



# **2003** Activity and Sustainable Development Report



Be Life Confident

# The AXA **Vision**

## **Our Business: Financial Protection and Wealth Management**

It's the vision we have of our business and how it should be done.

The business of Financial Protection and wealth management involves offering our customers - individuals as well as small, mid-sized and large businesses - a wide range of products and services that meet their insurance, protection, savings, retirement and financial planning needs throughout their lives.

Aware and proud of our industry's contribution to the economic and social development of the community, we seek to do business responsibly by living up to consistent values and stakeholder commitments throughout the world.

## **Our Values:**

Professionalism, Innovation, Realism, Team Spirit, Integrity.

## **Our Ambition:**

We are working toward the shared ambition of setting the standard worldwide in our core business of Financial Protection and wealth management.

# Our **Commitments**

## **Customers**

AXA seeks to build close and lasting relationships with its customers by offering expert advice and a full range of adapted solutions, and by adhering to the highest standard of professional ethics.

## **Community**

AXA seeks to live up to its responsibilities by participating in the life of the community through acts of corporate philanthropy and prevention.

## **Suppliers**

AXA seeks to maintain quality relationships with its suppliers and other business partners by adhering to a clearly defined code of conduct, and by promoting ongoing dialogue.

## **Shareholders**

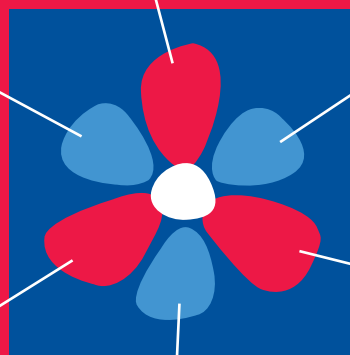
AXA seeks to satisfy its shareholders by achieving operating performance that ranks among the best in the industry, and by furnishing complete and accurate financial information.

## **Employees**

AXA seeks to contribute to the satisfaction and fulfillment of its employees by promoting respect and empowerment in the workplace, and by providing regular training and development opportunities.

## **Environment**

AXA also seeks to play an active role in protecting the environment by making available its environmental risk management capability, and by promoting environmentally sound practices in the workplace.



# contents

## Part One

### Activity Report

Letter from the Chairman of the Supervisory Board	3
Interview with the Chairman of the Management Board	4
Simplified Organization Chart as at December 31, 2003	6
AXA's Corporate Governance	8
Insurance and Asset Management Markets in 2003	12
Key Financial Information	15
AXA Stock Price Trends	20
Consolidated Gross Revenues	24
Consolidated Underlying Earnings and Adjusted Earnings	25
Consolidated Balance Sheets	26
Consolidated Statements of Income	28

## Part Two

### Sustainable Development Report

How the Financial Protection and Wealth Management Business Contributes to Sustainable Development	30
Doing Business Responsibly: AXA's Commitments	40
Social Ratings	69





## AXA Financial Highlights

### ■ 50 million

individuals and businesses have placed their trust in us:

- To insure their property (vehicles, housing, equipment)
- To provide health and personal protection coverage for their families or employees
- To manage their personal or corporate assets

### ■ 117,000

employees and distributors worldwide working to deliver the right solutions and top quality service to our customers

### ■ 20,000

employees donating their time and skills to community organizations

### ■ Revenues

**€71.6 billion**

(+5.3% on a comparable basis)

### ■ Underlying Earnings

**€2 billion**

(+30% at constant exchange rates)

### ■ Net Income

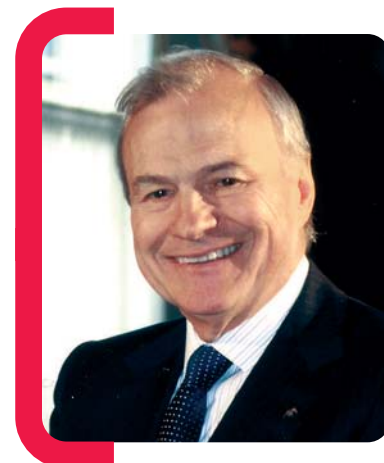
**€1 billion**

(+18% at constant exchange rates)

### ■ Assets Under Management

**€775 billion**

(+17% at constant exchange rates)



**Claude Bébéar**  
Chairman of the Supervisory Board

## Letter from the Chairman of the Supervisory Board

In **last year's letter**, I alerted readers to the growing fissure between the financial markets and the real economy.

In particular, I noted that the adoption of mark-to-market or fair value methodology for calculating the carrying values of assets and liabilities posed a serious problem, as illustrated:

- in the near term by other than temporary asset impairments,
- in the future by International Accounting Standards.

Unfortunately, the trend observed in prior years continued unabated in 2003, sealing the divorce between the world's financial spheres and underlying economic activity. Too many investors continued to focus on increasingly short-term performance, their eyes riveted to the arbitrary stock price fluctuations that they themselves were creating. **In the meantime, businesses – whose leaders must stay focused on the medium- and long-term outlook of their industries and their markets – were more in need than ever of stable investors** capable of understanding a sustainable growth strategy, and consequently willing to accept greater earnings fluctuation in the very short run.

Throughout 2003, corporations responded to the financial market depreciation of previous years by refocusing on their core business. Intensive efforts in this direction were made by the insurance industry in general and by AXA in particular, where projects initiated earlier were pursued with intensity. At the same time, steps were taken to ensure that financial market accidents, which are inevitable in our business, would have the least possible impact on the overall health of the organization. The results speak for themselves, and I can only applaud the people of AXA for the work they accomplished in an environment that was often hostile.

They will continue to make positive strides in 2004, delivering what shareholders, clients and the community as a whole have come to expect from AXA.

But I would be remiss if I failed to once again warn that the current direction the International Accounting Standards are taking poses a real danger to our industry. While nobody seriously contests the need for convergent accounting standards to enable meaningful financial statement comparisons across geographic boundaries, it is equally clear that the underlying principles must correspond to the economic reality of the business in question.

The impasse into which talks between bankers, insurers and the IAS Board seems to be headed is therefore cause for concern. Full fair market value dogma offers more in the way of ideological content than good economic sense.

**At AXA, we believe that the value of any asset should be determined over a medium to long-term horizon that matches the duration of the obligations insurers have contracted with respect to their clients.** Adopting a mark-to-market approach to valuation for annual financial disclosures would only serve to widen the gap between financial market reality and the economic environment in which businesses actually operate. The financial community needs to wake up to the fact that it will be the first to suffer the negative consequences if this approach is adopted.

“ At AXA, we believe that the value of any asset should be determined over a medium to long-term horizon that matches the duration of the obligations insurers have contracted with respect to their clients. ”

**Claude Bébéar**  
Chairman of the Supervisory Board

# Interview with **the Chairman of the Management Board**



**Henri de Castries**  
*Chairman of the Management Board*

**We have just weathered three years of extreme turbulence, exacerbated by the largest insurance loss in history, financial market meltdown and interest rate collapse. What, if anything, have we learned from the crisis years and how do things look going forward?**

**Henri de Castries:** I think we have learned **three key lessons**, which, incidentally, allow us to look to the future with a sense of calm determination:

**The first** is that it is wiser to believe in your own vision of the business, and to hang onto that vision, than to give in to received ideas or passing trends.

Received ideas of the last three or four years have included the following:

- Those who fail to opt for a bank-insurance strategy by aligning with or acquiring banks will fail to capture savings management business.
- Given the inherently low profitability of the property-casualty insurance business, the best course of action is to exit from this market and focus on life insurance or financial services.
- The life insurance business has been compromised by financial market depreciation and persistently low interest rates.

We did not buy into any of these ideas, which we felt were the product of situational fears and enthusiasms, and decided instead to stick with our long-term strategic positioning:

**“ Our business: the financial protection and wealth management business allows us to support and cover our clients – individuals and businesses – as they navigate in a world where both risks and the need for protection and sound advice are growing. ”**

■ in the financial protection and wealth management business, because it allows us to support and cover our clients – individuals and businesses – as they navigate in a world where both risks and the need for protection and sound advice are growing;

■ by offering our clients both property-casualty and life and savings solutions wherever and whenever possible, since it is the interplay of these products and services rather than any one taken in isolation that differentiates financial protection and wealth management solutions;

■ by investing first and foremost in our proprietary distribution channels – career agents, salaried sales professionals, brokers – and only afterwards to seek out third-party distribution agreements, rather than buying up networks whose business does not totally overlap with our own expertise.

**The second lesson** that we learned – or relearned – is that mastering the technical fundamentals of the business is critical to resisting periods of crisis and building a secure competitive edge.

A decade of complacent or euphoric markets led to a situation where earnings were far too dependent on capital gains. When these gains dried up, we had to take a good – and healthy – look inward, and work on ourselves.

We managed to achieve both a substantial reduction in unit costs (savings of 1.2 billion euros in two years) and a marked improvement in technical results (a combined ratio of 101 in 2003, compared with more than 110 in 2001), resulting in strong growth in underlying earnings without hurting sales performance: in 2003 AXA picked up market share practically across the board.



In addition, by developing better instruments for measuring capital adequacy requirements we were able to protect our financial strength rating and better allocate capital resources, which also helped to strengthen our competitive edge.

**The third lesson**, and probably the most important one, is that people and effective teamwork are critical drivers of success. It is when times get tough, as they did recently, that people really show what they're made of. AXA has come out of this difficult period stronger than ever, not only because of its human talent, but also because of the way AXA people pulled together and rose to the challenges at hand. Today, we are a motivated team of people united behind the AXA banner.

### How is 2004 shaping up?

**H. de C.:** Although the environment is showing some signs of improvement, the recovery remains hesitant. We aren't worried, though, precisely because our core business is about dealing with risks.

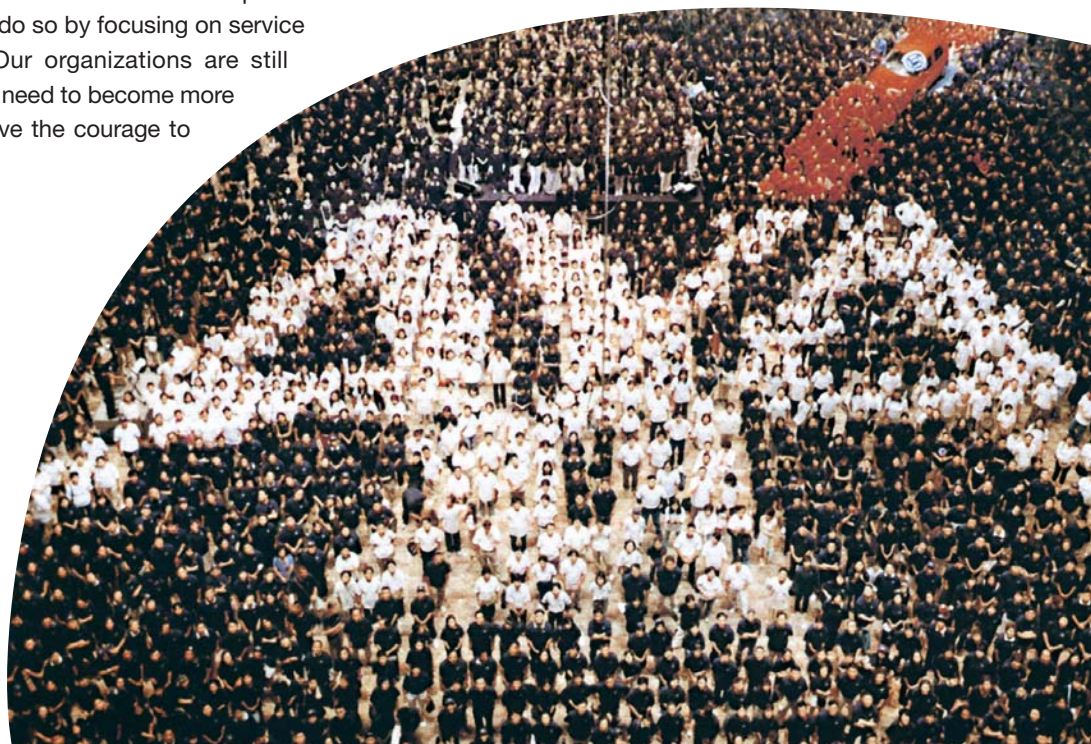
We plan to stay the course strategically while stepping up our efforts in three areas:

- We need to continue to increase the pace of organic growth while making further efforts to improve technical results. We will do so by focusing on service quality improvements. Our organizations are still overly bureaucratic. They need to become more efficient and we must have the courage to change them.

“ Although the environment is showing some signs of improvement, the recovery remains hesitant. We aren't worried, though, precisely because our core business is about dealing with risks. ”

- We need to make further efforts to respond to the actual needs of our clients. The work we have done over the last three years to increase our customer knowledge should begin to pay off now in the form of more needs-driven products and services that can help our customers be life confident. Our people are aware of the importance of listening to what our clients are telling us, and are ready to provide the level of advice and service they expect from AXA.

- Finally, thanks to the technical quality of our operations, the strength of our balance sheet, and the motivation of our people, we are in a position to seize good opportunities that may arise. And this has always been one of AXA's key strengths.




# Simplified Organization Chart

as at December 31, 2003


## Insurance

### AMERICA


  
**UNITED STATES**  
AXA FINANCIAL<sup>(a)</sup>  
100%    100%

  
**CANADA**  
AXA ASSURANCES  
100%    100%  
AXA INSURANCE  
100%    100%


### AFRICA

  
**MOROCCO**  
AXA ASSURANCE  
MAROC  
51%    100%

### EUROPE

  
**GERMANY**  
AXA KONZERN  
91%    92%  
AXA ART  
91%    100%

  
**BELGIUM**  
AXA BELGIUM  
100%    100%

  
**SPAIN**  
AXA AURORA  
100%    100%  
DIRECT SEGUROS  
50%    50%


  
**FRANCE**  
AXA FRANCE ASSURANCE<sup>(b)</sup>  
100%    100%


  
**ITALY**  
AXA ASSICURAZIONI  
100%    100%

  
**IRELAND**  
AXA IRELAND  
100%    100%

  
**LUXEMBOURG**  
AXA LUXEMBOURG  
100%    100%

  
**NETHERLANDS**  
AXA VERZEKERINGEN  
100%    100%

  
**PORTUGAL**  
AXA PORTUGAL  
99%    100%  
AXA PORTUGAL VIE  
95%    95%

  
**UNITED KINGDOM**  
AXA SUN LIFE  
100%    100%  
AXA INSURANCE  
100%    100%  
AXA PPP HEALTHCARE  
100%    100%

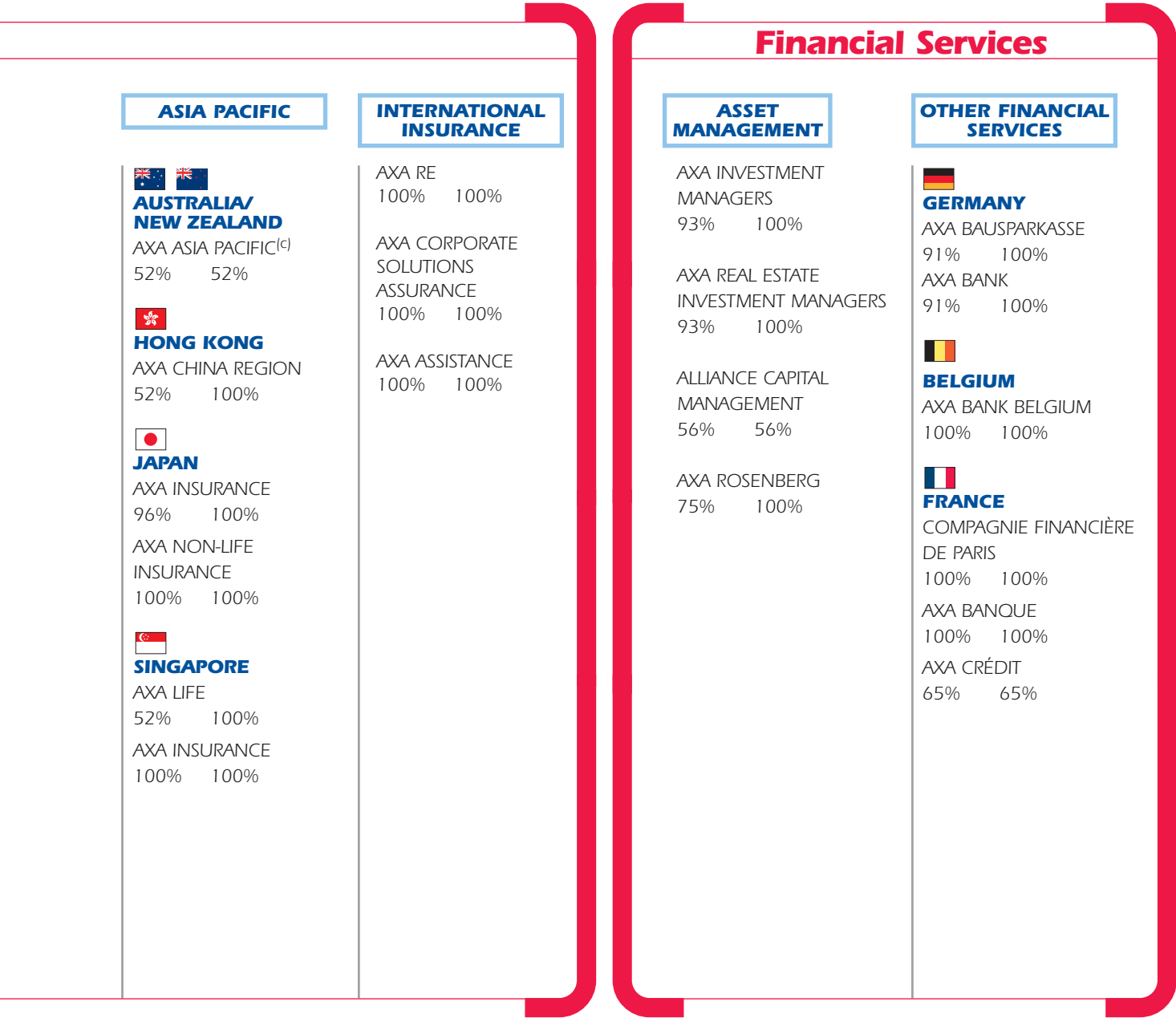
  
**SWITZERLAND**  
AXA ASSURANCES  
100%    100%

  
**TURKEY**  
AXA OYAK  
50%    50%

The percentage on the left represents the economic interest and the percentage on the right represents control.  
(a) Holding company that owns The Equitable Life Assurance Society of the United States.  
(b) Holding company that owns AXA France Vie, AXA France IARD and Direct Assurance.  
(c) Holding company that owns The National Mutual Life Association of Australasia.

