPPLIERS**

→ Extend the corporate responsibility (CR) clause to 90% of all new supplier contracts and complete a detailed CR performance review for 350 suppliers



**COMMUNITY**

→ Establish Group-level initiatives on risk research and education



→ Support fundamental research on risk through the AXA Research Fund



→ Encourage employees to get involved in community initiatives



## DESCRIPTION

The corporate responsibility clause was included in about 95% of new contracts in 2012 (a 7-point increase compared with 2011), including 94% of new procurement contracts or addenda bearing on information technology, general services and intellectual services, and 96% of insurance-related expenditure. Since 2008, detailed CR performance reviews have been carried out for 417 suppliers, including 67 new suppliers in 2012. Furthermore, 20 suppliers were reassessed and saw their score improve as a result of the momentum created by this approach and the commitment shown by the procurement team.

The Group strengthened its partnership with the NGO CARE to promote education on climate-related risks. Some 591,000 people benefited from programs aimed at preparing better for natural disasters. The research project "Where the Rain Falls," which studies the impact of rainfall on population movements and food security in communities in eight countries, was finalized and the findings published at the Doha summit. These findings have also been presented at several conferences and to several stakeholders. A senior management delegation traveled to Indonesia where a new drought and flooding risk-prevention project has been launched. All AXA entities have identified or launched at least one risk-education project. AXA aims to have risk research and education account for 50% of all corporate philanthropy investment by 2015. In 2012, AXA and its subsidiaries donated €30.4 million to risk research and education initiatives (out of a total of €48.4 million), i.e. 63% of the total. Some 1.5 million people benefited from risk research and education programs.

In 2012, 682 applications were submitted, of which 77 were selected for grants totaling €19 million, among them six endowed Chairs and eight scientific projects.

In 2012, about 28,500 employees (versus 19,000 in 2011) took part in initiatives organized by the Group's volunteer program, AXA Hearts in Action. This increase is explained by the strong employee engagement in Corporate Responsibility Week. The Group donated 60,902 hours to employees to conduct volunteer initiatives.

# AXA GROUP HR DATA

AXA STRIVES TO BE A RESPONSIBLE EMPLOYER, PLACING EMPLOYEE ENGAGEMENT AT THE HEART OF ITS BUSINESS STRATEGY. ACHIEVING THIS HAS MEANT CREATING A WORKPLACE THAT FOSTERS DIVERSITY AND EQUAL OPPORTUNITY, PROMOTES EMPLOYEE PARTICIPATION, ENCOURAGES PROFESSIONAL DEVELOPMENT AND SUPPORTS EMPLOYEE WELL-BEING.

→ AXA's overall salaried workforce at December 31, 2012 was 113,422 employees (open-ended and fixed-term contract), which represents a slight decrease of 0.9%. We continued to recruit in 2012, hiring more than 16,000 employees including almost 4,800 sales employees. Of the total, 373 were re-hires.

→ We have launched a new internal mobility policy across our major entities to support our business and help our people to develop better. The aim is to make business needs immediately visible through global Group-wide posting of job vacancies and to detect internal skills in order to align resources with our business priorities. In 2012, the United States and Germany launched an extension of the mobility process, with the intent of fully integrating an external recruitment platform.

→ International mobility has progressed steadily (more than 600 transfers in 2012), supporting deployment and development of the skills we need in our various markets. In April 2012, we launched an international mobility model and set up an International Mobility Expertise Center. The Center is based in France and provides support and expertise to 75% of AXA employees on international postings within the Group. These support services help expatriates and their families to be better prepared for their international experience.

→ AXA's global gender balance is 52.3% women and 47.7% men.

→ We further encouraged and supported the integration of disabled employees. In France, the number of employees with disabilities rose from 746 in 2011 to 809 in 2012.

→ Our skills development performance remained high with 83.2% of employees having taken at least one training course during the year. The average number of training days per employee remained stable at 2.6 days a year.

→ In 2012, we started building our "employer brand" in selected pilot entities with urgent needs. This initiative aims to gradually build a strong employer brand that will boost pride worldwide in being an AXA employee. In addition, it should help attract the right talent to build Ambition AXA in all our markets, and further strengthen our position as No. 1 insurance brand (InterBrand rankings). We also stepped up our global presence on external platforms, such as LinkedIn.com, further leveraging technology to help improve our appeal to potential candidates.

WORKFORCE<sup>(1)</sup>

| Headcount as of December 31<br>(number of employees)                                  | 2011                 | Change        | 2012                 |
|---|----------------------|---------------|----------------------|
| <b>Total headcount of salaried workforce<br/>(open-ended and fixed-term contract)</b> | <b>114,488 emp.</b>  | <b>-0.9%</b>  | <b>113,422 emp.</b>  |
| <b>Headcount of salaried workforce</b>  | <b>110,551 emp.</b>  | <b>-1.1%</b>  | <b>109,362 emp.</b>  |
| Proportion of men   | 48.1%                |               | 47.7%                |
| Proportion of women   | 51.9%                |               | 52.3%                |
| <b>Headcount of salaried non-sales force √</b>  | <b>94,241 emp.</b>   | <b>-1.1%</b>  | <b>93,217 emp.</b>   |
| Executives <sup>(2)</sup> √   | 2,974 emp.           |               | 3,326 emp.           |
| Proportion of men √   | 76.3%                |               | 73.7%                |
| Proportion of women √   | 23.7%                |               | 26.3%                |
| Managers √  | 16,068 emp.          |               | 15,768 emp.          |
| Proportion of men √   | 60.7%                |               | 59.5%                |
| Proportion of women √   | 39.3%                |               | 40.5%                |
| Experts & staff √   | 75,199 emp.          |               | 74,123 emp.          |
| Proportion of men √   | 42.8%                |               | 42.8%                |
| Proportion of women √   | 57.2%                |               | 57.2%                |
| <b>Headcount of salaried sales force √</b>  | <b>16,310 emp.</b>   | <b>-1.0%</b>  | <b>16,145 emp.</b>   |
| Proportion of men √   | 54.9%                |               | 53.1%                |
| Proportion of women √   | 45.1%                |               | 46.9%                |
| <b>Headcount of salaried workforce<br/>with fixed-term contract</b>                   | <b>3,937 emp.</b>    | <b>3.1%</b>   | <b>4,060 emp.</b>    |
| Non-sales force   | 3,603 emp.           |               | 3,690 emp.           |
| Sales force   | 334 emp.             |               | 370 emp.             |
| <b>Full-time equivalent<br/>(headcount converted into full-time equivalent)</b>       | <b>2011</b>          | <b>Change</b> | <b>2012</b>          |
| <b>Average FTE of salaried workforce</b>  | <b>104,948.7 fte</b> | <b>-0.8%</b>  | <b>104,082.4 fte</b> |
| <b>Average FTE of salaried non-sales force</b>  | <b>89,367.5 fte</b>  | <b>-1.3%</b>  | <b>88,225.6 fte</b>  |
| Executives <sup>(2)</sup>   | 2,886.8 fte          |               | 3,318.3 fte          |
| Managers  | 15,833.8 fte         |               | 15,407.4 fte         |
| Experts & Staff   | 70,647.0 fte         |               | 69,499.9 fte         |
| <b>Average FTE of salaried sales force</b>  | <b>15,581.2 fte</b>  | <b>1.8%</b>   | <b>15,856.8 fte</b>  |
| <b>Average FTE of temporary non-salaried staff</b>                                    | <b>4,974.3 fte</b>   |               | <b>4,792.7 fte</b>   |
| Temporary staff   | 3,373.8 fte          | -5.7%         | 3,183.0 fte          |
| Trainees  | 1,600.6 fte          |               | 1,609.7 fte          |
| <b>Profile of AXA employees</b>   | <b>2011</b>          | <b>Change</b> | <b>2012</b>          |
| <b>Average age of salaried workforce</b>  | <b>40.8 years</b>    | <b>0.3%</b>   | <b>40.9 years</b>    |
| Non-sales force √   | 40.4 years           |               | 40.8 years           |