For contact information,  
please visit our website [www.axa.com](http://www.axa.com)





# AXA' s Corporate Governance

## High Standards of Corporate Governance

This report contains a summary of the key principles of corporate governance at AXA. More detailed information, including an itemized table showing executive compensation and benefits, is included in AXA's Annual Report for 2003.

Implementing sound corporate governance principles has been a priority at AXA for many years. Because its stock is publicly traded on the New York Stock Exchange, AXA is subject to the provisions of the Sarbanes-Oxley Act, which was adopted in the United States in 2002. Accordingly, AXA has made various adjustments necessary to bring the Company into compliance with the Act. AXA has also reviewed its rules of corporate governance in light of the recommendations contained in the Bouton Report and of the provisions of the "Sécurité Financière" Law of August 1, 2003.

### ■ GOVERNANCE STRUCTURE

A Management Board and a Supervisory Board have governed AXA since 1997. This form of corporate governance, which separates the powers of management from those of supervision, is considered to offer the most balanced framework governing the exercise of corporate power.

An Executive Committee assists the Management Board in the performance of its duties. In addition, the Supervisory Board has established four special-purpose Committees.

## Supervisory Board

**The Supervisory Board oversees the efficient operation of the Company and reports to shareholders.** The Supervisory Board appoints the Chairman and members of the Management Board and supervises executive management.

The principles governing the operation, organization and compensation of the Supervisory Board are set forth in a set of written operating procedures.

The Supervisory Board meets at least five times per year. In 2003, the Supervisory Board met seven times and the global attendance rate was 86 percent.

Its members receive documentation prior to each meeting, generally a week ahead of time.

To ensure that their interests coincide with those of the Company, members of the Supervisory Board are required to own shares in the Company. The value of such shares must be at least equal to the amount of directors' fees they receive in the course of any given year.

### ■ COMPOSITION

As of December 31, 2002, share ownership by current and former Group employees surpassed 3% of AXA's total outstanding ordinary shares. Accordingly, the Management Board will recommend on April 21, 2004 that the shareholders amend the articles of incorporation and bylaws of AXA so that an employee-shareholder may be elected to the Supervisory Board for a four-year term.

Pending shareholder approval of the foregoing, the Supervisory Board will have 14 members as of the close of the April 21, 2004 meeting.

Supervisory Board members are selected on the basis of their acknowledged competence, experience, complementarity and their ability to supervise a company like AXA.

AXA considers that the most relevant measurement of the independence of Supervisory Board members is their independence with respect to the management function exercised by the Management Board.

Acting on the recommendations of its Selection Committee, the Supervisory Board has reviewed the status of all its members for compliance with the recommendations contained in the Bouton Report on corporate governance in publicly traded companies and, for members of the Audit Committee, with the rules of the Sarbanes Oxley Act.

According to the criteria set forth in the Bouton Report, nine of AXA's fourteen Supervisory Board members are independent.

At the December 31, 2003 reporting date, the Supervisory Board had thirteen members, four of whom are not French.

- 1 Claude Bébéar  
Chairman
- 2 Jean-René Fourtou  
Vice Chairman
- 3 Thierry Breton\*
- 4 Jacques Calvet\*
- 5 David Dautresme\*
- 6 Anthony Hamilton\*

- 7 Henri Hottinguer\*
- 8 Henri Lachmann
- 9 Gérard Mestrallet\*
- 10 Alfred von Oppenheim\*
- 11 Michel Pébureau
- 12 Bruno Roger\*
- 13 Ezra Suleiman\*

(\*Independent)

Supervisory Board Committees

In 1990, AXA established special Committees to implement its principles of corporate governance. The Board thus benefits from the work of the Audit, Finance, Compensation and Selection Committees. Each Committee issues opinions, proposals and recommendations and is empowered to undertake or commission studies on subjects to be discussed by the Board, or to invite outside participants to its meetings. Committee Chairmen are asked to report on completed committee work at the next scheduled Supervisory Board meeting.

Management Board

The Management Board is AXA's is responsible for day-to-day operations and management decisions. It operates on a collegial basis.



Current members of the Management Board are:

- 1 Christopher Condron (56)  
Head of the Insurance in the United States and Alliance Capital
- 2 Claude Brunet (46)  
Head of Transversal Operations and Projects, of Human Resources, Brand and Communications

- 3 Denis Duverne (50)  
Head of Finance, Control and Strategy
- 4 Henri de Castries (49)  
Chairman
- 5 François Pierson (56)  
Head of the Insurance in France, Large Risks, Assistance and AXA Canada





# Executive Committee

The Executive Committee's principal mission is **to discuss and execute AXA's strategy**. The Committee's composition reflects the structure of the AXA Group. It includes members of the Management Board and the CEOs of the Group's nine

principal business units. The fifteen members of the Group's Executive Committee have conducted quarterly business reviews (QBR), during which performance is reviewed, since 2000.



Current members of the Executive Committee are:

- 1 Claude Brunet**  
Member of the Management Board in charge of Transversal Operations and Projects, Human Resources, Communications and Branding
- 2 Philippe Donnet**  
Chief Executive Officer of AXA Japan
- 3 Henri de Castries**  
Chairman of the Management Board
- 4 Dennis Holt**  
Chief Executive Officer of AXA UK (United Kingdom)
- 5 Claus-Michael Dill**  
Chairman of the Management Board of AXA Konzern (Germany)
- 6 Nicolas Moreau**  
Chief Executive Officer of AXA Investment Managers
- 7 Denis Duverne**  
Member of the Management Board in charge of Finance, Control and Strategy
- 8 Alfred Bouckaert**  
Chief Executive Officer of AXA Belgium

- 9 Michel Pinault**  
Head of Institutional Relations
- 10 Stanley Tulin**  
Vice Chairman and Chief Financial Officer of AXA Financial (United States)
- 11 Bruce Calvert**  
Chairman of Alliance Capital (United States)
- 12 Jean-Raymond Abat**  
Chief Executive Officer of AXA Seguros (Spain) and head of the Mediterranean region
- 13 Christopher Condron**  
Member of the Management Board, Chief Executive Officer of AXA Financial (United States)
- 14 Les Owen**  
Managing Director of AXA Asia Pacific Holdings (Australia)  
Head of Asia Pacific business unit (excluding Japan)
- 15 François Pierson**  
Member of the Management Board, Chief Executive Officer of AXA France, Head of Large Risks, Assistance and AXA Canada

## ■ FULL DISCLOSURE ON EXECUTIVE COMPENSATION

### Executive compensation

Executive compensation consists of both a fixed and a variable component. The fixed component is calculated on the basis of local market conditions, within the top quartile range. The variable component is linked to the global financial performance of AXA, local company performance, and individual performance, weighted to take into account individual levels of responsibility. The portion of the variable component tied to individual performance objectives comprises the principal component of annual compensation, in such a way that, if these objectives are met, compensation will be situated within the third or fourth quartile of the going market rate.

### Director's fees paid to supervisory board members

Members of the Supervisory Board are remunerated in the form of directors' fees only, the amount of which is determined by the shareholders.

### Stock options

For many years, AXA has shared the rewards of its performance with directors, officers and employees of the company in France and abroad by offering stock options. Stock option programs are intended to help retain employees over the long term.

As of December 31, 2003, 3,079 AXA employees had been granted stock options.

## ■ A STRICT CODE OF CONDUCT

AXA adopted its first Code of Professional Ethics in the early 1990s. In 2004, AXA adopted a new set of guidelines to bring the Company into compliance with the Sarbanes-Oxley Act. The Compliance Guide covers such issues as conflicts of interest, trading in Group securities, the control and use of material non-public information, and handling employee complaints.

Members of the Supervisory Board are held to a general obligation of non-disclosure with respect to the information they receive in their governance capacity. With respect to their personal investments, they undertake to comply with the company's code of conduct.

Group employees whose professional responsibilities are such that they may have access to non-public information that could, if made public, have an effect on the stock price are subject to formal restrictions on their own trading in listed shares of stock.

Most of AXA's principal operating subsidiaries have already adopted policies and procedures that comply with local regulatory and statutory requirements.

## ■ EMPLOYEE SHAREHOLDERS

The AXA Group offers its employees an opportunity to become shareholders through a special equity issue reserved just for them.

More than 120 companies in 29 countries took part in Shareplan 2003, and participating employees invested a total of 190 million euros.

As of December 31, 2003, AXA employees owned 4.74 percent of the Group's capital and 5.32 percent of the voting rights.

# Insurance and Asset Management Markets in 2003

## AMERICA



### UNITED STATES

#### Life & Savings

In 2003, U.S. investors responded favorably to the recovery in the equity market and the availability of products with features offering guarantees. Interest rates remained low and provided economic stimulus. In the annuity market, industry sales of variable annuities were up 9.5%, driven by the stronger equity market and the popularity of guaranteed minimum income and death benefits, while industry fixed annuity sales decreased 23% as a result of lower interest rates.

In the life insurance market, variable life insurance sales remained weak. Industry variable life sales were down 37% from 2002. Sales of life insurance products with fixed returns were strong throughout 2003<sup>1</sup> (+25% for Industry universal life sales).



### NORTH EUROPE

#### BELGIUM<sup>2</sup>

#### Life & Savings

The trend noted in 2001 strengthened in 2003: unit-linked sales plummeted 47% in 2003 after falling by 16% in 2001 and 32% in 2002. Consumers turned to safer insurance products with guaranteed rates (+25% in 2001, +39% in 2002 and +64% in 2003), whereby life products grew 31% overall in 2003 and short-term bank savings accounts increased by 13%. Overall life and savings market growth was estimated at +26%.

#### Property & Casualty

The Belgian property and casualty market grew by 6% in 2003 (against 7% in 2002). This significant increase, compared to average annual growth of 3% for the last 10 years, is primarily due to the motor line by +5% (accounting for 36% of total property and casualty) and household (+8% in 2003), and both benefited from rate increases.

<sup>1</sup> Industry Sales Results are from LIMRA as of September 30, 2003

<sup>2</sup> Figures are estimated based on September 30, 2003  
(most recent available data)



### FRANCE

#### Life & Savings

2003 was a year of recovery for the French life and savings markets. Although not as strong as during 1999 (+13%) and 2000 (+20%), premium growth reached an estimated +9%, compared with +2% in 2002 and a decrease of -7% in 2001. The pace of growth accelerated towards the end of the year.

#### Property & Casualty

The French property and casualty market growth rate was higher (+8%) in 2003 than in 2002 and 2001 (+7% for each year). In commercial lines, the main factor for this improvement was the increase in rates notably as regards the liability and industrial property risks, as the claims charges remained at a high level and reinsurance costs significantly increased.



### GERMANY

#### Life & Savings

In life and savings, new business of regular premiums grew by 13.3% to €8.0 billion, while single premiums increased by 12.3% to €8.3 billion. In 2003, in line with the increase in the maximum contribution to the state pension scheme, new business for individual endowment products increased significantly (€2.6 billion, +30.8%) whereas annuity products grew only by 15.2% (€2.7 billion).

#### Property & Casualty

In 2003, total property and casualty business increased by 2.8% in all lines. In motor line, gross written premiums, covering more than 40% of total property and casualty, increased by 2.4% to €16.1 billion. Due to the absence of catastrophes and major losses, and owing to favorable climatic conditions, claims paid for current year (all motor lines aggregated) decreased by 4.0%, mainly in motor liability (-7.4%).



### UNITED KINGDOM

#### Life & Savings

New annualized business (new regular premiums plus 10% of single premiums) fell in 2003 in contrast to growth of 2.3% in 2002 and 14.1% in 2001. This was largely the result of continued adverse stock market



performance in the early part of the year coupled with stock market volatility even as the markets began to recover. With sales of both investment and pension products being hit, the principal growth area in 2003 was protection, in particular term assurance. Sales of With Profits Bonds, the largest product sector in 2002, collapsed in 2003 as falling stock markets reduced capital available to finance new business at the levels of previous years and consumers lost confidence in the With Profits concept.

### Property & Casualty

The UK market has enjoyed a positive underwriting environment throughout 2003 with hard market conditions in commercial lines in the first three quarters driving double digit growth across AXA's SME market. Competition increased in the fourth quarter particularly in commercial motor and property classes.



### SOUTHERN EUROPE

#### Life & Savings

In 2003, the **Spanish** institutional insurance market faced the end of the externalisation of pension fund products (-34%). Unit-linked products increased by 14% benefiting from financial market recovery.<sup>3</sup> However the future of this business is uncertain due to a change in tax regulation. In **Italy**, the market has continued growing over 2003: written premiums grew by 15% as compared to the same period last year,<sup>4</sup> and new business grew by 13%.<sup>5</sup> The new business growth was mainly driven by index-linked products and traditional saving products, particularly single premium. In **Portugal** market grew by 18.2% to €5.4 billion, mainly driven by the increase of group products, which benefited mostly bank-insurers.<sup>6</sup>

### Property & Casualty

The **Spanish** market grew by 9% to €24 billion in a favorable economic environment.<sup>7</sup> In spite of 7% growth, the motor line confirmed the slowdown which started in the second half of 2002 as a result of strong price competition. Household and health businesses increased respectively by 14% and 9%. In **Italy**, the insurance market in 2003 was influenced by the Italian government request to limit tariff

increases on compulsory motor third-party liability cover. After a 4% to 5% increase in average premium in February, most companies left their tariffs unchanged. Motor third-party liability grew by 7.4% in 2003 while other lines grew by 6.4%.<sup>4</sup> In **Portugal**, the market grew by 5.3%. Motor business, which represented nearly half of written premiums, increased by 4.5% to €1.9 billion. Workers compensation, which totaled 20% of the property and casualty insurance market, grew by 2.6% to €0.8 billion.<sup>8</sup>

### ASIA PACIFIC



### AUSTRALIA

#### Life & Savings

In Australia and New Zealand, the savings related investment sector continued to be the growth area due to the ageing population and continued government support for self-funded retirement.



### HONG KONG

#### Life & Savings

The Hong Kong life insurance market experienced strong growth in 2003; for the 9 months to September 2003, the market for individual life new business annual premium equivalent increased by 15% compared to the same period in 2002. Despite a partial slowdown in the overall market during the first half of 2003 due to SARS, AXA China Region experienced growth in sales, with a 23% increase (9 months to September) of individual life new business.



### JAPAN

#### Life & Savings

The Japanese life insurance market experienced declining in-force business for the eighth consecutive year (a premium income reduction of 3% compared to Japan fiscal year 2002) influenced by a lack of customer confidence due to solvency concerns and the low interest rate environment.

<sup>3</sup> ICEA January 2004.

<sup>4</sup> ISVAP: Sept.2003 (Istituto per la vigilanza sulle assicurazioni private / insurance controller).

<sup>5</sup> IAMA Consulting, Nov 2003 (market research consultancy).

<sup>6</sup> Portuguese Insurance Association.

<sup>7</sup> ICEA January 2004.

<sup>8</sup> Portuguese Insurance Association.



## INTERNATIONAL INSURANCE

On the **reinsurance** side, after the large claims experience and the financial market crisis in 2001, a progressive stabilization of prices is underway. The bulk of AXA RE's portfolio –property, marine and aviation– showed stable rates and no capacity issues. The rest of the portfolio –motor and casualty– benefited from additional rate increases. The share of non-proportional business is growing again. Competition amongst reinsurers is coming from the growing size of Bermudian companies. As in 2002, reinsurance has not been hit by exceptional claims in 2003.

On the **large risks insurance market**, in the context of a favorable claims experience, further rate increases and restructuring of large corporate insurance programs (through franchise agreements and other contract clauses) were conducted, especially in liability, and to a lesser extent in property, motor and marine. Only the aviation market softened, in the context of a reduced airlines activity.

## ASSET MANAGEMENT

After a slow start to the year, a strong climb by equity markets in 2003 provided a positive background for the industry, demonstrated by the S&P 500 which advanced by nearly 29% during the year. Investors who either left or reduced their activity in equity markets during the past few years began to return or increase their activity, albeit cautiously.

In the second half of the year, the market timing and late trading investigations carried out by the regulatory authorities, in particular the SEC and the Office of the New York Attorney General, became a focal point for both US retail investors and the investment management companies offering mutual funds.

# Key Financial Information

## Consolidated Gross Revenues

■ **Consolidated gross revenues** for the full-year 2003 were €71,628 million, down by -4.1% on a current basis, mainly as a result of the significant appreciation of the euro mainly against the US dollar, Yen and British pound (€-5.5 billion impact or -7.4%). Other scope differences compared to the same period last year (sale of AXA Austria, AXA Hungary, AXA Australia Health activities, and International insurance business in run-off in the United States) also contributed to the decrease (€-1.4 billion or -2.1%).

**On a comparable basis**, consolidated revenues were up +5.3%, showing a sustained growth throughout the year. Life and savings revenue growth was +8.5%, with positive performance recorded in most countries, in particular in the United States (+29.1%), Belgium (+25.9%), Germany (+9.2%), France (+4.4%) and Japan (+6.2%), while the UK still shows a decrease (-11.2%) mainly as a result of AXA's withdrawal from the "With-profit" bonds market since July 2002, followed by significant reductions in the overall With-Profit bond market. AXA responded to this by focusing on cautious investment products, which continue to drive sales performance in unsettled market conditions.

■ The **United States** revenues were still pulled up by the strong sales of the Variable Annuity Accumulator Series launched in April 2002, despite large Institutional Separate Account premiums related to Equitable Life benefit plans registered in 2002 (excluding this item, revenues grew by +35%).

■ **Belgium and Germany** benefited from a high level of sales on non-unit linked products, interest-linked products in Belgium and group pension funds in Germany (newly established "Pensionskasse").

■ **Japan** revenues growth was driven by continued conversions progress, higher margin individual health sales, strategic bancassurance agreements, partly compensated by lower Group pension transfers.

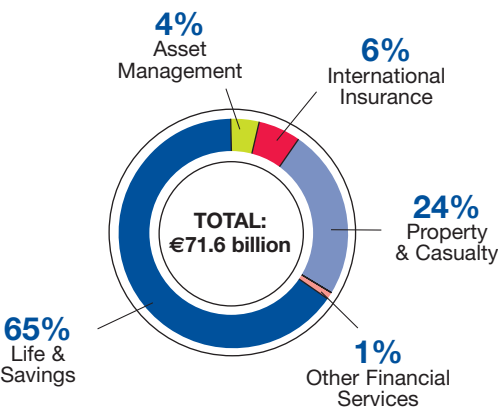
■ **France** benefited from a growth in individual general accounts premiums and new Group business. Apart from the UK trend, **Spain** also showed a decrease in revenues (-44%) since 2002 revenues had benefited from large Group single contracts relative to pension fund outsourcing.

**Property & Casualty** gross written premiums were up +4% showing good performance in all major countries, especially in France (+5.9%), the UK (+3.6%). This growth was achieved through successful rates increases and positive netinflows despite the continuing application of strict underwriting policies.

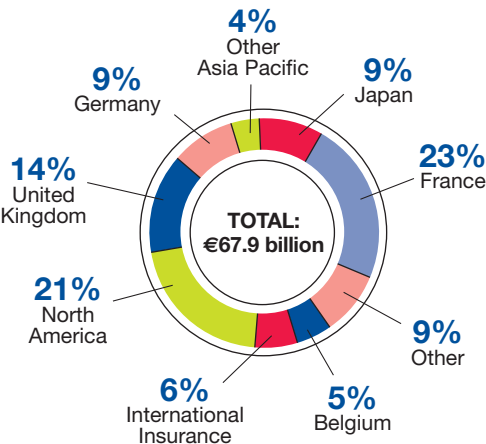
TOTAL CONSOLIDATED GROSS PREMIUMS  
AND FINANCIAL SERVICES REVENUES IN 2003: €71.6 BILLION  
(+5.3% on a comparable basis)

### GROSS PREMIUMS AND FINANCIAL SERVICES REVENUES

BY BUSINESS SEGMENT



BY GEOGRAPHIC REGION  
(INSURANCE ONLY)







■ **Personal lines** grew by +3%. This was attributable to both the motor business (+2%) especially in France, Germany, and Belgium, due to a combination of moderate rate increases and portfolio growth, and the non-motor business (+4%) mainly in the UK benefiting from new partnerships agreements.

■ **Commercial lines** also grew by +8%, mainly attributable to France and the UK, due to significant tariff increases in all lines of business, combined with a strict underwriting policy and portfolio pruning.

■ **International insurance** revenues were down -10.9%, pulled by d'AXA RE (-17.7%), reflecting continued stringent underwriting policy aiming at reducing the risk exposure of the portfolio while focusing the P&C portfolio on more profitable business, and a 2002 non-recurring revision on prior year premiums (€+271 million).

**AXA Corporate Solutions Assurance** also showed a -3.9% decrease, reflecting lower premiums on Aviation, reduced exposure to selected business lines, and a decrease in property line following the reshuffling of the UK portfolio, only partly offset by the growth in the casualty line due to rate adjustments and new business.

■ **Asset Management** fees, commissions and other revenues were nearly flat at -0.3%, both for Alliance Capital (-0.4%) and AXA Investment Managers (+0.5%), recovering on the second half of the year due to stronger equity market.

### Asset Management

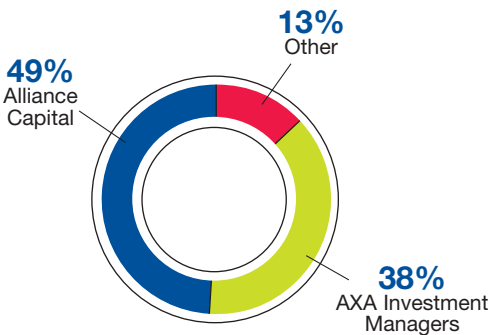
Assets under management were up 4% to €775 billion at year-end 2003, or +17% on a constant exchange rate basis, benefiting from strong net inflows of €20 billion, as well as market appreciation.

■ For **Alliance Capital**, assets under management were up by €7 billion to €376 billion at December 31, 2003 when compared to December 31, 2002 driven by positive market impact (€71 billion) and net new money (€7 billion) partially offset by adverse exchange rate impact (€-71 billion). On a constant exchange rate the AUM increased by 23%. Net inflows totaled €7 billion and were attributable to net new money of €9 billion, €4 billion and €-6 billion for Institutional, Private Client Retail sectors, respectively. Retail outflows were predominantly coming from cash management products (€-4 billion).

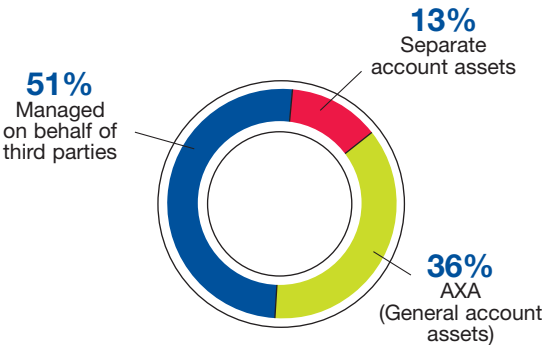
■ For **AXA Investment Managers**, assets under management were €292 billion as of December 2003, increasing by €24 billion since 2002 closing (+12% on a comparable basis). Positive Net New Money (€+13 billion), mainly driven by Institutional segment, especially structured products and international equities, and market appreciation (€+19 billion) were partially offset by adverse exchange rate impacts (€-9 billion).

TOTAL ASSETS UNDER MANAGEMENT AS AT DECEMBER 31, 2003: €775 BILLION

ASSETS UNDER MANAGEMENT  
BY COMPANY



ASSETS UNDER MANAGEMENT  
BY CATEGORY



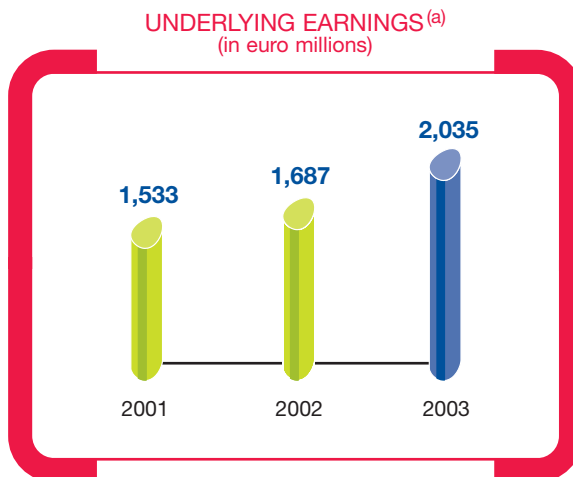
## Underlying Earnings

■ Underlying earnings increased by 21% to 2,035 million from Euro 1,687 million, due to continued organic growth, a steady focus on operating efficiency and an improved global economy in 2003. Strong improvements in property and casualty and International Insurance have been the key drivers for 2003 growth, while the life and savings and Asset Management segments were impacted by currency effects and challenges in the U.K. and at Alliance Capital. At constant exchange rates, underlying earnings increased by 30%.

■ **Life & Savings** underlying earnings decreased by €335 million to €1,301 million, primarily due to the appreciation of the euro versus other currencies, partially mitigated by improving business fundamentals.

■ **Property & Casualty** underlying earnings were €753 million, an increase of more than 140% on a comparable basis from €226 million in 2002, owing to a **4.0 point improvement in the combined ratio** to 101.4% from 105.4% in 2002, also on a comparable basis.<sup>1</sup>

■ **International Insurance** underlying earnings increased by €219 million to €141 million from a loss of €78 million in 2002, mainly driven by an



improved non-life technical result as a result of underwriting discipline and expense management.

■ **Asset Management** underlying earnings were €146 million, down €112 million (€-92 million at constant exchange rates) from 2002. Underlying earnings were negatively impacted by a €104 million (net group share) charge for mutual fund matters and legal proceedings at Alliance Capital.

<sup>1</sup> Adjusted for the inter-segment transfer of UK Health from Life & Savings to Property & Casualty.

## CONTRIBUTION TO CONSOLIDATED UNDERLYING EARNINGS, ADJUSTED EARNINGS AND NET INCOME GROUP SHARE

(in euro millions)

	2003	2002	2001
Life & Savings	1,301	1,636	1,647
Property & Casualty	753	226	(42)
International Insurance	141	(78)	92
Asset Management	146	258	328
Other Financial Services	112	133	115
Holdings	(419)	(488)	(607)
<b>Underlying earnings<sup>(a)</sup></b>	<b>2,035</b>	<b>1,687</b>	<b>1,533</b>
Cost of September 11 <sup>th</sup> events	–	(89)	(561)
Net investment gains attributable to shareholders	(585)	(240)	229
<b>Adjusted earnings<sup>(b)</sup></b>	<b>1,450</b>	<b>1,357</b>	<b>1,201</b>
Impact of exceptional operations	148	235	–
Goodwill amortization (group share)	(593)	(643)	(681)
<b>Net income Group Share</b>	<b>1,005</b>	<b>949</b>	<b>520</b>

(a) Underlying earnings are adjusted earnings, excluding net capital gains attributable to shareholders and claims associated with September 11, 2001 terrorist attacks.

(b) Adjusted earnings represent net income before the impact of exceptional operations and goodwill amortization.



### Adjusted Earnings

**Adjusted earnings** for 2003 were €1,450 million compared to €1,357 million in 2002. This 7% increase was due to a 21% increase in underlying earnings to €2,035 million and the non-repeat of a first-half 2002 adjustment on claims reserve associated with September 11, 2001 terrorist attacks (€89 million net), partially offset by a €345 million deterioration in net capital losses attributable to shareholders.

### Net Income

**Net income** in 2003 increased 6% to €1,005 million from €949 million in 2002. 2003 net income included €148 million related to exceptional operations.

### Combined Ratio

The combined ratio

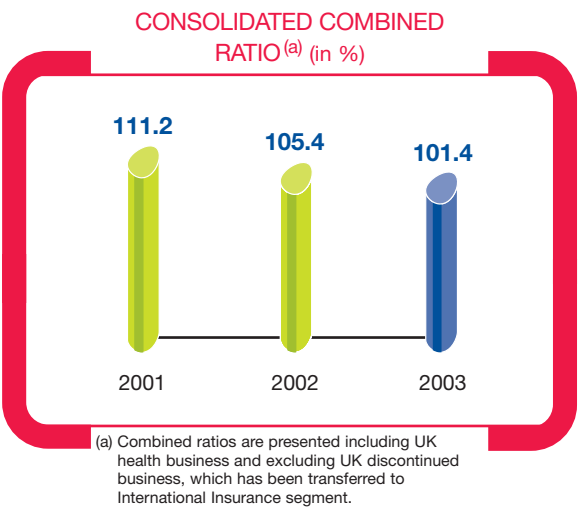
=

Total costs incurred by property-casualty insurance operations\*

Gross premiums

\* claims + reinsurance result + general expenses  
+ fees and commissions paid to intermediaries

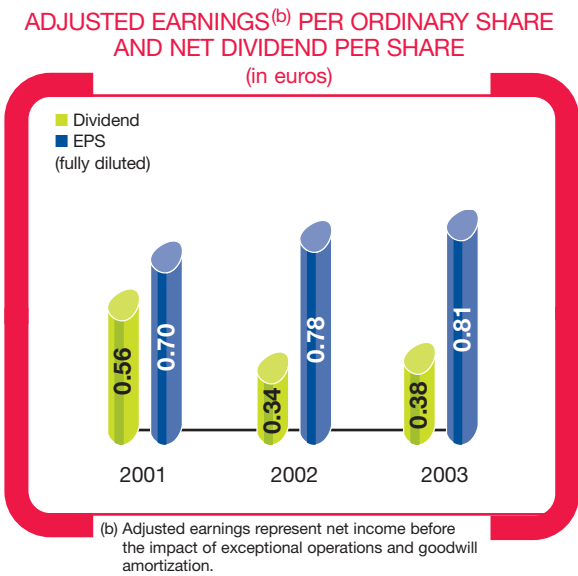
The Group **combined ratio** significantly improved by 5 points to 101.4% or 4 points on a comparable basis and 13 points compared with 2000. This improvement was the result of the confirmation of a much improved operational performance in all major countries, partly offset by lower investment income. The improved loss ratio resulted from tariff increases, lower reinsurance costs, lower claims management costs, stricter underwriting and a lower level of weather-related losses in 2003.



### Adjusted Earnings and Net Dividend per Share

On the basis of adjusted earnings of €1,450 million in 2003, and an average number of shares (fully diluted) of 1,790 million, adjusted EPS (fully diluted) was €0.81, an increase of 3.9% compared with 2002 (€0.78).

The payment of a dividend of €0.38 per share, as opposed to €0.34 in respect of 2002, is subject to shareholder approval at the Annual General Meeting on April 21, 2004. Proposed dividend of €0.38 per share represents a 12% increase versus last year.





Embedded Value and Life New Business Contribution

**2003 Embedded Value** (“EV”), at €29,008 million, was up 3%, or 12% at constant exchange rates, from 2002. On a constant exchange rate basis, EV per share increased by €1.79 (11%), in addition to a dividend of €0.34 per share paid in 2003.

**Life New Business Contribution** (“NBC”) increased by 4% or 16% at constant exchange rates. The rise was driven by a 68% increase in the United States and double digit increases in Germany, Hong Kong and Australia, which offset decreases in other countries, primarily the UK.

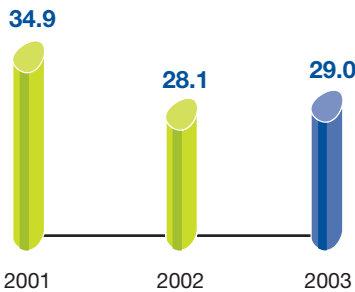
Consolidated Shareholders’ Equity

At December 31, 2003, consolidated shareholders’ equity totaled €23.4 billion. Compared to 2002, adjusted ROE increased by 0.6 point in 2003 from 5.7% in 2002 to 6.3% in 2003. Underlying ROE increased by 1.8 point from 7.1% in 2002 to 8.9% in 2003.

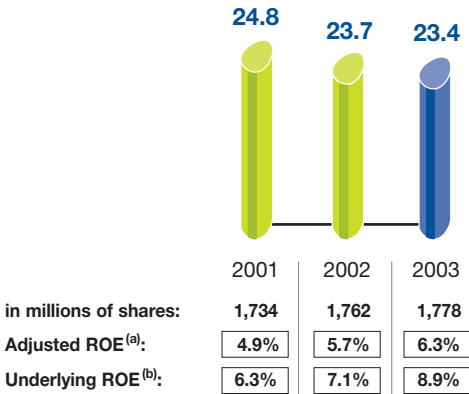
Gearing Ratio

AXA’s gearing (total debt to equity ratio) was 45%, down one point from year-end 2002. Debt has been reduced by €0.6 billion since December 31, 2002.

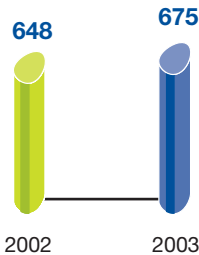
EMBEDDED VALUE  
(in euro billions)



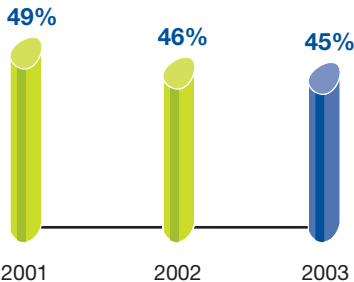
CONSOLIDATED SHAREHOLDERS’ EQUITY (GROUP SHARE)  
(in euro billions, as at December 31,)



NEW BUSINESS CONTRIBUTION<sup>(c)</sup>  
(in euro millions)



GEARING RATIO  
(in %, as at December 31,)



(a) Underlying earnings are adjusted earnings, excluding net capital gains attributable to shareholders and claims associated with September 11, 2001 terrorist attacks.

(b) Adjusted earnings represent net income before the impact of exceptional operations and goodwill amortization.

(c) Starting in 2003, new business contributions are translated into euros using average exchange rates over the year instead of year-end exchange rates. 2002 numbers have been restated accordingly.

# AXA Stock Price Trends

## 2003: Year in Review

### ■ GLOBAL FINANCIAL MARKET CONDITIONS

Global financial market conditions in 2003 took a turn for the positive. Equities rallied over the year off of March lows as uncertainty over the war in Iraq was lifted, favorable economic reports were released, the US started to recover, more stringent regulations and requirements were installed, and investors regained confidence in corporate financial statements.

For the euro zone, 2003 GDP grew 0.6% while the US showed GDP growth of 4.3% for the year. Business and consumer sentiment surged during the year as many companies' earnings came in ahead of expectations and M&A activity picked up.

The European insurance sector, with the Stoxx Insurance up 10%, performed in line with the market during 2003, after two years of strong underperformance.

US/International plays, such as AXA, were among the top performers among large-cap European insurers, on the back of the resurgence in the asset gathering theme.

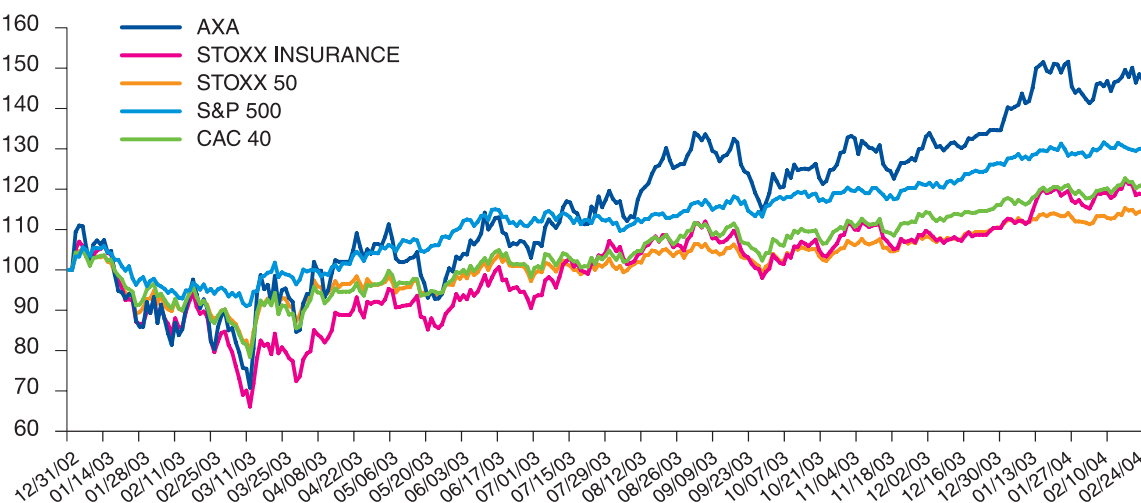
### ■ THE INSURANCE SECTOR 2003

The following items negatively affected the insurance sector during 2003:

#### Capital Adequacy

Financial strength ratings of insurers and reinsurers were downgraded or placed on review by rating agencies during the year. Also, regulatory changes, such as the move to "realistic" balance sheet in the UK, put pressure on solvency. In response, a number of insurers and reinsurers announced capital raising measures and/or sales of non-strategic operations in order to support their financial strength. During 2003, the European insurance industry raised a total of €11 billion of additional shareholders' funds through equity issues.