|  |                   |             |                   |
|--|-------------------|-------------|-------------------|
| Sales force  | 42.0 years        |             | 41.5 years        |
| <b>Average length of service of salaried workforce</b>                             | <b>11.5 years</b> | <b>0.6%</b> | <b>11.5 years</b> |
| Non-sales force ✓  | 12.0 years        |             | 12.2 years        |
| Sales force  | 8.4 years         |             | 7.7 years         |
| <b>Disability (open-ended and fixed-term contract)</b>                             |                   |             |                   |
| Number of employees with disabilities – concerns entities operating in France only | 746 emp.          |             | 809 emp.          |

## WORKFORCE DYNAMICS

| Movements  | 2011        | Change | 2012        |
|--|-------------|--------|-------------|
| <b>Movements of salaried workforce</b>                               |             |        |             |
| <i>Net headcount change (entries versus departures)</i>              | -6,553 emp. |        | -1,421 emp. |
| Entries  | 16,048 emp. | 0.7%   | 16,161 emp. |
| Departures   | 22,601 emp. | -22.2% | 17,582 emp. |
| <b>Movements of salaried non-sales force</b>                         |             |        |             |
| <i>Net headcount change (entries versus departures)</i>              | -6,050 emp. |        | -1,264 emp. |
| Entries  | 11,606 emp. | -2.4%  | 11,324 emp. |
| Number of external recruitments ✓                                    | 9,590 emp.  |        | 9,432 emp.  |
| Number of fixed-term contracts transformed into open-ended contracts | 1,339 emp.  |        | 1,028 emp.  |
| Number of re-hires in the Group                                      | 423 emp.    |        | 343 emp.    |
| Number of entries following mergers and acquisitions                 | 254 emp.    |        | 521 emp.    |
| Departures   | 17,656 emp. | -28.7% | 12,588 emp. |
| Number of resignations ✓   | 7,318 emp.  | -9.4%  | 6,630 emp.  |
| Number of economic/collective layoffs ✓                              | 2,230 emp.  |        | 1,614 emp.  |
| Number of individual layoffs ✓                                       | 1,268 emp.  |        | 1,474 emp.  |
| Number of retirements/pre-retirements                                | 1,138 emp.  |        | 1,458 emp.  |
| Number of departures due to external transfers <sup>(3)</sup>        | 5,307 emp.  |        | 1,138 emp.  |
| Number of other departures   | 395 emp.    |        | 274 emp.    |
| <b>Movements of salaried sales force</b>                             |             |        |             |
| <i>Net headcount change (entries versus departures)</i>              | -503 emp.   |        | -157 emp.   |
| Entries  | 4,442 emp.  | 8.9%   | 4,837 emp.  |
| Number of external recruitments                                      | 4,146 emp.  |        | 4,529 emp.  |
| Number of fixed-term contracts transformed into open-ended contracts | 200 emp.    |        | 79 emp.     |
| Number of re-hires in the Group                                      | 21 emp.     |        | 30 emp.     |



|   |                   |             |                   |
|---|-------------------|-------------|-------------------|
| Number of entries following mergers and acquisitions          | 75 emp.           |             | 199 emp.          |
| <b>Departures</b>   | <b>4,945 emp.</b> | <b>1.0%</b> | <b>4,994 emp.</b> |
| Number of resignations  | 3,544 emp.        |             | 3,453 emp.        |
| Number of economic/collective layoffs                         | 198 emp.          |             | 336 emp.          |
| Number of individual layoffs                                  | 648 emp.          |             | 678 emp.          |
| Number of retirements/pre-retirements                         | 233 emp.          |             | 263 emp.          |
| Number of departures due to external transfers <sup>(3)</sup> | 280 emp.          |             | 242 emp.          |
| Number of other departures                                    | 42 emp.           |             | 22 emp.           |

### Movements of salaried workforce with fixed-term contract

|   |                  |  |                   |
|---|------------------|--|-------------------|
| <i>Net headcount change of salaried non-sales force (entries versus departures)</i> | <i>586 emp.</i>  |  | <i>1,236 emp.</i> |
| Number of external recruitments   | 4,895 emp.       |  | 4,422 emp.        |
| Number of fixed-term contracts ended  | 4,309 emp.       |  | 3,186 emp.        |
| <i>Net headcount change of salaried sales force (entries versus departures)</i>     | <i>-246 emp.</i> |  | <i>134 emp.</i>   |
| Number of external recruitments   | 253 emp.         |  | 229 emp.          |
| Number of fixed-term contracts ended  | 499 emp.         |  | 95 emp.           |

| <b>Mobility</b>                                     | <b>2011</b>  | <b>Change</b> | <b>2012</b> |
|---|--------------|---------------|-------------|
| <b>Internal mobility rate of salaried workforce</b> | <b>11.0%</b> |               | <b>9.1%</b> |
| Non-sales force                                     | 11.9%        |               | 9.9%        |
| Sales force   | 5.8%         |               | 4.7%        |