AXA STOCK PRICE TRENDS  
(12/31/02 to 02/24/04)



	12/31/2002	12/31/2003	% change 2003	02/26/2004	% change YTD 2004
AXA	12.61	16.97	34.6%	18.53	9.2%
Stoxx Insurance	157.19	173.56	10.4%	186.66	7.5%
Stoxx 50	2,407.51	2,660.37	10.5%	2,757.87	3.7%
S&P 500	879.82	1,111.92	26.4%	1,144.91	3.0%
CAC 40	3,063.91	3,557.9	16.1%	3,714.49	4.4%

Low Bond Yields

Bond yields fell to their historical lows in mid-June 2003, raising concerns regarding crediting rate levels and life and savings investment margins. To counteract these fears, regulators took actions to lower guarantees on new business (e.g., the US) and on inforce (e.g., Switzerland) to alleviate the risk of guarantees biting. At the same time, companies have been taking their asset/liability management far more seriously to minimize reinvestment risk. AXA, owing to its economic capital work which started in 2000, was perceived as being well protected and ahead of the game in terms of asset/liability management. Since June 2003, the interest rate cycle has been on the upturn.

Strengthening Euro

Continued strength of the euro, up 20% against the US dollar in 2003, also hurt US-exposed insurers. The dollar hit a record low against the euro on December 31, 2003 when €1 = \$1.2564. AXA's hedging strategy acted to mitigate the effect of the dollar/euro relationship on its income statement.

Asset Management Concerns

From September on, the asset management industry was tainted by the mutual fund probe into late trading and market timing practices, with possible spill into the variable annuity industry. In December 2003, Alliance Capital proactively reached an agreement with both the SEC and the New York State Attorney General in respect to market timing in some of its mutual funds.

However, a number of trends emerged that positively affected insurers' performance in 2003:

Equity Market Upturn

Investment markets ended the year meaningfully higher than where they started. As a result, higher fees on asset management and equity market-sensitive products were earned. In addition, concerns on solvency, policy guarantees, and asset impairment charges were eased.

Consolidation

Life insurance consolidation reappeared as operating trends improved, rating agency pressures lifted and capital pressures lessened. The increasing need for scale and efficiency, along with reasonable prices, led to

2003 PERFORMANCE OF PRINCIPAL STOCK MARKET INDICES

Indice	2003 performance
CAC 40 (Paris)	16%
STOXX 50 (Europe)	11%
DAX (Frankfurt)	37%
FTSE 100 (London)	14%
Nasdaq	50%
Nikkei (Tokyo)	24%
S&P 500 (New York)	26%
Dow Jones (New York)	25%



renewed consolidation during the year. In September, AXA announced the proposed acquisition of MONY for \$1.5 billion, and lead the consolidation theme.

**Non-life Recovery**

Non-life combined ratios showed substantial improvement across the European insurance sector, benefiting from a positive pricing cycle, a relatively-benign weather-related claim environment and higher underwriting discipline at most players.

**Lower Default Losses on Corporate Bonds**

S&P noted a much improved credit regime in 2003 where 126 companies defaulted on \$63 billion of debt, compared with 236 companies and \$182 billion of debt during 2002. Although default rates are still above average, rating agencies expect default rates to lower and recovery rates to increase over 2004.

**AXA Share Price Trend**

The AXA stock price rose by 35% in 2003, strongly outperforming the insurance sector as investors looked to more equity-gearred stocks in the rising market environment and as AXA demonstrated its operating strength and efficiency.

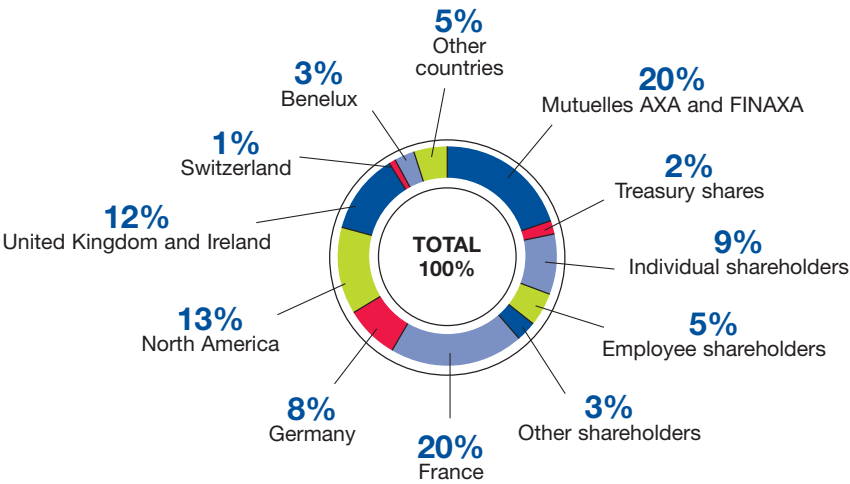
**AXA Share Price**

**12.61 euros** on 12/31/02

**16.97 euros** on 12/31/03

The diversification of AXA’s revenue base, both in geographic and product terms, is also perceived as a stabilizing factor.

**AXA SHAREHOLDERS**  
(as of 12/31/2003)



Source: Thomson Financial 2003 Ownership Analysis.



Additionally, the announced acquisition of MONY was perceived very positively by the market as it fit with the strategy of the Group and comforted the market regarding the health of AXA's balance sheet.

## 2004

The insurance sector had a strong start to the year. The sector continues to rise as investors are more optimistic regarding underlying profitability. In addition, the sales outlook is improving. Consolidation is expected to continue as scale is becoming more and more important and as weaker players are set to reconsider their overall international strategy.

AXA's full year 2003 earnings were announced on February 26, 2004. Results were better than expected by the market as for 2004 investors seem to be shifting their attention towards profitability and growth.

### Financial strength ratings of AXA's principal insurance subsidiaries

**S&P:** AA-

**Moody's:** Aa3

**Fitch:** AA

# Consolidated Gross Revenues

(in euro millions)

	Year ended December 31, 2003			Year ended December 31, 2002		
	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total
<b>EUROPE (and Morocco)</b>	24,334	16,243	40,577	26,301	15,128	41,430
France	10,882	4,640	15,522	10,423	4,383	14,807
United Kingdom	5,831	3,664	9,495	8,362	2,749	11,112
Germany	3,428	2,847	6,274	3,140	2,843	5,983
Belgium	2,050	1,405	3,455	1,629	1,395	3,024
Italy	566	1,088	1,654	552	1,027	1,580
Spain	470	1,166	1,636	834	1,070	1,904
The Netherlands	768	248	1,016	918	237	1,154
Portugal	146	324	470	129	320	450
Ireland	-	559	559	-	554	554
Morocco	83	155	237	81	130	211
Luxembourg	22	63	85	29	58	87
Switzerland	88	87	175	81	89	170
Austria and Hungary*				122	272	395
<b>NORTH AMERICA</b>	13,788	761	14,549	12,784	744	13,527
United States	13,732	-	13,732	12,726	-	12,726
Canada	56	761	817	58	744	801
<b>ASIA-PACIFIC</b>	8,677	94	8,771	9,501	76	9,577
Australia/New Zealand	1,697	-	1,697	2,018	-	2,018
Japan	6,078	94	6,172	6,428	76	6,504
Hong Kong	791	-	791	936	-	936
Singapore	111	-	111	119	-	119
<b>INTERNATIONAL INSURANCE</b>	-	-	3,972	-	-	5,761
AXA Corporate Solutions Assurance	-	-	1,550	-	-	1,762
AXA RE	-	-	1,913	-	-	3,472
AXA Cessions	-	-	87	-	-	100
AXA Assistance	-	-	408	-	-	397
Other transnational activities	-	-	14	-	-	30
<b>TOTAL INSURANCE</b>	<b>46,799</b>	<b>17,098</b>	<b>67,870</b>	<b>48,586</b>	<b>15,948</b>	<b>70,296</b>
Asset management	-	-	2,922	-	-	3,411
Other financial services	-	-	836	-	-	1,020
Holdings	-	-	-	-	-	-
<b>TOTAL</b>			<b>71,628</b>			<b>74,727</b>

\* Sale of AXA Konzern's Austrian and Hungarian operations in 2003.

# Consolidated Underlying Earnings and Adjusted Earnings

(in euro millions)

	Underlying Earnings						Adjusted Earnings	
	Year ended December 31, 2003			Year ended December 31, 2002			2003 Total	2002 Total
	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total		
EUROPE (and Morocco)	544	726	1,270	839	227	1,066	941	887
France	364	216	580	355	188	543	691	669
United Kingdom	(27)	71	44	381	(149)	233	52	152
Germany	19	60	79	6	18	24	(209)	(28)
Belgium	94	143	237	55	58	114	63	(21)
Italy	20	51	71	11	23	34	54	44
Spain	22	42	64	13	33	46	75	63
The Netherlands	35	6	41	4	(2)	1	39	(8)
Portugal	7	13	20	9	9	17	18	(4)
Ireland	-	117	117	-	55	55	118	59
Turkey	3	4	7	0	1	1	7	1
Morocco	5	0	4	1	(1)	(1)	26	(3)
Luxembourg	2	3	5	4	3	6	4	3
Switzerland	0	0	0	(2)	(9)	(11)	2	(40)
North America	578	35	613	684	15	699	570	543
United States	575	-	575	680	-	680	530	520
Canada	3	35	38	4	15	19	41	23
ASIA-PACIFIC	179	(8)	171	113	(15)	98	(94)	27
Australia/New Zealand	41	-	41	65	-	65	39	59
Japan	52	(18)	34	(45)	(24)	(69)	(241)	(70)
Hong Kong	86	7	93	95	6	101	105	38
Singapore	0	3	3	(2)	3	0	3	0
INTERNATIONAL INSURANCE			141			(78)	147	(149)
AXA Corporate Solutions Assurance			31			(84)	(5)	(123)
AXA RE			108			17	146	(14)
AXA Cessions			15			(3)	16	(4)
AXA Assistance			16			8	14	1
Other transnational activities			(28)			(16)	(25)	(8)
TOTAL INSURANCE	1,301	753	2,196	1,636	226	1,784	1,564	1,311
Asset Management			146			258	148	258
Other financial services			112			133	126	133
Holdings			(419)			(488)	(388)	(344)
TOTAL	1,301	753	2,035	1,636	227	1,687	1,450	1,357

# Consolidated Balance Sheets

## ASSETS

(in euro millions)

	At December 31,		
	2003	2002	2001
<b>Goodwill</b>	<b>12,874</b>	<b>14,407</b>	<b>15,879</b>
Value of purchased life business inforce	2,814	3,224	3,739
Other intangible assets	556	701	396
<b>Total other intangible assets</b>	<b>3,370</b>	<b>3,925</b>	<b>4,135</b>
Real estate	11,727	12,714	13,409
Investments in participating interests	2,797	3,784	3,828
Fixed maturities	147,811	147,750	143,527
Equity investments	61,823	57,303	64,537
Mortgage, policy and other loans	17,009	18,265	22,907
<b>Total investments from insurance activities</b>	<b>241,167</b>	<b>239,816</b>	<b>248,208</b>
<b>Separate account (unit-linked) assets</b>	<b>101,002</b>	<b>90,458</b>	<b>115,723</b>
<b>Total investments from non-insurance activities</b>	<b>8,100</b>	<b>9,024</b>	<b>10,355</b>
<b>Investment in affiliated companies (equity method)</b>	<b>1,254</b>	<b>2,093</b>	<b>1,570</b>
Reinsurers' share of insurance liabilities	8,470	9,910	11,591
Reinsurers' share of separate accounts (unit-linked) liabilities	19	20	28
<b>Reinsurers' share of insurance liabilities</b>	<b>8,489</b>	<b>9,930</b>	<b>11,619</b>
<b>Receivables from insurance and reinsurance activities</b>	<b>11,680</b>	<b>14,003</b>	<b>15,571</b>
Receivables (bank customers)	8,817	7,889	7,130
Receivables (other)	3,973	3,477	4,303
<b>Receivables from non-insurance activities</b>	<b>12,790</b>	<b>11,367</b>	<b>11,433</b>
<b>Cash and cash equivalents</b>	<b>19,428</b>	<b>17,592</b>	<b>17,646</b>
Tangible assets	1,243	1,239	1,944
Other tangible assets	7,680	7,241	7,493
<b>Other assets</b>	<b>8,922</b>	<b>8,480</b>	<b>9,437</b>
Deferred acquisition costs	10,993	10,965	10,917
Other prepayments and deferred charges	9,163	12,599	13,106
<b>Prepayments and accrued income</b>	<b>20,156</b>	<b>23,563</b>	<b>24,023</b>
<b>TOTAL ASSETS</b>	<b>449,233</b>	<b>444,657</b>	<b>485,599</b>



## LIABILITIES

(in euro millions)

	At December 31,		
	2003	2002	2001
Ordinary shares	4,072	4,035	3,971
Capital in excess of nominal value	13,984	13,824	13,627
Retained earnings brought forward	4,340	4,902	6,662
Net income for the financial year	1,005	949	520
<b>Shareholders' equity</b>	<b>23,401</b>	<b>23,711</b>	<b>24,780</b>
Minority interests' share in retained earnings brought forward	2,226	2,444	3,024
Minority interests' share in net income for the financial year	243	368	385
<b>Minority interests</b>	<b>2,469</b>	<b>2,812</b>	<b>3,409</b>
<b>Total minority interests and shareholders' equity</b>	<b>25,870</b>	<b>26,523</b>	<b>28,189</b>
<b>Subordinated debt</b>	<b>8,453</b>	<b>8,300</b>	<b>8,867</b>
<b>Insurance liabilities, gross of reinsurance</b>	<b>259,532</b>	<b>263,172</b>	<b>272,125</b>
<b>Separate account (unit-linked) liabilities, gross of reinsurance</b>	<b>101,069</b>	<b>90,011</b>	<b>115,305</b>
<b>Provisions for risks and charges</b>	<b>6,918</b>	<b>9,775</b>	<b>10,553</b>
<b>Payables arising from insurance and reinsurance activities</b>	<b>8,312</b>	<b>8,299</b>	<b>8,806</b>
Payables (bank customers)	11,563	10,656	9,985
Payables (other)	15,727	15,656	16,556
<b>Payables arising from non-insurance activities</b>	<b>26,290</b>	<b>26,313</b>	<b>26,541</b>
<b>Non-subordinated debt instruments issued</b>	<b>5,156</b>	<b>4,682</b>	<b>6,140</b>
<b>Amounts owed to credit institutions</b>	<b>3,851</b>	<b>5,018</b>	<b>6,609</b>
<b>Accrued expenses</b>	<b>2,784</b>	<b>2,564</b>	<b>2,464</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>449,233</b>	<b>444,657</b>	<b>485,599</b>

## OFF BALANCE SHEET COMMITMENTS

(in euro millions)

	At December 31,		
	2003	2002	2001
<b>Other commitments received</b>			
Insurance activities	4,684	4,773	3,450
Banking activities	10,121	7,873	7,176
Other activities	6,298	5,693	4,640
<b>TOTAL</b>	<b>21,103</b>	<b>18,338</b>	<b>15,267</b>
<b>Other commitments given</b>			
Insurance activities	6,563	4,643	3,471
Banking activities	8,419	9,848	9,837
Other activities	2,741	1,635	2,269
<b>TOTAL</b>	<b>17,723</b>	<b>16,126</b>	<b>15,577</b>

# Consolidated Statements of Income

(in euro millions, except per ordinary share amounts)

	Years ended December 31,		
	2003	2002	2001
Gross written premiums	67,306	69,723	69,471
Revenues from banking activities	820	1,012	1,127
Other revenues	3,503	3,992	4,234
<b>Gross Premiums and Financial Services Revenues</b>	<b>71,628</b>	<b>74,727</b>	<b>74,832</b>
Change in unearned premium reserves	320	(382)	(355)
Net investment result <sup>(a)</sup>	26,935	(8,713)	(1,244)
<b>Total Revenues</b>	<b>98,883</b>	<b>65,632</b>	<b>73,233</b>
Insurance benefits and claims <sup>(a)</sup>	(81,317)	(47,922)	(56,668)
Reinsurance ceded, net	(1,113)	(523)	1,163
Insurance acquisition expenses	(5,798)	(5,891)	(6,394)
Bank operating expenses	(502)	(600)	(838)
Administrative expenses	(7,567)	(8,098)	(8,775)
<b>Income before income tax expense</b>	<b>2,587</b>	<b>2,597</b>	<b>1,721</b>
Income tax expense	(536)	(426)	(45)
<b>Net Income</b>	<b>2,051</b>	<b>2,171</b>	<b>1,676</b>
Equity in income from affiliated entities	41	23	17
Goodwill amortization, net	(844)	(877)	(788)
Minority interests	(243)	(368)	(385)
<b>NET INCOME GROUP SHARE</b>	<b>1,005</b>	<b>949</b>	<b>520</b>
Net Income per ordinary share (basic) <sup>(b)</sup>	0.57	0.55	0.30
Net Income per ordinary share (diluted) <sup>(b)</sup>	0.56	0.55	0.32
Impact of exceptional operations <sup>(d)</sup>	148	235	-
Goodwill amortization (Group share)	(593)	(643)	(681)
<b>ADJUSTED EARNINGS, GROUP SHARE<sup>(c)</sup></b>	<b>1,450</b>	<b>1,357</b>	<b>1,201</b>
Adjusted earnings per ordinary share (basic) <sup>(b)</sup>	0.82	0.78	0.70
Adjusted earnings per ordinary share (diluted) <sup>(b)</sup>	0.81	0.78	0.70

(a) For the periods ended December 31, 2003, 2002, and 2001, the change in fair value of separate accounts impacted the net investment result for respectively €14,949 million, €-17,576 million and €-11,613 million and benefits and claims respectively.

(b) Per ordinary share data are restated for the effect of the 4-for-1 stock split approved by the shareholders at the annual general meeting held on May 9, 2001.

(c) Adjusted earnings represent AXA's consolidated net income before goodwill amortization and exceptional operations. Adjusted earnings are a non-GAAP measure, which management believes provides a meaningful understanding of the results. It should be noted that "Adjusted Earnings" as defined may not be comparable with similarly-titled measures reported by other companies as the term is not defined under either French GAAP or US GAAP.