| <b>Employee turnover</b>                         | <b>2011</b>  | <b>Change</b> | <b>2012</b>  |
|--|--------------|---------------|--------------|
| <b>Turnover rate of salaried workforce</b>       | <b>15.4%</b> | <b>-4.0%</b>  | <b>14.8%</b> |
| Involuntary (layoffs/dismissal)                  | 3.9%         |               | 3.8%         |
| Voluntary (resignations)                         | 9.8%         |               | 9.2%         |
| Other causes (pre/retirements and miscellaneous) | 1.6%         |               | 1.8%         |
| <b>Turnover rate of salaried non-sales force</b> | <b>13.1%</b> | <b>-6.5%</b>  | <b>12.3%</b> |
| Involuntary (layoffs/dismissal) √                | 3.7%         |               | 3.3%         |
| Voluntary (resignations)                         | 7.8%         |               | 7.1%         |
| Other causes (pre/retirements and miscellaneous) | 1.6%         |               | 1.9%         |
| <b>Turnover rate of salaried sales force</b>     | <b>28.9%</b> | <b>3.1%</b>   | <b>29.8%</b> |
| Involuntary (layoffs/dismissal)                  | 5.2%         |               | 6.4%         |
| Voluntary (resignations)                         | 21.9%        |               | 21.7%        |
| Other causes (pre/retirements and miscellaneous) | 1.7%         |               | 1.8%         |

## COMPENSATION

| Compensation costs  | 2011                  | Change       | 2012                  |
|---|-----------------------|--------------|-----------------------|
| <b>Compensation costs of salaried workforce<sup>(4)</sup> √</b> | <b>€7,891 million</b> | <b>-1.9%</b> | <b>€7,744 million</b> |
| Proportion of fixed pay (related to wages) √                    | 72.8%                 |              | 78.0%                 |
| Proportion of variable pay (related to wages) √                 | 27.2%                 |              | 22.0%                 |
| <b>Annual gross payroll of salaried non-sales force √</b>       |                       |              |                       |
| Proportion of fixed pay (related to wages) √                    | 80.2%                 |              | 83.8%                 |
| Proportion of variable pay (related to wages) √                 | 19.8%                 |              | 16.2%                 |
| <b>Annual gross payroll of salaried sales force √</b>           |                       |              |                       |
| Proportion of fixed pay (related to wages) √                    | 39.5%                 |              | 48.2%                 |
| Proportion of variable pay (related to wages) √                 | 60.5%                 |              | 51.8%                 |

## TRAINING

| Training days  | 2011                  | Change        | 2012                  |
|--|-----------------------|---------------|-----------------------|
| <b>Number of training days of salaried workforce</b>                                 | <b>282,570.8 days</b> | <b>-2.4%</b>  | <b>276,179.1 days</b> |
| Non-sales force √  | 221,099.4 days        |               | 214,467.6 days        |
| Sales force  | 61,471.4 days         |               | 61,711.5 days         |
| <b>Training attendees</b>  | <b>2011</b>           | <b>Change</b> | <b>2012</b>           |
| <b>Percentage of salaried workforce having received at least one training course</b> | <b>82.7%</b>          | <b>0.6%</b>   | <b>83.2%</b>          |
| Non-sales force  | 80.5%                 |               | 80.8%                 |
| Sales force  | 95.1%                 |               | 97.8%                 |
| <b>Average number of training days per salaried employee</b>                         | <b>2.6 days</b>       |               | <b>2.6 days</b>       |
| Non-sales force  | 2.5 days              |               | 2.4 days              |
| Sales force  | 3.9 days              |               | 4.0 days              |

## LABOR RELATIONS

| Working time   | 2011              | Change       | 2012              |
|--|-------------------|--------------|-------------------|
| <b>Average number of working days per year</b>                         | <b>226.5 days</b> | <b>-0.4%</b> | <b>225.6 days</b> |
| <b>Average number of working hours per week</b>                        | <b>36.1 hours</b> | <b>-0.2%</b> | <b>36.1 hours</b> |
| Full-time employees  | 37.5 hours        |              | 37.4 hours        |
| Part-time employees  | 25.0 hours        |              | 25.3 hours        |
| <b>Part-time salaried workforce</b>                                    |                   |              |                   |
| Proportion of part-time salaried non-sales force <sup>(1)</sup>        | 12.1%             |              | 12.5%             |
| Proportion of part-time salaried sales force                           | 2.7%              |              | 2.9%              |
| Absenteeism  | 2011              | Change       | 2012              |
| <b>Absenteeism rate of salaried workforce <sup>(2)</sup></b>           | <b>4.8%</b>       | <b>2.7%</b>  | <b>4.9%</b>       |
| Proportion of absences due to sickness <sup>(3)</sup>                  | 73.6%             |              | 72.9%             |
| Proportion of short-term sick absences <sup>(3)</sup>                  | 79.9%             |              | 79.6%             |
| Proportion of long-term sick absences <sup>(3)</sup>                   | 20.1%             |              | 20.4%             |
| Proportion of absences due to work-related accidents <sup>(4)</sup>    | 2.1%              |              | 1.8%              |
| Proportion of absences due to maternity/paternity leave <sup>(4)</sup> | 24.3%             |              | 25.3%             |
| <b>Absenteeism rate of salaried non-sales force <sup>(2)</sup></b>     | <b>5.0%</b>       | <b>3.8%</b>  | <b>5.2%</b>       |
| Proportion of absences due to sickness <sup>(3)</sup>                  | 74.6%             |              | 73.6%             |
| Proportion of short-term sick absences <sup>(3)</sup>                  | 78.9%             |              | 78.3%             |
| Proportion of long-term sick absences <sup>(3)</sup>                   | 21.1%             |              | 21.7%             |
| Proportion of absences due to work-related accidents <sup>(4)</sup>    | 1.8%              |              | 1.7%              |
| Proportion of absences due to maternity/paternity leave <sup>(4)</sup> | 23.6%             |              | 24.7%             |
| <b>Absenteeism rate of salaried sales force <sup>(2)</sup></b>         | <b>3.4%</b>       | <b>-3.8%</b> | <b>3.3%</b>       |
| Proportion of absences due to sickness <sup>(3)</sup>                  | 65.2%             |              | 66.2%             |
| Proportion of short-term sick absences <sup>(3)</sup>                  | 89.1%             |              | 92.1%             |
| Proportion of long-term sick absences <sup>(3)</sup>                   | 10.9%             |              | 7.9%              |
| Proportion of absences due to work-related accidents <sup>(4)</sup>    | 4.5%              |              | 2.3%              |
| Proportion of absences due to maternity/paternity leave <sup>(4)</sup> | 30.3%             |              | 31.4%             |

(1) Quantitative information reviewed by the external auditors and certified as compliant with reporting requirements.