(d) Exceptional operations included:

In 2003:

- Capital gains on disposals of group subsidiaries in Austria and Hungary (€37 million), the sale of Auxifina by AXA Bank Belgium (€15 million) and the sale of Members Equity in Australia (€12 million).
- A non-recurrent gain of €66 million in the USA (after adjustment for goodwill amortization) following the review of deferred tax liabilities relating to periods prior to AXA's acquisition of The Equitable Inc. The review led to an exceptional €106 million write-off of goodwill recognized at the time of the buyout of minorities in AXA Financial in 2000.
- A non-recurrent gain of €19 million at the German holding company (after adjustment for goodwill amortization) following the release of a provision booked when the Group acquired German activities in 1997, which had become unnecessary.

In 2002:

- The capital gain realized on the sale of AXA Australia Health activities (National Mutual Health Insurance €87 million).
- An exceptional profit of €148 million at Alliance Capital due to the partial release (€277 million) of the provision booked in 2000 to offset the dilution gain recorded when acquiring Sanford C. Bernstein Inc. This release was due to the buy-back of 8.16 million private units in Alliance Capital from the former shareholders of Sanford Bernstein, after these shareholders exercised their liquidity put options. This operation generated €122 million of additional goodwill, which was amortized in full during the year (€129 million).

# Sustainable Development

This is the first sustainable development report published by the AXA Group.

The first section of this three-part document focuses on how AXA's financial protection and wealth management business contributes directly to sustainable development.

The second half showcases AXA's commitments to its key stakeholders.

The third part contains brief summary of the key social ratings attributed to AXA by specialized rating agencies.

## Part One

### **How the Financial Protection and Wealth Management Business Contributes to Sustainable Development**

Helping Economies Grow and Reducing Risk	30
AXA's Asset Management Business and Sustainable Community Development	35
Assisting People	38

## Part Two

### **Doing Business Responsibly: AXA's Commitments**

AXA and its Customers	42
AXA and its Shareholders	46
AXA and its Employees	50
AXA and its Suppliers	58
AXA and the Community	60
AXA and Environmental Responsibility	64

## Part Three

### **Social Ratings**

69

# /1

## How the Financial Protection and Wealth Management Business Contributes to **Sustainable Development**

The roots of financial protection and wealth management can be traced to insurance, a business founded on the notion of providing compensation for certain kinds of professional or personal mishaps.

Initially, insurance involved maritime and fire related risks. The scope of coverage gradually broadened to encompass other kinds of risks – to property (residential, commercial, vehicles) as well as to individuals (life, disability and health).

By investing the premiums paid in return for coverage by policyholders, insurers acquired expertise in asset management as well.

Today, AXA makes the expertise it has accumulated in risk and asset management available to customers by offering solutions to their evolving savings, investment management and estate planning needs.







## ■ Helping Economies Grow and Reducing Risk

Like insurance, the Financial Protection and wealth management business is a key driver of economic and social progress.

Sumerian traders (3100 BC to 1 BC), who assumed the risk of their caravan trade, invented the first insurance pool. Pre-Lloyd's insurance contracts enabled ship owners in the Middle Ages to transact marine business, while modern insurance companies began to appear during the Industrial Revolution. In each of these historical examples, **insurance offered the safety net that allowed entrepreneurs to take the risks** that produced and multiplied the wealth and comfort enjoyed in most developed countries.

By providing individuals with the support they need to recover from loss or damage to acquired property, insurance also helps to build social cohesion. The essence of the insurance contract is **mutuality**. When divided among many individuals, each of whom pays a specified amount – known as a premium – for protection against an identified risk, compensation for an individual loss does not fall heavily on the actual victim, whether a person or a business.



### “ Interview with Denis Develey, Marine & Aviation line/ AXA Corporate Solutions Assurance ”

*“At AXA Corporate Solutions, it is company policy to deny insurance coverage to vessels that are unable to prove to the company's satisfaction that they are fully compliant with regulations and standards in force.*

*After the Prestige oil spill occurred, we immediately activated a crisis unit to examine all oil tankers in our portfolio of in force business.*

*On the basis of this investigation, we decided that all business written involving fleets whose oil tankers are more than fifteen years old (all of which are single-hull vessels) would be subject to a full preliminary review by a committee of four experts. The committee issues its recommendation when all the information needed to insure this type of vessel is available. In this case, the analysis conducted by our technical advisors (five former ship captains) is essential in determining the outcome.*

*For the time being, we have not decided whether to exclude single-hull vessels from coverage, because shipper's fleets are generally made up of both single- and double-hull boats. Additionally, double-hull ships have fewer sea miles behind them and may present as-yet unidentified risks that will become apparent as they log in more sailing hours: inter-hull maintenance problems, the risk of explosion caused by fuel build-up between the hulls, etc.”*

## Promoting Responsible Risk Coverage

Much of what we think of as insurance expertise lies in the ability of professional underwriters to assess individual risks. The emergence of a steady stream of new risks, combined with the growing complexity of conventional risks, makes the task of underwriting particularly difficult. In addition, the underwriting policy of the insurance company can have an impact on actual practice, particularly in the case of commercial insurance clients. Well aware of the responsibility that this power to influence entails, AXA's insurance subsidiaries are committed to enforcing underwriting policies that contribute to sustainable development for society as a whole.

When it comes to the **ethical issues** ethical issues that confront insurers, **AXA's stance is clear**. For example, genetic information is neither solicited from insurance applicants nor used to deny medical insurance coverage. At the same time, AXA is fully aware of the responsibilities that go with leadership, and extends coverage to companies operating in industries that pose potential risks to society, provided that the latter are controllable if the appropriate protective and preventive measures are taken.

In lending its risk management expertise to these industries, and by working closely with corporate clients to identify and implement effective prevention programs, AXA contributes in a meaningful way to sustainable development.

## Encouraging Prevention

AXA accordingly plays an important **risk management** role with respect to its commercial insurance clients. Before agreeing to insure a business, AXA sends out specialists to perform risk audits on all or a representative sample of its operating facilities. During such audits, experts identify risk exposures, recommend preventive steps to be taken, and suggest ways of reducing the impact of losses that may occur.



### “Cofiroute: French Road Infrastructure Operator”

*“AXA Corporate Solutions insures our corporate motor fleet. In 2001, the company provided us with information on the risk factors to which our company and its employees were exposed, even though Cofiroute had not experienced any serious or traumatic accidents up to that point. After thoroughly reviewing our claims history, AXA gave us a detailed description of how our employees actually behaved behind the wheel and how we could improve their safety. With the help of AXA Corporate Solutions, we launched a prevention plan in late 2001 that produced immediate results: by the end of 2002, we had reduced the number of reported claims by twenty percent. Although our claims frequency was quite low (0.13 in casualty insurance), we decided to focus our efforts on reducing property-casualty claims in 2003.*

*Determined to pursue this preventive approach and motivated by the desire to set the example – which is only natural considering that our job is to operate the road infrastructure in France – our chairman and CEO Dario d’Annunzio formally adopted a road safety policy on December 16, 2003, co-signed by Rémy Heitz, inter-ministerial head of road safety policy, and Gilles Evard, professional risk manager for the French national health insurance fund for salaried employees.”*

If company management is reluctant to take the necessary measures, AXA denies coverage.

On the other hand, AXA will extend coverage to companies that adopt a responsible approach to risk management, and that are willing to enforce whatever preventive/protective measures may be required. In fact, premiums and deductibles are determined in part on the basis of the level of prevention and protection in place. Moreover, risks previously excluded from cover may be reconsidered if appropriate remedial steps are taken.

Insurers see prevention as an integral part of their business. Customers and society as a whole benefit from this expertise, because both the magnitude and frequency of risks are reduced. And companies like AXA benefit from a better claims experience and hence improved underwriting results.

## Combating Money Laundering

AXA rolled out its first set of internal AML procedures in the early 1990s. They were inspired by earlier regulations passed in France and the United Kingdom to prevent dirty money (i.e. the proceeds of illegal activities such as the trade in drugs and child labor) from being recycled back into the legitimate economy.

The need to adopt a framework and procedures that extended beyond what was strictly required by law was brought into sharp and tragic focus by the events of September 11, 2001. As of that date, the fight against financing terrorism became linked with efforts to prevent money laundering.

In November of the same year, AXA began to strengthen and improve its AML organization, devising **a formal set of guidelines** that are binding on all AXA companies operating in countries that have not enacted specific AML legislation. They describe the standards and procedures relating to reporting and organization that apply to all AXA companies.

All of AXA's life, savings and asset management subsidiaries must appoint an AML manager, whose role is to discourage, identify and, when necessary, put an end to all such illicit activities within the company's scope of operations.

The AXA Group Audit Department set up a dedicated unit in late 2001 to provide web-based support and information to local AML managers. This team relays information and international regulatory updates and produces an annual AML report that is sent to the AXA Management board member who oversees AML efforts at the corporate level.

money laundering. The global aim is to train all AXA France employees and distributors by June of 2004. Some 150 internal instructors are offering classroom training to 10,000 employees.

For individuals whose potential for direct contact is much lower – some 15,000 employees and distributors – training is provided via an e-learning module.



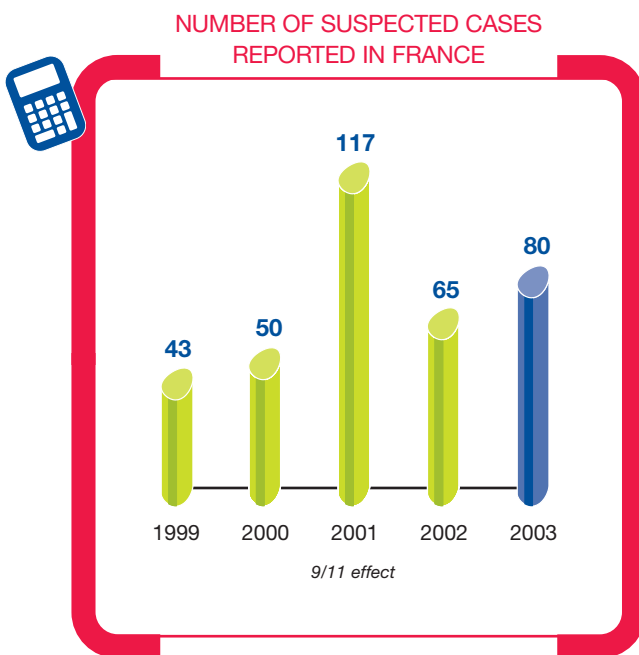
## “ Implementing AXA AML Policy in the UK

**Alun Jones, Head of Group Compliance, AXA UK** ”

*“In line with AXA's policy and reflecting local legislation, AXA UK has introduced an AML policy that has been implemented by all of our operating units. Each operating unit has devised a process that enables employees to report suspicions to a designated AML officer. In addition, all employees have received training that covers their responsibilities under AXA's AML policy.*

*To meet specific regulatory requirements and to reflect the higher intrinsic risk of the type of business it transacts, AXA Life has introduced additional training on AML for its staff members who work directly with customers. As a result, we have observed a significant increase in the number of suspicious activities being reported. AXA Insurance, AXA PPP and AXA Life have introduced transaction monitoring to identify suspicious activity. At AXA Insurance and AXA PPP, this entails keeping tabs on cancellations of commercial and personal lines early in the life of the policy. At AXA Life, all cancellations and surrenders of single premium investment products (investment bonds and mutual funds) are monitored.*

*All operating units review their activity and share best practices at quarterly AML forums organized by AXA UK. Finally, AXA Life attends several industry benchmarking forums and sits on the Money Laundering Committee of the Association of British Insurers.”*



The effort required to meet Group objectives in this area varies from one country to the next. However, the guidelines apply to all AXA subsidiaries and have inspired a number of strict and explicit procedures. At AXA France, for example, members of the salaried sales force are formally prohibited from accepting cash payment, and thereby turning a potential problem into a fail-safe solution.

In addition, AXA subsidiaries in France are working to provide training for all employees and distributors who may be directly impacted by the issue of

## ■ AXA's Asset Management Business and Sustainable Community Development



**“ Pascale Sagnier, Head of  
SRI Fund Management at AXA  
Investment Managers Paris ”**

*“We rate the companies we analyze on the basis of a thorough financial and social research process that includes face-to-face encounters with management. The decision to integrate a stock into an SRI portfolio reflects our belief in the company's ability to comply with sustainable development principles while also generating a sustained profit.”*

To honor its commitments to customers, AXA has developed expertise in medium- to long-term asset management. This expertise is made available via AXA's two asset management specialists: AXA Investment Managers and Alliance Capital. On December 31, 2003, AXA managed total assets valued at approximately 775 billion euros, which makes AXA one of the world's major investors in micro- and macro-economic development.

### Responsible Investment

In 2003, AXA Investment Managers decided to incorporate the criteria used to manage SRI funds in certain sectors into the processes of financial analysts.

Particularly sensitive to the notion of corporate citizenship, AXA Investment Managers was a European pioneer in the field of **SRI** (Socially Responsible Investment). In France, AXA Investment Managers formed a dedicated SRI unit in 1998, and has held regular client seminars on the subject since 1999.

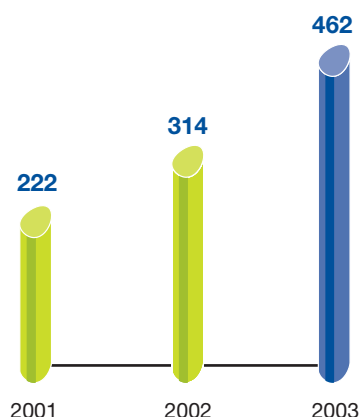
Since 2003, a full-time team of six manages SRI funds (equities, bonds and micro-loans) at AXA Investment Managers. Together, these funds have amassed more than 460 million euros to date. The team's investment decisions are made on the basis of data and strategic considerations provided by internal sources as well as information from a corporate social responsibility rating agency.

The leading vehicle in AXA IM's growing family of SRI funds is:

■ **AXA Euro Valeurs Responsables**, an equity fund for retail and wholesale clients with total net inflow of more than 172 million euros since it was created in 2002. AWF Development is an AXA Investment Managers fixed-income fund that invests in organizations that provide financing for sustainable development projects, in particular micro-loans to businesses in emerging markets. AXA Investment Managers has also developed EasyETF ASPI Eurozone, a tracker that replicates Vigeo's ASPI index.

■ In the area of employee savings, AXA Investment Managers manages the largest mutual fund for French employees that invests on the basis of SRI criteria (241 million euros under management). The **AXA Generation** range, which invests in both fixed-income and equity securities on the basis of social and environmental criteria, was among the first three funds to be labeled by the French inter-union commission. **Capital Socialement Solidaire** is an investment vehicle that was developed to meet the socially responsible investment needs of a number of complementary, employer-sponsored retirement savings schemes available to French employees.

ASSETS UNDER SRI MANAGEMENT,  
AXA INVESTMENT MANAGERS  
(in euro millions)





## Responsible Proxy Voting

As an asset manager, AXA is also responsible for exercising proxy voting rights at annual shareholder meetings. It votes in accordance with the interests of its clients, which include encouraging good **corporate governance** practices, which AXA believes contribute to maximizing shareholder value over time.

Accordingly, both **AXA Investment Managers** (AXA IM) and Alliance Capital have adopted formal procedures and practices. Committees comprised of senior fund managers from AXA IM's London and Paris offices supervise the company's voting policy on the equities under management.

Jean-Pierre Hellebuyck, a widely respected expert in corporate governance who currently chairs the Corporate Governance Commission of the AFG (*Association française de la Gestion Financière*) chairs the Paris committee.

The committee's London-based counterpart includes a member of the Investment Committee of the Association of British Insurers (ABI), a leading authority on corporate governance issues. Thomas O'Malley, head of corporate governance at AXA IM, serves on both committees.



### “ Thomas O'Malley, Corporate Governance Officer at AXA Investment Managers ”

*“AXA IM's approach is based on a set of clear guidelines that inform our voting decisions. They clarify our expectations for the companies in which we invest on behalf of clients and explain our voting decisions. We feel they have an obligation to protect the interests of their shareholders, which means adopting best local practices of corporate governance. In France, AGF (Association française de la Gestion Financière) recommendations provide guidance. In the United Kingdom, our voting decisions are informed by research conducted by the ABI.”*

The voting policy adopted by AXA IM recognizes the differences in corporate governance practice between markets in which it invests. It expects companies to meet or exceed local “best practice” standards or to explain satisfactorily why specific company factors mean that these should not apply – “comply or explain.” It regards **transparency** as an important theme in good governance – shareholders need full information on which to judge company performance and call directors to account. Board structure, defense of shareholder rights and the link between executive compensation and value creation are key issues in the policy.

**Alliance Capital**, a US-based subsidiary of AXA with 376 billion euros in assets under management, publicly recognizes its “fiduciary duty to vote proxies in a timely manner and make voting decisions that are in our clients' best interests,” with special emphasis on corporate governance issues. Accordingly, Alliance Capital “*supports resolutions that encourage full disclosure and responsible governance. For example, Alliance Capital will support resolutions that enhance shareholder access to the proxy, that call for a majority of independent directors on the board, or that favor the separation of chairman and CEO positions...*” (see Alliance Capital's Proxy Voting Manual published in July of 2003).

The company has formed Proxy Voting Committees, whose members include investment professionals and a representative of the corporate legal department, to ensure that its proxy voting policies are carried out.

## Responsible Real-Estate Asset Management

Real-estate assets account for 4 percent, or 31 billion euros, of AXA's total assets under management. Because property is a tangible good, the way in which it is managed can have **direct environmental impacts**.

Office and residential properties owned by the company are managed by AXA Real Estate Investment Managers (AXA REIM), a dedicated real-estate specialist. Its largest subsidiary is AXA REIM France, which manages real-estate assets valued at 10 billion euros, roughly a third of total real-estate assets.

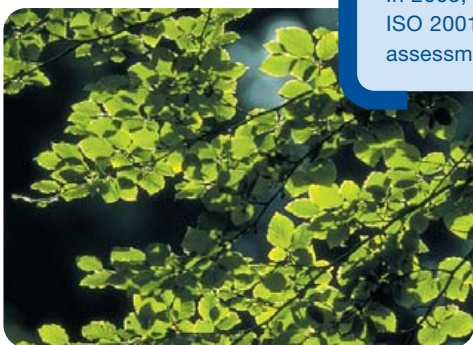
One of the top priorities in recent years has been to incorporate **ambitious health and safety criteria** into real-estate management that meet the most stringent environmental standards. Similarly, efforts have been made to work with general contractors to discourage the use of illegal alien workers on construction sites.

Now that that objective has been met, AXA REIM and building management specialist Altys, already ISO 14000 certified for some of the sites under management, are working together to promote quality by adopting the highest environmental standards.