(2) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

(3) The increase in the number of executives is mainly due to the banding or level reallocation process carried out in the US in 2012, in addition to efforts for better alignment with standardized definitions.

(4) Salaried employees who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses. These employees are no longer under contract with the AXA Group.

(5) Compensation includes fixed pay, variable pay, employer social contributions and any profit-sharing and incentive payments. It does not include share-based compensation such as stock options, performance units, performance shares and AXA Miles.

# GROUP ENVIRONMENTAL DATA

| AXA Group environmental indicators <sup>(1)</sup>   | UNIT                      | 2008          | 2009          | 2010          | 2011          | 2012          |
|---|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Number of AXA employees, Full-Time Equivalent (FTE) <sup>√(2)</sup>   | FTE                       | 121,990       | 121,108       | 122,671       | 104,972       | 104,082       |
| Net internal area (sites) <sup>√</sup>  | m <sup>2</sup>            | 2,487,602     | 2,330,602     | 2,398,745     | 1,966,321     | 1,841,781     |
| <b>Power (sites)</b>  |                           |               |               |               |               |               |
| Power consumption <sup>(3)</sup> <sup>√</sup>   | kWh                       | 627,987,507   | 617,473,679   | 604,498,594   | 489,425,467   | 449,067,868   |
| KPI: power consumption per person <sup>√</sup>  | kWh/FTE                   | 5,148         | 5,099         | 4,928         | 4,662         | 4,315         |
| <i>Change compared with 2011</i>  | %                         |               |               |               |               | -7%           |
| <i>Change compared with 2008</i>  | %                         |               |               |               |               | -16%          |
| <b>Transportation</b>   |                           |               |               |               |               |               |
| Business travel: airplane and train <sup>(4)</sup> <sup>√</sup>   | km                        | 352,931,708   | 257,875,862   | 297,992,347   | 249,703,349   | 249,315,384   |
| Business travel: AXA vehicle fleet <sup>√</sup>   | km                        | 393,466,688   | 333,923,046   | 304,203,026   | 277,304,077   | 264,954,373   |
| Home/workplace commute (round trip) <sup>(5)</sup>  | km                        | 1,258,507,154 | 1,219,253,316 | 1,287,660,394 | 1,014,065,612 | 1,088,174,373 |
| <b>CO<sub>2</sub> emissions <sup>(6)</sup></b>  |                           |               |               |               |               |               |
| CO <sub>2</sub> emissions: onsite power consumption <sup>√</sup>  | T.CO <sub>2</sub> eq.     | 225,833       | 216,542       | 200,646       | 145,478       | 135,869       |
| CO <sub>2</sub> emissions: business travel: airplane and train <sup>√</sup>   | T.CO <sub>2</sub> eq.     | 116,907       | 78,691        | 92,646        | 65,225        | 65,179        |
| CO <sub>2</sub> emissions: AXA vehicle fleet <sup>(7)</sup> <sup>√</sup>  | T.CO <sub>2</sub> eq.     | 77,513        | 60,461        | 45,055        | 39,169        | 35,947        |
| KPI: CO <sub>2</sub> emissions resulting from onsite power consumption, business travel and AXA vehicle fleet per person <sup>√</sup> | T.CO <sub>2</sub> eq./FTE | 3.44          | 2.94          | 2.76          | 2.38          | 2.28          |
| <i>Change compared with 2011</i>  | %                         |               |               |               |               | -4%           |
| <i>Change compared with 2008</i>  | %                         |               |               |               |               | -34%          |
| CO <sub>2</sub> emissions: home/workplace commute <sup>(8)</sup>  | T.CO <sub>2</sub> eq.     | 133,773       | 123,830       | 121,620       | 99,706        | 101,966       |



**Water**

|                                     |                     |           |           |           |           |           |
|-------------------------------------|---------------------|-----------|-----------|-----------|-----------|-----------|
| Water consumption <sup>(9)</sup> √  | m <sup>3</sup>      | 1,263,816 | 1,215,053 | 1,276,738 | 1,062,581 | 1,036,455 |
| KPI: water consumption per person √ | m <sup>3</sup> /FTE | 10.36     | 10.03     | 10.41     | 10.12     | 9.96      |
| <i>Change compared with 2011</i>    | %                   |           |           |           |           | -2%       |
| <i>Change compared with 2008</i>    | %                   |           |           |           |           | -4%       |

**Paper<sup>(10)</sup>**

|   |             |  |        |        |        |        |
|---|-------------|--|--------|--------|--------|--------|
| Office paper consumption √  | T           |  | 5,995  | 5,269  | 3,299  | 2,909  |
| KPI: office paper consumption per person √  | kg/FTE      |  | 49     | 43     | 31     | 28     |
| <i>Change compared with 2011</i>  | %           |  |        |        |        | -11%   |
| <i>Change compared with 2009</i>  | %           |  |        |        |        | -43%   |
| Paper recycled and/or guaranteeing sustainable management: office √                   | %           |  | 58     | 52     | 64     | 66     |
| Marketing and distribution paper consumption √  | T           |  | 15,574 | 14,188 | 12,458 | 11,287 |
| KPI: marketing and distribution paper consumption per customer <sup>(11)</sup>        | kg/customer |  | 0.17   | 0.15   | 0.12   | 0.11   |
| <i>Change compared with 2011</i>  | %           |  |        |        |        | -11%   |
| <i>Change compared with 2009</i>  | %           |  |        |        |        | -33%   |
| Paper recycled and/or guaranteeing sustainable management: marketing & distribution √ | %           |  | 21     | 47     | 72     | 68     |

**Waste**

|   |   |  |  |  |       |       |
|---|---|--|--|--|-------|-------|
| Unsorted waste <sup>(12)</sup> √            | T |  |  |  | 7,333 | 6,398 |
| Sorted paper for recycling √                | T |  |  |  | 4,665 | 5,308 |
| Ink and/or toner cartridges for recycling √ | % |  |  |  | 48    | 51    |

**The reporting scope is unchanged from 2011 and includes the 41 countries in which AXA has a major presence. Key Performance Indicators (KPIs) are shown in bold.**

(1) In 2012, AXA Group environmental data were collected from 93,261 FTEs (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 104,082 salaried FTEs employed by AXA as of 31/12/2012. In 2011, data were collected from 94,889 FTEs and extrapolated to 104,972 FTEs.

(2) Indicator reviewed by PricewaterhouseCoopers Audit. It does not reveal any inconsistencies.

(3) Includes electricity, natural gas, fuel oil and steam, and covers 93,261 FTEs.

(4) Data collected from 92,455 FTEs. In 2012, entities' business travel per employee remained stable compared with 2011.

(5) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. Data were collected from 23,165 FTEs and then extrapolated. Sites whose response rate was below 5% were excluded from the data consolidation process.

(6) Country-specific emission factors for energy were revised in 2012. Source: International Energy Agency (IEA).

(7) AXA vehicle fleet data were collected from 91,775 FTEs. Performance in 2012 was stable.

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

(9) Data collected from 85,703 FTEs. Some sites in Asia and America are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation. However, entities are starting to better track their water consumption with the installation of water meters (e.g. certain data centers and AXA Ireland).

(10) Office paper data were collected from 93,256 FTEs. Marketing and distribution paper data were collected from only 92,007 FTEs, as certain entities were not able to provide figures for this indicator.

(11) The Group had 102,000,000 customers in 2012 and 101,000,000 in 2011.

(12) Unsorted waste data were collected from 72,393 FTEs. This figure is low because many entities are not yet able to provide this information.



# SRI RATINGS

AXA'S SOCIAL, SOCIETAL, ENVIRONMENTAL AND GOVERNANCE PERFORMANCE IS RATED BY A NUMBER OF SPECIALISTS, INCLUDING INVESTORS, BROKERS AND RATING AGENCIES THAT FOCUS SPECIFICALLY ON THE SOCIALLY RESPONSIBLE INVESTMENT (SRI) MARKET. AXA IS RANKED ABOVE THE AVERAGE FOR ITS INDUSTRY AND IS INCLUDED IN THE FOUR MAJOR GLOBAL ETHICAL INDEXES:

- DOWJONES SUSTAINABILITY INDEX EUROPE AND WORLD (BASED ON ROBECOSAM RESEARCH)
- FTSE4GOOD (BASED ON EIRIS RESEARCH)
- EUROPE 120 ET FRANCE 20 (BASED ON VIGEO\* RESEARCH)
- CARBON LEADERSHIP DISCLOSURE INDEX (BASED ON CARBON DISCLOSURE PROJECT RESEARCH)

| Agency                                  | Theme                          | AXA rating/score          |
|---|--------------------------------|---------------------------|
| <b>SAM (2012)</b>                       | Overall score                  | 74% (sector average: 50%) |
|   | Economic                       | 77% (sector average: 61%) |
|   | Social                         | 65% (sector average: 41%) |
|   | Environmental                  | 80% (sector average: 46%) |
|   | Sustainability Yearbook Class  | Runner Up                 |
|   | Inclusion in SAM indexes       | DJSI Europe and World     |
| <b>Sustainalytics (2011)</b>            | Overall score                  | 75% (sector average: 53%) |
|   | Governance                     | 82% (sector average: 53%) |
|   | Social                         | 79% (sector average: 60%) |
|   | Environmental                  | 63% (sector average: 47%) |
| <b>Oekom (2011)</b>                     | Overall score                  | C+ Prime (Recommended)    |
|   | General Score                  | 3.7                       |
| <b>EIRIS (2012)</b>                     | Environmental Management Theme | 5                         |
|   | Human & Labor Rights Theme     | 2                         |
|   | Corporate Governance Theme     | 4                         |
|   | Countering Bribery Theme       | 4                         |
| <b>Carbon Disclosure Project (2012)</b> | Carbon Performance             | 88/100                    |

\* Vigeo does not publish details on its ratings.