## AXA and Environmentally Responsible Forest Management

AXA REIM France is among the five largest owners of privately held forests in France. It has mandated the management of the 22,000 hectares it owns to *Société Forestière de la Caisse des Dépôts*, a specialist in the field that follows sustainable forest management guidelines for individual tree maintenance, respect for biodiversity and natural landscapes, the conservation of ecological landmarks and water, soil quality maintenance, and rational cutting methods. In 2003, this sustainable management model was the first in France to obtain ISO 2001 certification from AFAQ, France's leading national compliance assessment organization.



As part of this effort, last year AXA REIM France analyzed its practices on the basis of the fourteen criteria set forth under the French environmental quality standard **HQE**. The analysis revealed that AXA REIM has acquired expertise in environmental management, notably with respect to sanitation, water and air quality in its buildings.

AXA REIM France intends to acquire the methods and tools needed to obtain **socially and environmentally responsible status for its entire real-estate portfolio**.

The AXA REIM management team has devised a set of written environmental standards, which will serve as the source of best practices to be adopted or more broadly rolled out with the aim of meeting HQE standards in such areas as noise pollution and responsible water and energy use. Both general contractors and building maintenance firms will be required to comply with these practices.

Later on in 2004, these policies and environmental reporting system will be tested on a pilot construction site. Based on the system developed for AXA's administrative facilities, environmental reporting ultimately be required for all properties under AXA REIM management. Before making its expertise available to all of AXA REIM AXA REIM France will seek formal **certification for the process**.

## ■ Assisting People

An extension of the insurance business, assistance involves the provision of in-kind services in the event of certain mishaps. Services provided range from vehicle breakdown assistance and home repairs to medical repatriation for policyholders who fall ill or have an accident while traveling abroad.

AXA Assistance offers AXA clients and those of other companies – credit cardholders, for example – an additional level of service that responds to the growing demand for ease and rapidity following an insurable loss.

To further its mission, AXA Assistance works with a vast international network of external service providers, in France and abroad, whose expertise encompasses virtually every domain: automobile mechanics, plumbing and painting, medical transportation and outpatient care, hospital care and home help.

AXA Assistance currently offers services in more than thirty countries, and can repatriate those in need from any country in the world.

For AXA's multinational clients, **AXA Assistance has developed a unique service designed to protect the human capital of employers. Through its subsidiary Emergency Medical Care (EMC), AXA sets up temporary facilities that provide emergency medical services onsite.** EMC, which joined AXA Assistance in 2000, was founded in 1998 by emergency medical care specialists. It establishes emergency medical care centers for multinationals operating in countries that do not have adequate local hospital systems, such as Nigeria, Libya, Chad and Algeria. At the request of a large French multinational, EMC will soon be providing training in pre-hospital emergency medical care for physicians in China, including internships in France.

EMC also provides occupational medical care for the employees of its corporate clients, under which care is offered not only to expatriates but also to local workers. The structures and methods developed by EMC meet Western standards of care and focus on prevention and early diagnosis.

EMC sets up temporary onsite medical facilities for its own clients and for the World Bank. In this capacity, it ensures the health and safety of workers assigned to the Chernobyl nuclear power plant. Often called on to make services available in developing countries, EMC seeks to ensure compliance with



both local and international regulations. Particularly attentive to ethical issues, EMC once refused a project due to the widespread practice of bribery in the country in question.

EMC's expertise also extends to the creation of health plans for employees working worldwide. In the case of one such client, a multinational oil company, the project required sixteen months of half-time work onsite.

In its three years of operation, this lean structure with highly sophisticated medical skills has participated in several projects aimed at improving medical care for disadvantaged groups in developing countries.



# /2

## Doing Business Responsibly: **AXA's Commitments**

The AXA Group today is the result of a series of mergers involving much older insurance companies that began in France in the 1980s and then entered the international arena. From the outset, the Group has built its corporate culture on the notion of what is now often referred to as corporate citizenship.

For many years now, AXA Group subsidiaries have developed and adopted best practices in virtually every domain - including employment, philanthropy and corporate governance - with the aim of satisfying their customers, their shareholders and their employees.



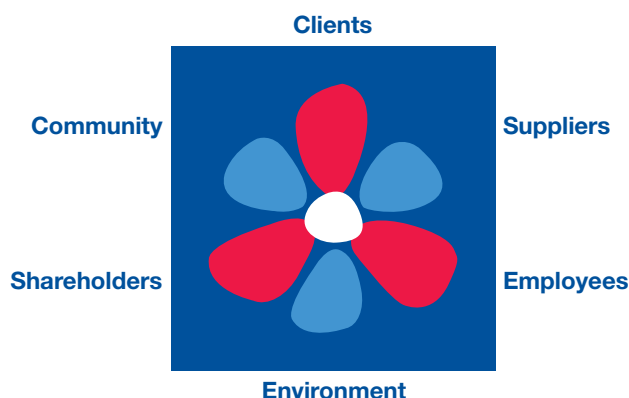
Henri de Castries, Chairman and CEO of AXA since 2000, cultivates this heritage. He has taken the concept a step further by establishing Stakeholder Commitments, a set of guidelines applicable to AXA operations worldwide. Thanks to the dedication and involvement of members of the AXA Executive Committee, these commitments were finalized in 2003. They offer a succinct presentation of the spirit of responsibility and empowerment that characterize AXA's relationships with its key stakeholders:

customers - shareholders - employees -  
suppliers - community and environment.  
Members of the AXA Executive Committee have also appointed a sustainable development manager for their operating units, responsible for devising action plans designed to ensure compliance with AXA's Stakeholder Commitments. They form a sustainable development network, coordinated at the corporate level. In June of 2003, the first seminar for members of the network was held to devise the first set of action plans.

### Adherence to International Declarations and Initiatives

AXA is a formal adherent to:

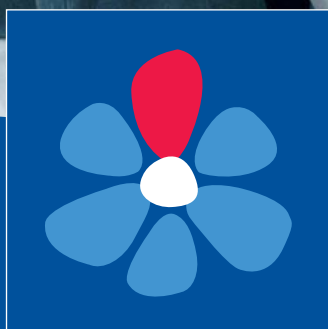
- > Universal Declaration of Human Rights - UN
- > International Labor Standards - ILO
- > Global Compact - UN (2003)
- > UNEP (United Nations Environment Programme) Finance Initiative - UN - (2002)
- > Carbon Disclosure Project (2003)



### AXA Participates in Sustainable Development Week in France

The French government sponsored the country's first nationwide Sustainable Development Week from June 2 to 6, 2003. Naturally, AXA operating units in France were active supporters of the weeklong series of events. In addition to a used computer drive benefiting elementary schools, AXA took advantage of the opportunity to raise employee awareness of the importance of sustainable development and AXA's Stakeholder Commitments. A contest was held to solicit easy to implement ideas that would serve as tangible examples of these commitments. More than 200 employees came forward with suggestions, which covered areas from waste reduction to investment portfolio management. The best ideas were incorporated into the sustainable development action plans devised by AXA's operating units in France.





# AXA and its Customers

## ■ Our challenges

Improving customer satisfaction is one of AXA's strategic objectives.

In an intensely competitive industry, the ability to attract and retain customers is essential. A satisfied customer is a source of growth for AXA, since its customers currently own an average of less than two AXA products each. The Group's potential for organic growth is thus high, provided that both the service quality and products delivered meet or exceed the expectations of customers. Moreover, satisfied customers enhance the company's image, thereby increasing its ability to attract new ones.

## ■ Our commitments to customers

- Effective local service
  - > Constantly strive to ensure that its employees and networks of advisors are close to customers and available.
  - > Respond quickly and efficiently to customer requests and ensure quality follow-through.
- Professional expertise
  - > Continually work to enhance products and services by listening to customers in order to determine their needs.
  - > Provide employees with the training and tools they need to deliver sound advice to customers.
- Professional code of ethics

## ■ Living up to these commitments

### Effective Local Service

In 2002, AXA embarked on a program of continuous process, whose aim is to enable AXA organizations to respond to customer needs and expectations in optimal fashion.

To acquire more precise information about customer needs and expectations, which may differ from one country or region to the next, AXA conducts regular Customer Scope surveys **to measure satisfaction**. Developed by AXA in 1999 for use by its subsidiaries, the survey contains a series of questions that pertain to various business lines or segments. Questionnaires are sent on a regular basis to representative samples of customers. The results of these surveys are used locally to identify and address customer concerns through targeted actions.

Customer Scope and the continuous improvement process\* are stepping up efforts to refocus AXA organizations around customers and their needs and to improve the level and quality of service AXA delivers. At the same time, customer satisfaction and retention are top strategic priorities for AXA as a whole. For this reason, the global level of customer satisfaction has been identified as one of AXA's Key Performance Indicators (KPIs) and is measured from year to year.

### Rollout of the AXA Customer Scope

By year-end 2003, **19 AXA companies in 12 countries** were using Customer Scope. Together, they represent **80%** of consolidated revenues in 2003.



### \* Making Continuous Improvements

In 2002, AXA launched a continuous improvement program whose aim is to achieve operational excellence and change internal business processes through people.

Based on the voice of the customer - that is, what the customer says he or she wants and needs - AXA Way is of critical importance in executing business strategy. The program provides a detailed and rational method for bringing about significant improvements in the quality of the service delivered, while empowering employees to make the necessary changes.

As Henri de Castries has said, *"This is a powerful tool that harnesses all of the internal energies we have to mobilize in order to step up the pace of our quest for operational excellence."*

### AXA Customers in Germany: Better Informed in the Event of a Loss

Recent Customer Scope surveys carried out in Germany showed that, for more than 80 percent of AXA's customers there, the most important issue is timely and accurate information following a loss. While 55 percent of those surveyed prefer to be informed in writing within a week of having filed their claim, only 22 percent were actually receiving letters summarizing key information. Another 31 percent received letters, but not within a week, while another 47 percent got nothing in writing at all. The root cause of this situation was simply that the information process relative to claims was designed to meet the needs of the company, and not those of its customers.

A project team set out to remedy the situation by collecting and analyzing the most frequently asked questions and devising a template. This specimen letter tells customers how their loss will be settled, who is handling the related claim, and how to go about arranging for repairs. This initiative quickly led to three significant improvements: the number of calls to the company for claims-related information decreased by 50 percent; customers are more satisfied with the information they receive; and the rate of retention among homeowners' policyholders who have experienced a loss has increased significantly.

## Expertise

To ensure that its products meet evolving client needs, AXA solicits and responds to feedback from customers. In 2003, AXA Financial introduced Accumulator 2, an improved version of the Accumulator product, the first variable annuity product introduced in the United States, in the 1990s. Accumulator 2 is one of AXA Financial's most successful products. In 2003, it accounted for more than 53 percent of all new business, generating some 8 billion dollars in revenues.

## Statement of Professional Ethics

Most of AXA's subsidiaries adhere to the professional code of conduct in force where they operate. Some, such as AXA Financial and AXA UK, have also adopted company-wide codes of conduct.

In the interest of harmonizing the ethical rules that govern AXA's customer relationships, a compliance guide has been developed for the Group as a whole. In addition to the domestic and international regulations to which AXA subsidiaries are subject, the AXA Group Compliance Guide is based on the following fundamental principles:

- **Qualified advice:** we undertake to advise our customers after listening to them and making a personalized and thorough preliminary analysis of their real needs.



### “Carmine Lacognata, Branch Manager in Tampa, Florida (US)”

*“I've been working with the company's annuity product development group for a couple of years, most recently in the development of Accumulator Series '04. The company is smart to get the perspective of sales managers and associates. We interact day-to-day with investors and clients, and hear their goals and concerns about financial security. In the process, the product design people balanced features the field was looking for with the company's need to create a profitable product that would meet regulatory constraints. They were very receptive to field input - an effective way for the company to go to market with timely, competitive products.”*

## Excellence in Customer Service: Awards That Went to AXA in 2003

- In the United Kingdom, an AXA PPP healthcare employee won a National Customer Service Award. Some 1,000 candidates from 300 companies were in competition for this honor.
- AXA Financial in the US was awarded the Seal of Excellence for the quality of its investor account statements by DALBAR - a leading US research, ratings, and rankings agency specializing in various financial service fields, including insurance.
- AXA Australia's ipac Securities outranked 124 other firms in a 2003 survey on the quality of financial planning advice conducted by the Australian Consumers Association (ACA) and the Australian Securities & Investments Commission (ASIC).
- The AXA New Zealand call center was named the best in the insurance sector for the third year running, beating eight other contenders. Criteria used to measure performance include quick phone pick-up, friendly greetings, listening skills, product knowledge and other service related factors.

- **Clear and honest information:** we undertake to always give our customers information that is clear, honest and well grounded on the insurance coverage acquired, the services to which they are entitled, the status of their savings, etc.
- **Non-disclosure of confidential client information:** we undertake to refrain from disclosing any and all information that we may acquire on the personal life, assets and activities of our customers.
- **Fairness:** we undertake to manage faithfully the accumulated benefits and entitlements of our customers, and to manage impartially all conflicts of interests that arise between AXA customers.
- **Fight against fraud and money laundering:** we undertake to fight against fraud and money-laundering by informing our customers of their legal and tax obligations and by reserving the right to verify:
  - The veracity of the information and disclosures submitted to us.
  - The origin of funds entrusted to us.

AXA provides its customers with avenues such as dedicated complaint departments for expressing and resolving disputes that may arise with the company.



### Professional Distinctions Earned by AXA Companies in 2003

- The UK publication Your Money named AXA PPP healthcare the best private medical insurance provider for the third time. The judges were impressed by the company's comprehensive product range, and the high level of services provided by the Health at Hand telephone service, available to customers 24/7.
- For the second year running, AXA Investment Managers was singled out as the French asset management firm of the year by the UK publication Financial News.
- AXA in Australia and New Zealand received the InvestorWeb Research Six Star Award in international equities category for one of its funds.
- In France, the publication Le Revenu gave first and second place awards to AXA Investment Managers for the performance of certain equity funds.
- AXA France received an Oscar for innovation in life insurance from the French publication Gestion de Fortune.



In Ireland, AXA launched a program designed to encourage brokers to innovate by recognizing brokers and their staff who come up with novel ideas aimed at improving customer service. In 2003, more than 200 ideas were submitted.

### Agent Scope Rolled Out Group-wide

Agent Scope has been tested so far in pilots rolled out in the US and in Germany, which means that **31.5%** of its **26,507** tied agents or sales associates worldwide have been exposed to the survey tool.



Inspired by the Customer Scope survey, the more recent Agent Scope was developed to help AXA companies identify what distributors need in order to improve customer service and sales performance. In 2003, the survey was run as a pilot by AXA subsidiaries in France, Germany and the United States.

The questionnaire was devised on the basis of interviews conducted with local distributors in these markets, which revealed that the issues are similar from one country to the next. As the survey is rolled out more broadly, other interviews will be conducted to ascertain whether and how questions should be adapted to address local issues.

To ensure absolute confidentiality, surveys are processed by an outside provider. The results of these surveys are used locally to draw up action plans aimed at improving the relationship between the company and the distributor, which ultimately leads to better service for end customers.



### AXA's Financial Planning Platform in Asia Pacific

Consistent with its aim of becoming a top player in the Asia-Pacific life insurance market by developing its financial advisory services platform, AXA Asia Pacific Holdings acquired the wealth management advisor ipac Securities Limited in 2002. ipac, which analyzes customer lifestyles to develop solutions for reaching short- and long-term financial planning needs, has separate sales development and CRM teams.

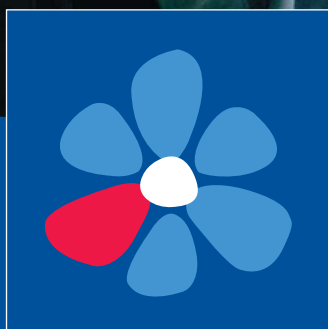
### Distributors: A Front-Line Force

As AXA's initial interface with customers, distributors must meet the tough challenge of providing consistently high-quality advice and customer service.

Their high professional standards have contributed to making AXA a global leader in Financial Protection and wealth management, with approximately 50 million customers worldwide. Their energy and ability to perform are critical drivers of underlying earnings growth, which is a key factor in shareholder satisfaction.

Recognizing the pivotal role of distributors, AXA has made it a priority to ensure that they are given the opportunity to continuously enhance their level of expertise and capacity to deliver optimal customer service. Distributor training programs are rolled out locally, favoring a focus on relevant needs and issues.

In the United Kingdom, AXA Insurance developed a web-based tool that helps brokers better address the needs of their small and mid-sized business clients. Among other things, the new tool allows brokers to answer all customer queries in a single phone call. The system was recently hailed with an Insurance Times award.



# AXA and its **Shareholders**

## ■ **Our challenges**

AXA considers its investors/shareholders to be key stakeholders. Their ongoing support ensures the stability that management needs to successfully execute AXA's business strategy. In addition, AXA must be able to turn to the markets and attract investors when it funds development by issuing debt or equity.

## ■ **Our commitments to our shareholders**

- Operating performance that ranks among the best in the industry
- Effective corporate governance
- Full and complete financial information



## ■ Living up to these commitments

### Operating Performance that Ranks among the Best in the Industry

AXA uses three indicators in particular to measure shareholder satisfaction. They have been chosen for their relevance to the Financial Protection and wealth management business, and also because they are widely used by industry analysts to compare performances. AXA seeks to achieve continuous improvement in these indicators.

#### ■ THE COMBINED RATIO <sup>1</sup>

When this indicator improves, it means that the profitability of the property-casualty business has also improved and that earnings are less dependent on income from invested assets.

#### ■ LIFE INSURANCE NEW BUSINESS CONTRIBUTION <sup>2</sup>

Unlike property-casualty policies, which are written for periods of one year and whose terms are generally subject to change, life insurance contracts tend to stretch over several years. In addition, contract terms and conditions are usually defined at the outset, when the contract is purchased, and generally cannot be modified thereafter.

Traditional accounting, which reflects the results of all policies in force - both new business written during a given year and those already in the book of business - does not capture this economic reality.

The life insurance new business contribution demonstrates the Group's ability to write business that generates a profit. It has a direct impact on the Group's economic value, and is sensitive to reductions in general expenses. More importantly, it provides an estimate of the Present Value of Future Profits (PVFP) in respect of a given year of sales.

#### ■ UNDERLYING EARNINGS <sup>3</sup>

In addition to the aforementioned indicators, which are business segment specific, underlying earnings is a global indicator of the **profitability** of AXA's operations, including international insurance and asset management businesses. Underlying earnings are adjusted earnings excluding net capital gains attributable to shareholders and claims associated with the September 11, 2001 terrorist attacks. Underlying earnings reflect AXA's ability to generate shareholders' equity and improve its solvency margin.