## CORRESPONDENCE TABLE\*

| GRI V3.1 & FSSS   | GRENELLE II  | ISO 26000                | UNGC                            | www.axa.com URLs are subject to change   | 2012 Activity and Corporate Responsibility Report   | 2012 Annual Report   |
|---|--|--------------------------|---------------------------------|--|---|--|
| <b>Economic performance indicators, strategy</b>                                  |  |                          |                                 |  |   |  |
| EC1   | Main reporting principles  | 7.2<br>7.4<br>7.7<br>7.8 |                                 | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/group/profile-and-key-figures/">axa.com/en/group/profile-and-key-figures/</a></li> <li>• <a href="http://axa.com/en/responsibility/strategy-commitments/performance-indicators/">axa.com/en/responsibility/strategy-commitments/performance-indicators/</a></li> </ul>   | Interview with Henri de Castries, Interview with Gérald Harlin, Profile, 2012 key figures, Our business, Interview with Emmanuel Touzeau, Principal CR Actions, SRI ratings | <ul style="list-style-type: none"> <li>• The AXA Group</li> <li>• Consolidated Financial Statements</li> <li>• Appendix 7: Social and environmental information</li> </ul>   |
| <b>Product responsibility</b>   |  |                          |                                 |  |   |  |
| EN5, FS1<br>FS2, FS4<br>FS5, FS11<br>FS12, FS14<br>FS15, PR7<br>PR9               |  | 7.2                      | GC7<br>GC8<br>GC9               | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/customers-products/property-casualty/">axa.com/en/responsibility/customers-products/property-casualty/</a></li> <li>• <a href="http://axa.com/en/responsibility/customers-products/asset-management/">axa.com/en/responsibility/customers-products/asset-management/</a></li> <li>• <a href="http://axa.com/en/responsibility/shareholders-esg-risk-management/esg-risks/xa-axa-im.com/en/responsible-investment/active-stewardship">axa.com/en/responsibility/shareholders-esg-risk-management/esg-risks/xa-axa-im.com/en/responsible-investment/active-stewardship</a></li> </ul> | Property & Casualty Insurance, Asset Management, Interview with Véronique Weill, Environment, Principal CR Actions  | <ul style="list-style-type: none"> <li>• Appendix 7: Social and environmental information</li> <li>• Regulation, risk factors</li> <li>• Consolidated Financial Statements, Full Year 2012 – Note 31 Litigation</li> </ul> |
| <b>Employees</b>  |  |                          |                                 |  |   |  |
| LA1, LA2<br>LA4, LA5<br>LA7, LA10<br>LA11, LA12<br>LA13, EC1                      | Social 1A<br>Social 1B<br>Social 1C<br>Social 1D<br>Social 1E<br>Social 1F | 6.4                      | GC3<br>GC6                      | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/Employees/Interview%20with%20Henri%20de%20Castries">axa.com/en/responsibility/Employees/Interview with Henri de Castries,</a></li> <li>• <a href="http://axa.com/en/responsibility/Employees/2012%20Highlights">axa.com/en/responsibility/Employees/2012 Highlights,</a></li> <li>• <a href="http://axa.com/en/responsibility/Employees/diversity-inclusion/">diversity-inclusion/</a></li> <li>• <a href="http://axa.com/en/responsibility/Employees/social-dialogue-mobility/">axa.com/en/responsibility/Employees/social-dialogue-mobility/</a></li> </ul>                       | Our People, Human resources, Principal CR Actions, HR data  | <ul style="list-style-type: none"> <li>• Appendix 7: Social information</li> </ul>   |
| <b>Customers</b>  |  |                          |                                 |  |   |  |
| FS15, FS16<br>PR4, PR5<br>PR6, PR8  | Societal 3D  | 6.6<br>6.7               |                                 | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/customers-products/treating-customers-fairly/">axa.com/en/responsibility/customers-products/treating-customers-fairly/</a></li> </ul>   | Our Customers, Principal CR Actions   | <ul style="list-style-type: none"> <li>• Consolidated Financial Statements, Full Year 2012 – Note 31 Litigation</li> </ul>   |
| <b>Suppliers, human rights</b>  |  |                          |                                 |  |   |  |
| HR1<br>HR2  | Social 1G<br>Societal 3C<br>Societal 3D<br>Societal 3E                     | 6.3                      | GC1<br>GC2<br>GC4<br>GC5<br>GC8 | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/suppliers/">axa.com/en/responsibility/suppliers/</a></li> <li>• <a href="http://axa.com/en/responsibility/strategy-commitments/">axa.com/en/responsibility/strategy-commitments/</a></li> <li>• <a href="http://axa.com/en/responsibility/shareholders-esg-risk-management/responsible-investment/">axa.com/en/responsibility/shareholders-esg-risk-management/responsible-investment/</a></li> </ul>   | Principal CR Actions  | <ul style="list-style-type: none"> <li>• Appendix 7: Social information</li> </ul>   |
| <b>Environment</b>  |  |                          |                                 |  |   |  |
| EC2, EN1,<br>EN2, EN3,<br>EN4, EN5<br>EN6, EN7, EN8,<br>EN16, EN18,<br>EN22, EN29 | Env. 2A<br>Env. 2B<br>Env. 2C<br>Env. 2D<br>Env. 2E                        | 6.5                      | GC7<br>GC8<br>GC9               | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/environment/">axa.com/en/responsibility/environment/</a></li> <li>• <a href="http://axa.com/en/responsibility/customers-products/property-casualty/">axa.com/en/responsibility/customers-products/property-casualty/</a></li> </ul>   | Property & Casualty Insurance, Environment, Principal CR Actions<br>Environmental data  | <ul style="list-style-type: none"> <li>• Appendix 7: Environmental information</li> </ul>  |
| <b>Community, philanthropy</b>  |  |                          |                                 |  |   |  |
| FS16  | Societal 3A<br>Societal 3B   | 6.8                      |                                 | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/responsibility/community/">axa.com/en/responsibility/community/</a></li> <li>• <a href="http://axa-research.org/">axa-research.org/</a></li> </ul>   | Interview with Henri de Castries, 2012 Highlights, Interview with Emmanuel Touzeau, Corporate Responsibility, Community, Principal CR Actions                               | <ul style="list-style-type: none"> <li>• Appendix 7: Social information</li> </ul>   |
| <b>Compliance, ethics and governance</b>  |  |                          |                                 |  |   |  |
| S02, S04<br>S07, S08  | Societal 3D  | 6.2<br>6.6               | GC 10                           | <ul style="list-style-type: none"> <li>• <a href="http://axa.com/en/governance/disclosure/ethics/">axa.com/en/governance/disclosure/ethics/</a></li> <li>• <a href="http://axa.com/en/responsibility/shareholders-esg-risk-management/business-ethics/">axa.com/en/responsibility/shareholders-esg-risk-management/business-ethics/</a></li> </ul>   | Governance  | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Appendix 7: Social information</li> <li>• Consolidated Financial Statements, Full Year 2012 – Note 31 Litigation</li> </ul>                       |
| <b>Verification/Certification of HR and environmental data</b>                    |  |                          |                                 |  |   |  |
| FS9   | Main reporting principles  | 7.6                      |                                 |  | Governance  | <ul style="list-style-type: none"> <li>• Appendix 7: Social and environmental information</li> <li>• Appendix 2: Management's annual evaluation of internal control over financial reporting</li> </ul>                    |

\* This table is intended to facilitate information searches in various AXA publications based on the themes covered by article 225 of the Grenelle II regulations, ISO 26000, the ten principles of the United Nations Global Compact and the Global Reporting Initiative (GRI, version 3.1, including Financial Services Sector Supplement).

# REVIEW REPORT OF ONE OF THE STATUTORY AUDITORS

ON SELECTED ENVIRONMENTAL AND SOCIAL INDICATORS PUBLISHED IN THE AXA GROUP 2012 ACTIVITY AND CORPORATE RESPONSIBILITY REPORT.

Pursuant to management request and in our capacity as Statutory Auditor of AXA, we hereby present our limited assurance report on a selection of social and environmental information, designated by (√).

## Nature and scope of the work

We conducted our work in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional standards applicable in France.

We performed the following procedures to obtain a limited assurance that nothing has come to our attention that causes us to believe that the information selected by the AXA Group and designated by (√) is not prepared in all material respects, in accordance with the Reporting Framework. A higher level of assurance would have required additional verification procedures.

Our work consisted in the following:

→ We have assessed the appropriateness of the Reporting Framework with respect to its relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices.

→ We have verified the implementation within the AXA Group of a process to collect, compile, process and check the selected information with regard to its completeness and consistency.

We have obtained an understanding of the internal control and risk management procedures relating to the compilation of this information. We have conducted interviews with individuals responsible for social and environmental reporting.

Regarding the selected quantitative consolidated information designated by (√)<sup>(1)</sup>:

→ For the consolidating entity and controlled entities, we have performed analytical procedures and have verified, on a sample basis, the calculations as well as the consolidation of this information.

→ For the locations that we have selected based on their activity, their contribution to selected consolidated indicators, their location and a risk analysis, we have:

- conducted interviews to verify the proper application of the procedures,
- performed detailed tests, on a sample basis, to verify the calculations performed and reconcile the data used with supporting documentation.

The selected sample included 34% of the total energy consumption, 37% of the total water consumption, 39% of the total of paper consumption and 31% of the total headcounts of the Group and included the following entities:

• for environmental information: AXA Life Japan, AXA Direct Japan, ABS India, AXA Belgium, AXA France, AXA Ireland, AXA Seguros Mexico, AXA Ukraine, AXA Assistance and AXA Corporate Solutions France,

• for social information: AXA UK, AXA Life Japan, AXA Direct Japan, ABS India, AXA Tech Shared Services India, AXA Bank Belgium, Logement Français, AXA Ireland, AXA France and AXA Assistance.

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the selected information designated by (✓) has not been prepared, in all material respects, in accordance with the Reporting Framework.

Neuilly-sur-Seine, March 20, 2013

One of the Statutory Auditors  
PricewaterhouseCoopers Audit  
**Michel Laforce**

Partner in charge of Sustainable  
Development Department,  
PricewaterhouseCoopers Advisory  
**Sylvain Lambert**

(1) This information includes: number of people on site (salaried and non-salaried staff, open-ended contract), usable area (occupied and vacant), total electricity consumption, total power consumption, total power consumption per person on site, business travel by train and plane, business travel by AXA's vehicle fleet (km travelled by the different types of vehicles in the fleet, with vehicles classified by CO<sub>2</sub> emissions/km), estimated CO<sub>2</sub> emissions resulting from onsite power consumption, business travel (plane, train, AXA vehicle fleet), total estimated CO<sub>2</sub> emissions resulting from onsite power consumption and business travel per person, water consumption, water consumption per person on site, total office paper consumption, office paper consumption per person on site, total marketing and distribution paper consumption, percentage of recycled paper and/or paper guaranteeing sustainable management, unsorted waste, sorted office paper (cardboard excluded) for recycling, percentage of sorted office paper (cardboard excluded) for recycling, ink or toner cartridges for recycling, total consumption of ink or toner cartridges, percentage of ink or toner cartridges for recycling.

Total number of salaried non-sales force (open-ended contract, by gender and category), total number of salaried sales force (open-ended contract, by gender), % of part-time salaried non-sales force (open-ended contract), average age of salaried non-sales force (open-ended contract, by gender and category), average length of service of salaried non-sales force (open-ended contract, by gender and category), number of training days per salaried non-sales force, training cost (not published), number of salaried non-sales force external recruitments (open-ended contract), number of salaried non-sales force layoffs (collective + individual) (open-ended contract), number of salaried non-sales force resignations (open-ended contract), involuntary turnover of salaried non-sales force (open-ended contract), annual gross payroll of salaried non-sales force and sales force (open-ended contract), total gross fixed and variable pay of salaried non-sales force and sales force, absenteeism rate of salaried workforce (open-ended contract, non-sales force and sales force, by type of absence).

# GLOSSARY

## ADJUSTED EARNINGS

Adjusted earnings are the net result of the company before the impact of certain items, such as one-off transactions, goodwill amortization or variations in the market value of certain assets, is taken into account.

## BALANCE SHEET

A balance sheet is an accounting document that provides a year-end “snapshot” of the company’s assets and liabilities. It presents a statement of the company’s resources (shareholders’ equity, payables, insurance reserve, etc.) and how they were used (particularly for an insurance company, financial investments) as of the closing date (December 31).

## COMBINED RATIO

The combined ratio is an indicator that measures the profitability of the Property & Casualty business line, excluding financial results. It is the ratio of losses and administrative costs to the total premiums collected that year.

If the combined ratio is greater than 100%, the insurer lost money (before investment earnings). If the ratio is less than 100%, the line is profitable, and the lower the ratio, the more money the insurer makes.

## DIVIDEND

A dividend is a payment to the shareholders who provided equity capital. It is generally deducted from the profits earned during the last fiscal year. At AXA, it is calculated based on adjusted earnings. The proposed dividend amount per share is put to a vote at the Shareholders’ Meeting.

## IMPAIRMENT

Impairment is when an asset (such as shares, real estate or bonds) loses value over the course of a fiscal year. Accounting regulations require that the asset’s impairment be deducted from the company’s profits (for example, if a share was worth 100 euros on January 1 but only 75 euros

on December 31, the insurer must deduct 25 euros from its earnings).

## NET INCOME

Net income is accounting income (sometimes called the bottom line). It is the balance of the profit and loss account: profit or loss for the fiscal year. It is equivalent to the company’s revenues minus all expenses. Notably, it includes volatile, hard to control, unpredictable or non-recurrent elements, such as extraordinary transactions (disposal of a subsidiary, for instance) or a number of accounting items related to variations in the value of certain assets.

## NET INFLOWS

Net inflows are defined as the difference between inflows and outflows for each business line. They reflect the company’s ability to inspire loyalty in its existing customers and attract new ones.

The “inflows” are:

- For Life, premiums collected on all contracts;
- For Property & Casualty, the number of new contracts;
- For Asset Management, the savings collected from customers throughout the year.

The “outflows” are:

- For Life, contract surrenders, reimbursements and benefits paid;
- For Property & Casualty, cancellation of contracts;
- For Asset Management, the savings withdrawn by customers throughout the year.

## NEW BUSINESS (APE – ANNUAL PREMIUM EQUIVALENT)

In Life Insurance, new business is measured by changes in the APE indicator, which reflects the premiums collected on new contracts opened during the course of the year. It is conventionally calculated by adding up all of the regular premiums and 10% of the single premiums.

This approach gives a more accurate picture of life insurance sales than gross revenues, which



---

take into account premiums for contracts opened in previous years and do not distinguish between regular and single premiums.

#### **REALIZED CAPITAL GAIN/LOSS**

A capital gain is the positive difference between the selling price of an asset (whether securities or real estate) and its book value. When this difference is negative, it is called a capital loss.

#### **REVENUES**

Revenues are the sum of insurance premiums (Life and Property & Casualty) collected throughout the year, plus commissions on certain life insurance contracts, revenues from asset management (management and performance fees), and revenues from banking activities.

#### **SHAREHOLDERS' EQUITY**

Equity is money contributed by shareholders upon incorporation of the company or subsequently for capital increases, as well as any corporate profit not distributed to shareholders. In an insurance company, equity plays two roles: first, it assures creditors and insurance customers that the company will be in a position to meet its commitments, and second, it helps to finance part of its investments (acquisitions, for example).