### High Standards of Corporate Governance

For details on AXA's structures of corporate governance, as well as information for institutional and individual shareholders, see pages 8 to pages 11 of this report.

### Fully Informed Shareholders

AXA has a highly diversified shareholder base. Committed to building and maintaining a relationship based on trust and accessibility with both individual and institutional investors, AXA offers timely, relevant information and dedicated staff to respond to their requests.

#### ■ SHAREHOLDER INFORMATION: A TOP PRIORITY

AXA's goal is to deliver clear, complete and reliable information that meets the needs of all shareholders, regardless of their level of expertise as investors. AXA ranks among the few listed companies that provide the most detailed possible information on business strategy, performance and earnings, and has received numerous awards for the quality of its disclosures.

<sup>1</sup> See definition and graph on page 18.

<sup>2</sup> See graph on page 19.

<sup>3</sup> See graph on page 17.

▶

**In 1998, AXA's financial communications received the "Cristal" Award for transparency handed down by Compagnie Nationale des Commissaires aux Comptes in France.** In addition, the French Club des Assureurs selected AXA's 2002 annual report as the year's best.

AXA meets regularly with institutional shareholders. In 2003, nearly 400 meetings with these investors were held in the world's largest financial marketplaces. While generally scheduled to coincide with the publication of interim and annual financial statements, meetings are also held from time to time to present a particular business area or AXA company.

For AXA's individual shareholders - 95 percent of whom are French nationals - inserts concerning major AXA Group events are published in the business and economic press. Invited to attend annual meetings, nearly a thousand individual shareholders did so in 2003.

Those who wish to receive more detailed information on a regular basis may join the AXA Shareholders' Circle, in which registered shareholders are enrolled automatically.

Members of the Circle receive:

- The Shareholders' Circle newsletter, which is published when interim and annual earnings are disclosed and following shareholders' meetings.
- Special mailings on major Group events, such as the Mony transaction in 2003.
- Invitations to informational meetings held annually in a number of French cities.

AXA also has an individual shareholders' committee (the CCAI), which meets to discuss ways in which the information made available to shareholders can be improved. One-third of the committee's fifteen members, who are chosen from among the Shareholders' Circle, are replaced every two years.



In 2003, the committee met twice with Group senior executives and once with representatives of AXA's individual investor relations team.

Work undertaken by the CCAI is partly determined on the basis of satisfaction surveys administered to AXA's individual shareholders.

### ■ DEDICATED PROFESSIONALS

Based in Paris and New York, the Group's financial communications professionals maintain ongoing relationships with members of the investment community: brokerage house analysts, fund managers, investment company analysts and representatives of rating agencies. AXA's financial communications teams provide regular and complete information about events that impact Group operations and performance, and are always available to answer questions.

Individual investors can contact members of the dedicated team in Paris for information on AXA in general or on a particular transaction in progress.

For registered shareholders, a call center managed and staffed by specialists from BNP Paribas Securities Services is available to facilitate the management of their securities accounts. Since March of 2003, eligible shareholders can consult their account status or transmit and track buy and sell orders through a special portal (<http://gisnومي.bnpparibas.com>) that is accessible from the corporate website ([www.axa.com](http://www.axa.com)).

All official disclosures produced by the financial communications and individual investor relations teams are available at [www.axa.com](http://www.axa.com): press releases, visual aids from earnings presentations and outside speaking engagements, Circle newsletters, CCAI presentations, annual reports and other published materials.

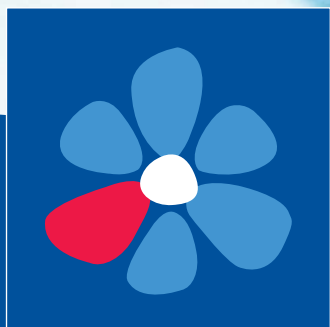
Both earnings presentations and shareholders' meetings are narrow cast live on [www.axa.com](http://www.axa.com).

Teleconference access is also provided.



Communication materials made available to Shareholders.





# AXA and its **Employees**

## ■ **Our challenges**

In a service industry, where patent protection is non-existent and innovations are rapidly copied, a company's most valuable assets are the men and women it employs. Its greatest source of strength is their expertise and motivation. AXA's biggest challenge, therefore, is to develop human resource and employment practices that attract and retain the best and the brightest in the market.

But AXA must also ensure that its workforce receives the ongoing training needed to constantly build competency and expertise. In addition, the quality of the workplace and employee morale must be monitored on a regular basis.

## ■ **Our commitments to employees**

- To provide a workplace in which employees are respected.
- To encourage a management style that empowers and develops people.
- To measure progress in employment practices and employee morale.

## ■ Living up to these commitments

As a decentralized group, AXA sets forth general guidelines in the area of employment and human resources. Specific action plans are implemented by its subsidiaries to address local concerns.

### A Workplace Where Employees are Respected

Although compliant with both the UN's universal declaration of human rights and ILO regulations, AXA recognizes that as a provider of Financial Protection and wealth management solutions, it is not directly exposed to serious social problems such as child labor and slavery. With respect to issues that are relevant to its operating environment, therefore, AXA promises to:

- provide equal opportunity and respect diversity.
- demonstrate opposition to workplace harassment.

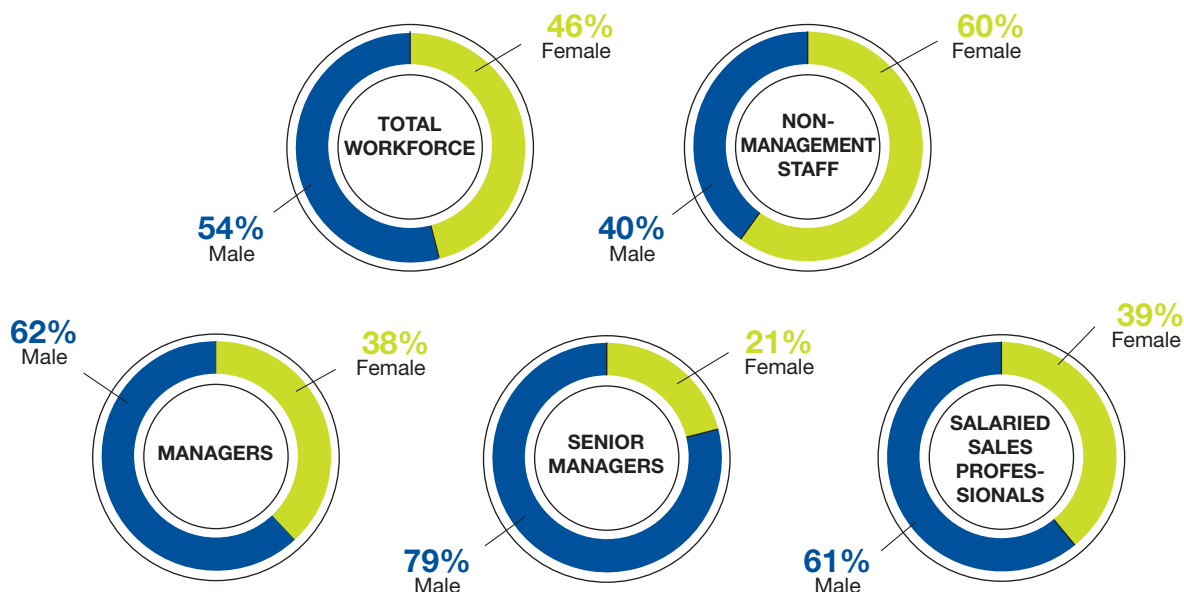
■ promote constructive dialogue between all company stakeholders.

■ support employee efforts to achieve a healthy work-life balance.

Because French law prohibits the compilation of statistics based on racial or ethnic origin, AXA uses gender equality as an indicator of equality of opportunity in the workplace.

Men and women are equally represented in AXA's total workforce. However, women are over-represented in non-management positions, are less present than men at the middle-management level, and under-represented in senior management jobs. In France, the current gender imbalance in management stems in part from past educational practice. Until recently, women were not generally channeled into the kind of training that leads to the top jobs in the insurance industry. This situation is evolving, however, and change is beginning to be felt within AXA (see below).

WOMEN IN THE AXA WORKFORCE IN 2003



## AXA France Supports Employment Opportunities for the Disabled

AXA France counted 443 disabled workers among its employees in 2002, 3.5 percent of the total workforce. In 2003, it entered into a four-year agreement with trade unions to promote the hiring of disabled workers. Under the terms of this agreement, which also covers previously hired disabled employees, AXA France agrees to increase the number of disabled staff to 5 to 6 percent of the total workforce over the next four years. AXA will also offer work study/apprentice contracts to the disabled and occupational training. Efforts will also be made to tailor job requirements to the special needs of the disabled, provide better access to work facilities, and adapt workstations and work scheduling. Mission Handicap has been formed to ensure enforcement of the agreement.



AXA is also sensitive to the issue of employing **the disabled**. A number of AXA subsidiaries, both in France and abroad, have developed policies aimed at encouraging the hiring of disabled persons, which now make up just under 1 percent of the Group's total workforce.

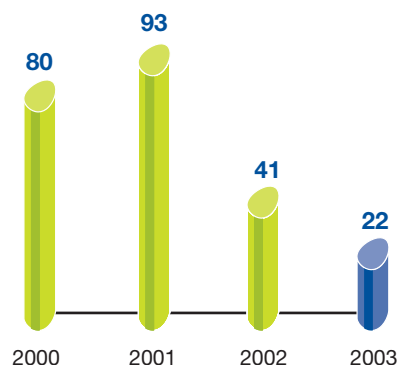
The importance of establishing a genuine **labor-management dialogue** is deeply ingrained at AXA. Constructive communication helps to sustain employee morale, an essential factor in implementing the Group's development strategy.

This conviction is reflected in the union voucher program established in France in 1991. Aware of the importance of maintaining dialogue between employer and employee, and in light of the low level of labor involvement in France, AXA invented the "union voucher," a check sent to Group employees in France to be submitted to the labor union of his or her choice. The aim of this gesture is to improve both the impact and the quality of the labor-management dialogue. The dialogue with personnel representatives is organized and conducted at the local level. In addition to regularly scheduled meetings, opportunities for encounters may be provided when events - such as restructuring - require additional discussion.

AXA's European Works Council (EWC) plays a role that extends well beyond what is required by law. The EWC, which brings together personnel representatives from AXA's principal European subsidiaries, was created to promote information, dialogue and consultation on strategic, economic and employment issues that affect Group operations in Europe.

The EWC bureau meets monthly with the head of human resources for the AXA Group to review operations and events. Twice a year, the EWC holds plenary session meetings attended by AXA Chairman and CEO Henri de Castries.

### AXA FRANCE/ TRADE UNION AGREEMENTS



Source: HR Data for AXA in France.





## “ Interview with Daniel Vaultot, EWC Secretary ”

### What is your assessment of the quality of the dialogue between AXA and the European Works Council (EWC)?

*“Without a doubt, AXA’s EWC is one of the most active in terms of dialogue - due in part to AXA’s decision to go beyond the requirements of law. At the same time, we would like to be granted additional resources to conduct economic investigations.*

*The Group’s emphasis on maintaining a high quality labor-management dialogue is evidenced by Henri de Castries’ attendance at the two plenary sessions held annually. During these meetings, employee representatives from AXA companies in Europe are able to ask the CEO direct questions and air views directly.*

*While the EWC is no substitute for negotiations that take place at company level, it does provide a forum for reviewing and promoting better labor practices at AXA. The most compelling example in 2003 was the work done on service and call centers. The EWC’s employment sub-committee submitted a white paper that reviewed practices at AXA’s European subsidiaries and concluded that, while far from being completely satisfactory, AXA’s commitments to employees are globally honored. Unlike many other companies, AXA has not outsourced this activity.”*

## An Empowering Management Style that Develops People and Encourages Performance

AXA seeks to enhance employee motivation and performance in line with company-level strategic objectives and in accordance with AXA values: professionalism - innovation - pragmatism - team spirit - integrity.

In support of these aims, the AXA management style encourages:

### ■ Quality information on key priorities:

Employees are kept informed of the strategies, objectives and results of the Group, their company and their work unit. In this respect, internal communications plays a key role in devising and disseminating published information resources and holding local meetings. Leaders, the Group’s internal magazine for employees, is published in nine languages.

■ **Clear individual objectives:** Managers are expected to meet with their employees annually to review past performance and set future objectives. These meetings help employees to understand how they contribute to meeting company-level objectives.

■ **The support from managers needed to excel professionally** and contribute to improving company performance. Once again, the annual performance appraisal plays a key role in elucidating training needs related to current job performance as well as future career development and opportunities.

■ **Performance-based systems of compensation and rewards.** Employees are paid on the basis of their skills, their individual contribution and the performance of their company, in line with local regulations and prevailing wages in the local market.



### AXA managers who have completed the AXA Manager seminar (%)

Since 1995, the year in which the AXA Manager seminar was launched, **90%** of the target has completed this management seminar (**19,000** senior and middle managers).

Since 1995, AXA University has offered the AXA Manager Seminar, a training course in the AXA management style.

## Monitoring and Increasing Employee Engagement

Since 1993, AXA has been using the **Scope** survey to assess the degree to which employees adhere to Group values and to measure their satisfaction with the quality of their work environment and management.

The Scope survey is made up of some fifty questions, grouped under seven dimensions:

- manager's qualities,
- organization efficiency,
- empowerment,
- strategy perception,
- engagement/openness,
- support and working conditions,
- evaluation.

Detailed feedback from Scope is provided to all levels of management, the Group, the company and the work unit, with the aim of revealing organizational strengths and weaknesses. Local action plans drawn



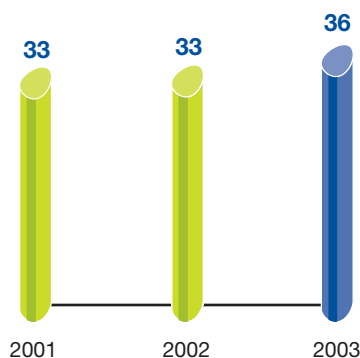
up on the basis of these results seek to improve employee satisfaction by addressing concerns and improving workplace efficiency and the quality.

The AXA Group has devised a global Scope KPI to measure the level of employee satisfaction in general. It is defined as the arithmetical mean of index scores for all Scope questions for all AXA subsidiaries. Given the high response rate for this type of survey, Scope results are considered to be an accurate barometer of employee satisfaction.

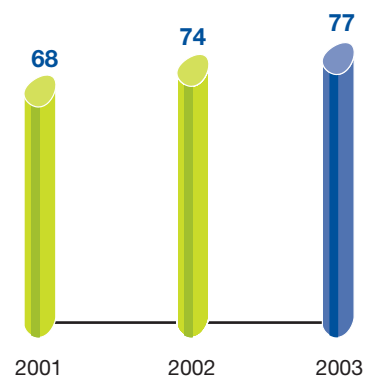
### GLOBAL EMPLOYEE SATISFACTION AT AXA



SCOPE KPI/THREE YEARS



SCOPE RESPONSE RATE



N.B. A score above 40 can be considered a strength for the organization. Conversely, a score below 25 constitutes a weakness.

### AXA Tech Gets Mobilized after Scope 2002

In 2002, AXA Tech employees gave the company a relatively low empowerment score (20). The company - founded in January of 2002 to provide IT infrastructure services to AXA businesses worldwide - responded by setting up voluntary focus groups comprised of five to ten employees each in the United States, the United Kingdom and France. Their mission was to gain a deeper understanding and insights into areas highlighted by the Scope results, and to develop recommendations for improvement. Their suggestions were reviewed by management and translated into a global action plan. Judging from the results of Scope 2003, the focus group process was effective: AXA Tech's empowerment score increased by 16 points, while its overall satisfaction rate was up by 18 points.

### AXA and Outsourced Business Solutions

AXA inherited the company that would become AXA Business Services when it acquired Guardian Royal Exchange in 1999. Today, this shared-services platform meets the back-office processing needs of AXA subsidiaries operating in the United Kingdom, Australia and Japan.

AXA Business Services has two sites in Bangalore, India. Its 800 employees provide back-office services that were previously outsourced locally to external suppliers.

More than 70 percent of the company's workforce is made up of university graduates. Employing this highly skilled workforce has contributed significantly



to increasing the competitive position of European business operations and, in the longer run, to saving jobs. In the United Kingdom, for example, fixed overhead costs were too high. AXA was faced with the prospect of either closing the company or drastically cutting operating costs. Outsourcing certain back-office services to AXA Business Services helped the UK operation to remain in business. According to Henri de Castries: *"It simply makes no sense to say we are in favor of helping emerging countries to develop while refusing to offer employment to which their competitive posture allows them to aspire. Hiring graduates of Indian or Chinese universities is as legitimate as hiring those from Western universities with the same credentials."*

Concerned with the consequences of this outsourcing decision, the European Works Council (EWC) visited AXA Business Services in March of 2003. The observations of the EWC delegates who visited AXA's operation in India can be summarized as follows (with their consent):

AXA Business Services is a highly efficient operation with a well-motivated workforce. The activity does not directly impact on any current AXA jobs, according to the EWC, but could have ramifications for future employment if the role of AXA Business Services is expanded at the expense of jobs at other Group companies. This is particularly true in the United Kingdom, where AXA has announced that 700 jobs will be eliminated in 2004.



Working conditions are comparable to those enjoyed by AXA employees in the United Kingdom, and local facilities include many amenities (television lounge, gym facilities, etc.). Compensation levels also compare favorably to local market rates. Employees are represented via an employee satisfaction committee, but this is a fledgling organization. Turnover at the company is eight percent, compared to the national average of thirty percent.

## 2003 SOCIAL INDICATORS

(on a constant structural basis - with 2003 as the base year)



	2003	2002-2003 CHANGE	2002 <sup>1</sup>
<b>STAFFING LEVEL</b>			
<b>Workforce</b>	<b>90,624</b>	<b>-4%</b>	<b>94,324</b>
Non-sales staff	75,564	-4,7%	79,290
- Senior managers	2,227		
Men	79%		
Women	21%		
- Managers	16,836		
Men	62%		
Women	38%		
- Employees	56,501		
Men	40%		
Women	60%		
Sales staff	15,060		15,034
Men	61%		
Women	39%		
<b>Tied distributors</b>	<b>26,507</b>	<b>+0,8%</b>	<b>26,285</b>
Men	78%		76%
Women	22%		24%
<b>Total Workforce</b>	<b>117,131</b>	<b>-2,9%</b>	<b>120,609</b>
Men	55.3%		
Women	44.7%		
<b>Average age of employees</b>	<b>40</b>		
Non sales force	40		
Sales force	41		
<b>Average length of service</b>			
Non sales force	12.5		
Sales force	8		
<b>Temporary employees (non-sales force)</b>	<b>3,233</b>		
<b>Employees with disabilities</b>	<b>1,048</b>		
<b>COMPENSATION AND BENEFITS</b>			
<b>Total payroll in euros (all employees)</b>	<b>4,278,886,533</b>		
<b>Ratio variable / total compensation</b>	<b>18%</b>		
<b>Number of employees holding stock options</b>	<b>3,169<sup>2</sup></b>	<b>+21%</b>	<b>2,610</b>

<sup>1</sup> Statistics for 2002 have been adjusted since they first appeared. A problem occurred when this data was originally consolidated, with the result that some personnel categories were counted twice. The figures for 2002 and 2003, printed in this year's document, should be considered as the correct ones.