#### **SOLVENCY**

An insurance company's solvency is its ability to meet its commitments. This primarily depends on setting aside sufficient technical reserves and having equity to meet commitments to its customers. A solvency ratio of 100% means that an insurer has enough equity to cover the risks related to its commitments. The higher the ratio, the greater the company's financial strength.

In the insurance industry, company solvency is regulated. Oversight authorities make sure that insurers have enough resources to meet their commitments to their insured customers and thus withstand the risks. The current regulatory system, Solvency I, is based on a mechanical calcula-

tion of solvency assessed solely in relation to the company's business volume, without considering an insurer's capacity to understand and manage the risks inherent in its business. Furthermore, though Solvency I is an EU standard, the adjustments applied by local regulators mean that the solvency ratios of different European insurers are not directly comparable.

Another standard is being drafted – Solvency II. It will allow a more realistic approach to the risks actually taken on by an insurer, and notably will take into account an insurer's capacity to measure and control its risks. It should thus help create greater comparability between the various insurance companies' solvency – and thus their strength. This standard is not expected to take effect before 2014.

#### **UNDERLYING EARNINGS**

Underlying earnings is an indicator that allows analysis of the Group's earning power, excluding volatility related to movements in the financial markets or one-off transactions. Specifically, underlying earnings are adjusted earnings excluding any capital gain or loss from the company's investment portfolio.

# FIND OUT MORE ABOUT THE AXA GROUP

## 2013 CALENDAR

*April 30, 2013*

ANNUAL SHAREHOLDERS'  
MEETING

—

*May 7, 2013*

FIRST QUARTER 2013 ACTIVITY  
INDICATORS RELEASE

—

*May 14, 2013*

DIVIDEND PAYOUT

—

*August 2, 2013*

HALF YEAR 2013 EARNINGS  
RELEASE

—

*October 25, 2013*

FIRST NINE MONTHS 2013  
ACTIVITY INDICATORS RELEASE

## DEDICATED TEAMS

### Institutional Investors

**In Paris, AXA Group**  
Financial Communication  
Department  
25, avenue Matignon  
75008 Paris – France  
Tel.: +33 (0) 1 40 75 48 42  
Fax: +33 (0) 1 40 75 46 96

 [www.axa.com](http://www.axa.com)

### Individual Shareholders

**AXA Group**  
Individual Shareholder  
Relations  
25, avenue Matignon  
75008 Paris – France  
Tel.: +33 (0) 1 40 75 48 43  
Fax: +33 (0) 1 40 75 59 54

 [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

Do you have any questions or comments about this report?  
Please send them to [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com).



This report was printed with vegetable-based inks on paper containing 100% fibers originating from sustainably and equitably managed forests or verified by an Imprim'Vert printer in an ISO 14001 & EMAS certified factory.

**Head of publication:** Communication and Corporate Responsibility Department Corporate Communications.

**Photo credits:** Philippe Brault/Vu, Samuel Bollendorf, Bruno Levy, Patrick Messina, Patrice Normand/Tempo Machine, Benoit Linero, John Lander/Imagéo/AXA, Remi Benali/Corbis, Zhang Jian Tao/Redlink/Corbis, Biosphoto, Thierry Ardouin/Tendance Floue, Meyer/Tendance Floue, Getty Images, X.

**Design and production:** W&CIE

**We would like to thank all the AXA Group employees who contributed to this report:** Alice, Alina, Aline, Amélie, Aminata, Amy, Augustin, Ayumi, Catherine, Céline, Charles-Henri, Constance, Courtney, Daniel, Denis, Dietrich, Dominica, Dominique, Émilie, Emmanuel, Éric, Fabrice, Fatoumata, Félix, Francine, François, Gaëlle, George, Gérard, Godefroy, Guy, Hans-Jürgen, Hélène, Henri, Ignacio, Irma, Jacques, Jean-Christophe, Jeanette, Jean-Laurent, Jérémy, Jetmir, Klaus-Dieter, Liza, Lucie, Lydie, Matthieu, Michael, Mélanie, Minh-Duy, Paul, Pedro, Peggy, Peter, Pierre-Albert, Shantanu, Sophie, Susan, Swati, Sylvain, Sylvaine, Sylvie, Thomas, Vera, Véronique, Viviane, Werner, Zohra.



### AXA PAPERS

These papers are part of the Group's efforts to share its expertise and engage in an informed and constructive debate about the major changes occurring in our societies.

#### No. 1 – Longevity

Advancements in longevity over the last few decades have been dramatic. The factors contributing to longer lives remain complex and are the subject of much controversy and debate.

#### No. 2 – Retirement

Retirement is an important stage of life, one that is viewed by most individuals in a positive light. As life expectancy increases, the retirement question has become central to public policy issues in the areas of budgeting, social affairs and employment.

#### No. 3 – Dependency

How do we define and assess dependency? What are the trends regarding the number of dependent elders and the arrangements made to care for them, on the public and private levels? This paper takes stock of the challenges of this situation.

#### No. 4 – Climate risks

Can we identify the source of the increase in natural disasters? Is our climate system changing and to what extent? The latest scientific data and projections help us analyze the risks associated with the climate and its changing patterns.

### 2012 ANNUAL REPORT

The AXA Annual Report contains a detailed presentation of corporate governance and risk management, as well as consolidated financial statements. It is available on demand or online at [www.axa.com](http://www.axa.com).

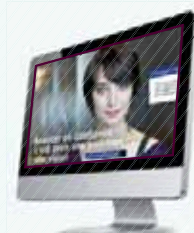
### SHAREHOLDERS' GUIDE

Updated annually, this practical guide answers your questions about the Group, its stock and a range of information made available to AXA shareholders.

It contains a brief description of all our services for shareholders and is available online at [www.axa.com](http://www.axa.com)

### SHAREHOLDERS' NEWSLETTER

Published three times a year, the "Côté AXA" shareholders' newsletter is sent to members of the Shareholders' Circle. Sign up at [www.axa.com](http://www.axa.com)



Activity and Corporate Responsibility Report, online <http://annualreport.axa.com>

<http://annualreport.axa.com>

See the news, interviews, key figures and highlights of 2012 in photos and video.



### AXA PEOPLE PROTECTORS

on Facebook

[www.facebook.com/axapeopleprotectors](http://www.facebook.com/axapeopleprotectors)

Join in discussions with the AXA People Protectors' community on topics and services that redefine protection.

Go to [axa.com](http://www.axa.com)

for complete AXA

Group information and downloadable PDF versions of the Activity and Corporate Responsibility Report and other publications.