<sup>2</sup> Retired beneficiaries included (90).

## 2003 SOCIAL INDICATORS



2003

### CHANGES IN STAFFING LEVEL

#### Non sales force

- External recruitment (open-ended employment contracts)	5,906
- Fixed-term employment contracts transformed into open-ended contracts	679
- Departures	10,311
of which dismissals	28%
of which resignations	50%
other (retirement, etc.)	22%
- Net number of new jobs created during the year (external recruitment + fixed-term contracts transformed into open-ended contracts - departures)	-3,726

#### Sales force

- External recruitment (open-ended employment contracts)	4,526
- Departures	4,500
of which dismissals	43%
of which resignations	54%
other (retirement, etc.)	3%
- Change during the year (external recruitment - departures)	+26

### TRAINING

#### Average number of days spent in training per employee

Non sales force	2 days <sup>(1)</sup>
Sales force	6 days <sup>(2)</sup>

#### % of employees who participated in at least one training program during the year

Non sales force	63% <sup>(1)</sup>
Sales force	60%

### WORKWEEK – ABSENTEEISM

Average number of days worked per annum	256
---	-----

Average number of hours worked per week (non sales force, employees)	36
--	----

% workforce working part-time (not including salaried sales force)	10.7%
--	-------

#### Rate of absenteeism - all employees

Non sales force	4.6% <sup>(3)</sup>
of which, due to illness / maternity leave	98.3%
of which, due to a workplace accident	1.7%

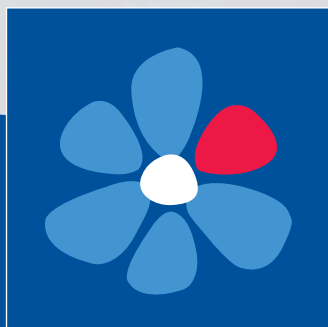
Sales force	3.2%
-------------	------

<sup>1</sup> Basis of calculation: 86% of non-sales staff.

<sup>2</sup> Basis of calculation: 60% of sales staff.

<sup>3</sup> Basis of calculation: 77% of non-sales staff.





# AXA and its Suppliers

## ■ Our challenges

With annual procurement costs of close to four billion euros and relationships with more than 45,000 suppliers and sub-contractors worldwide, the purchasing process is critical for the Group.

The way in which AXA selects suppliers is also important. In addition to the usual cost/benefit considerations, AXA screens vendors on the basis of economic, social and environmental criteria and practices. Business ethics also enter into both the initial selection and subsequent monitoring of business partners that come in direct contact with AXA customers.

By creating this virtual circle, AXA acquires protection against practices that could ultimately harm its reputation or the quality of its service delivery.

## ■ Our commitments to employees

- Maintain quality relationships
  - > by adhering to a clearly defined code of purchasing conduct
  - > by promoting ongoing dialogues
  - > by respecting the terms of payment
- Encourage our suppliers to be socially and environmentally responsible.

## ■ Living up to these commitments

A Group Procurement Department was set up in 2002 **to streamline and harmonize the purchasing process** for all AXA subsidiaries.

### A Special Code of Conduct Governs Procurement

AXA expects its employees to behave in an exemplary manner in their contacts with suppliers.

A special **code of conduct**, developed in 2002, sets forth the following obligations for buyers:

■ **Disclosure/Confidentiality.** Supplier offers are strictly confidential, as is the content of any contracts entered into.

■ **Fairness/Competitive bidding.** All participants in requests for proposal, which are issued by AXA for all contracts involving 15,000 euros or more, are treated in accordance with the highest standards of honesty and fairness.

■ **Objectivity/Neutrality.** AXA employees are prohibited from accepting gifts, entertainment or substantial value from existing or potential vendors that could cast doubt on their ability to make independent judgments.

■ **Transparency/Traceability.** All relevant factors with respect to a purchasing decision must be recorded and kept on file at least until the end of the amortization period for the property in question.

This Code, or an amended version of it, must be disseminated to and signed by all employees involved in the local procurement process. The Business Partners Department at AXA France, which manages relationships with nearly 5,000 AXA-approved suppliers, has adapted the Code to its activity. The department's annual business with providers

of in-kind claims-related services (auto repairs, loss adjustments, home repair and renovation specialists) totals around 1.5 billion euros.

### Encouraging Dialogue with Suppliers

**Ongoing dialogue** is the key to strong relationships with suppliers. It increases the likelihood that issues can be dealt with before they become full-blown problems, and also fosters a global approach to related services. The decision to establish a Key Suppliers Account Manager (KSAM) program supports this dual aim.

Under the program, procurement departments identify their key suppliers, and assign each one with a single contact at AXA. Through monthly face-to-face meetings, supplier and account manager are able to discuss issues related to the relationship and expected level of service.

AXA has identified 15,000 regular active suppliers. A thousand of them are considered to be key, either because they provide a mission critical service or product or because the volumes involved are significant. Information on these mission-critical suppliers has been fed into a shared database to facilitate oversight.

### The AXA-Supplier Relationship

AXA maintains regular contact with **30%** of its key suppliers (pie chart).



### The Virtual Circle of Sustainable Development

It is important for AXA to ensure that the suppliers with whom it has developed and maintains lasting relationships believe that their own business development, as well as the quality of their service or product, is related to social and environmental responsibility.

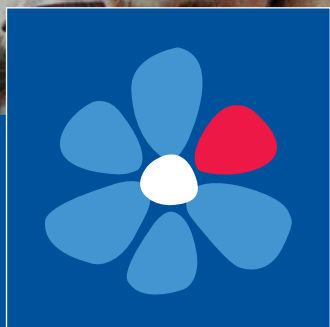
In order to encourage this attitude on the part of its suppliers, AXA is gradually incorporating questions pertaining to sustainable development issues into its request for proposal process. Ultimately, such questions will be standard practice. In a related development, AXA is introducing a sustainable development clause into the contracts that bind the company to its suppliers.

### Encouraging Adoption of the Group Procurement Code

Total procurement spending in 2003: **€3.9 billion.**

In terms of volume, **50%** of these purchases were made via procurement departments and **55%** were made via procurement departments that have signed AXA's Code.





# AXA and **the Community**

## ■ **Our challenges**

Our core Financial Protection and wealth management business places us at the heart of community life. Whether our customers are individuals, businesses, local communities or non-profit organizations, the way we do business has an impact on others. Above and beyond our role as a provider of Financial Protection and wealth management solutions, our relationship with the outside world makes active participation in community life both a right and an obligation. Interaction with the community is a source of both pride and cohesion for AXA people around the world.

## ■ **Our commitments to employees**

- Develop philanthropic initiatives that are related to our core business.
- Share our expertise with the community, particularly in the area of prevention.



## ■ Living up to these commitments

### AXA Hearts in Action: a Commitment to Solidarity

*"As we see it, corporate philanthropy is the natural extension of the business and values of the organization. As important as financial donations and sponsorships are, they cannot replace voluntary involvement on the part of our people."* Henri de Castries, Chairman and CEO of AXA.

As a provider of Financial Protection and wealth management solutions, AXA seeks to develop lifelong relationships with its customers. AXA uses its expertise to give its customers the peace of mind they need to fulfill their aspirations and deal with life's major challenges - including but not limited to education, home ownership, parenthood, and retirement.

But not everyone has the means to protect themselves adequately against life's contingencies. More than a decade ago, AXA founded AXA Hearts in Action, a **philanthropic organization** that relies entirely on the time and commitment of employee volunteers.

The first chapter of AXA Atout Cœur was created in France in 1991. Initially, its role was to serve as a relay between charitable organizations in need of financial and human resources and AXA employees who wanted to get involved in the community.

Employee volunteers at local chapters decide where and how to show their solidarity. In France and Belgium, employees participate in projects that focus on supporting the disabled and substance abusers, halting the spread of HIV-AIDS, and helping members of the underclass integrate the workplace and social life. In Hong Kong, employees have opted to work on projects relating to the elderly and nursing homes. Most of AXA's subsidiaries staff and operate a local AXA Hearts in Action chapter.

### AXA Hearts in Action Employee Volunteers

Number of employee volunteers: **20,000<sup>1</sup>**

Volunteers/Total Group workforce: **17%**

Number of projects completed: **2,500** in partnership with **1,600** local charity organizations

Total amount spent on volunteer initiatives (estimate): **13 million<sup>2</sup>**

<sup>1</sup> In 2003, a total of 30,000 volunteers took part in community outreach events, including those who participated in a special drive organized by AXA Financial in the US to collect employee donations to charity that were matched by the company.

<sup>2</sup> Adversely impacted by the depreciation of the US dollar.

### AXA Ireland Supports the Special Olympics

Founded in 1963, the Special Olympics are the official world games for athletes with learning disabilities. Last year's games took place in Ireland, and AXA did not pass up the opportunity to lend its support.

Roughly AXA Hearts in Action volunteers in Ireland joined the 30,000 volunteers from across the Emerald Isle who took part, raising funds for the games as well as working in a volunteer capacity during the event. In all, AXA employees raised more than 20,000 euros, sponsoring visiting athletes from France, El Salvador and Finland.



In 2000, AXA companies worldwide kicked off the third millennium by hosting AXA Challenge, a series of local volunteer initiatives conducted simultaneously around the world.

### AXA Foundation and the AXA Achievement Scholarship Program

The AXA Foundation is the philanthropic arm of the Group's US-based subsidiary, AXA Financial. At the initiative of Christopher Condrón, AXA Financial President and a member of the AXA Management Board, the AXA Foundation has made the AXA Achievement Scholarship Program its top priority. The scholarship fund addresses a serious issue: college tuition costs in the US are rising three times faster than the average American household income, and many families lack the resources to finance higher education for their children. In 2002, the cost of financing a college education kept more than 400,000 students from finishing their fourth year of college (source: USA Today, June 2002). Every year, AXA Achievement grants **university scholarships** to more than 100 high school seniors selected solely on the basis of their achievements both inside the classroom and outside. Scholarship of America, an independent expert, selects the winning students. AXA Achievement awards a total 1.5 million dollars (roughly 1.2 million euros) in scholarship funds each year.

### AXA Art: Forerunner in Art Conservation

AXA Art is the AXA Group subsidiary that insures fine art and art exhibits. As a leading art insurer, AXA Art is naturally committed to supporting initiatives and research aimed at **preserving and restoring artwork**. All of AXA Art's subsidiaries take part in the AXA Art Restoration and Conservation program, which each year selects and finances one project involving the development of new restoration and/or conservation techniques. While AXA Art derives a direct business benefit from this initiative, it also shares the fruits of this research with the community at large.

In 2003 and 2004, AXA Art collaborated with the **Vitra Design Museum** in Germany, one of the largest museums of its type in Europe, on the development and application of new techniques for conserving and restoring twentieth century synthetic objects. The project is a natural extension of initiatives already undertaken by local AXA Art companies. In the US, for example, AXA Art teamed up with the Guggenheim Museum in New York to analyze and conduct experimental treatment on Ad Reinhardt's Black Painting.

### Putting Prevention Expertise to Work

Prevention and protection are critical components of AXA's core business and responsible risk underwriting (see page 33). They can help to reduce the frequency and magnitude of risks for the mutual benefit of the community and the insurer. AXA makes its risk management and prevention expertise available to both business clients and individuals. In Belgium, AXA has included prevention - particularly of theft - in its home insurance products since 2002.

The company also ties pricing to client prevention practices, and provides its brokers with training in prevention techniques so that they can relay information and tips to clients.



### AXA Corporate Solutions Assurance's Road Safety Prevention Tool

In 2003, AXA Corporate Solutions Assurance created Scope 2, a software program that offers corporate clients with an automobile fleet a comprehensive approach to teaching road safety to their employees. Companies can choose between online (Intranet) and CD-ROM versions of the software, which features an eleven-step program leading to safer driving. More than 30,000 employees have already completed the two-hour program, which is followed with a review test.





### Safety First Behind the Wheel

In 2003, AXA France distributed road safety guides produced by AXA Prévention to improve road safety by reminding drivers of a few simple rules of conduct. Using visual humor as illustration, the guide contains numerous tips on safe driving: information on the dangers of drinking and driving, the consequences of not buckling up, the folly of driving while talking on the telephone, and the need for frequent breaks.

A total of 500,000 guides have been distributed to customers and employees.

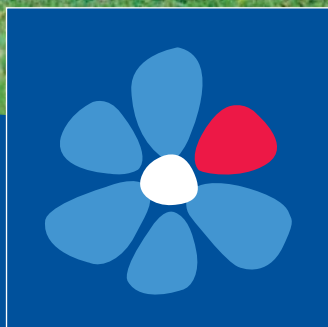


AXA Belgium has also taken steps to reduce the frequency and severity of road accidents involving young drivers. At the same time, the company seeks to improve the access of this at-risk group to affordable insurance. AXA Belgium has also developed a series of half-day defensive driving courses for young drivers that mix classroom learning with hands-on exercises. Although participants pay for the training, those who complete the program qualify for a lower insurance premium rate.

In France, where insurance carriers are required by law to devote 0.5% of their third-party automobile liability premiums to prevention initiatives, more substantial resources are available for prevention efforts. Since 1998, AXA France has used its earmarked funds for AXA Prévention, an organization that currently has eight full-time staff members, four of which are regional representatives. Primarily, the organization seeks to **reduce the risk of road accidents** by promoting greater public awareness of the importance of safe driving practices. Each year, AXA Prévention partners with the road safety and prevention community (state and local government, firefighters and physicians) to sponsor nationwide and local prevention initiatives.

More recently, AXA Prévention launched a nationwide campaign to fund the lion's share of the cost of a driver-training program for young drivers. Drivers who complete the training pay lower premiums. A similar offer is being developed for the employees of AXA's corporate clients who use vehicles for business travel.

AXA Prévention also signed a formal agreement with the French Transportation Ministry, under which AXA France undertakes to promote safe driving on the part of employees who use a vehicle for business travel. The program includes defensive driving courses, funded by AXA France, and prevention studies for corporate clients that insure their automobile fleets.



# AXA and the Environment

## ■ Our challenges

Protecting the environment is one of our most critical obligations to future generations. While AXA does not contribute directly to serious environmental pollution, the Group could play a significant indirect role in protecting the environment through its environmental insurance business and the quality of its underwriting policy in this area.

It is also the responsibility of individuals, corporations, and local governments to help reduce environmental impairment, regardless of the extent to which they personally pollute. In addition to saving the environment, these efforts can also save money.

## ■ Our commitments to employees

- Offer our customers the benefit of our expertise in environmental risks
- Improve our own environmental record

## ■ Living up to these commitments

### Reducing Environmental Risk

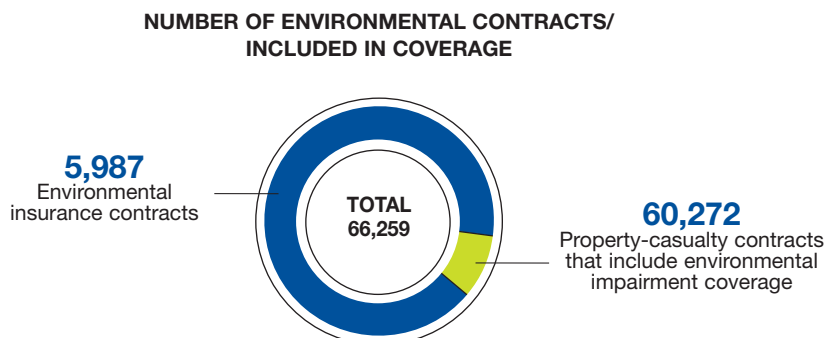
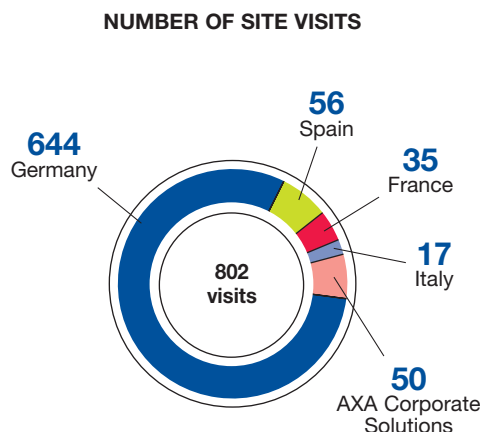
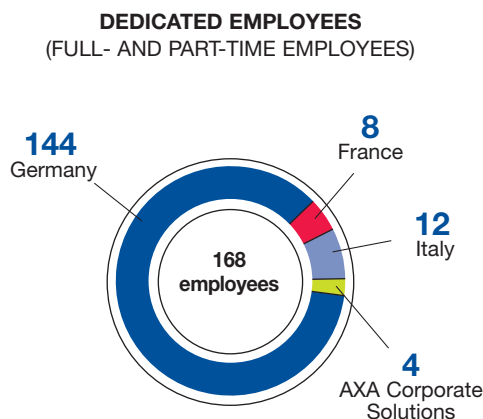
In keeping with its commitment to supporting the Financial Protection and wealth management needs of its customers, AXA has set up dedicated teams of environmental specialists. Most of the Group's property-casualty insurance companies that underwrite commercial risks have adapted their environmental insurance organization to the level of local market sophistication.

In Germany, where legislation was adopted several years requiring businesses to take out insurance against environment impairment, AXA has a dedicated team of specialists.


AXA companies in France, Spain and Italy - three countries that have reinsurance pools for environmental risks (Assurpol in France, Perm in Spain and Inquinamento in Italy) - are also advanced practitioners of environmental risk management.

In Belgium and Ireland, where AXA does not write environmental insurance, in-house experts have been appointed to provide services that respond to client risk management needs.

#### ENVIRONMENTAL INSURANCE AT AXA IN 2003







AXA Corporate Solutions (AXA CS) manages the risks of corporations with more than 5,000 employees. It insures the most serious environmental risks for the largest companies in Europe. AXA Corporate Solutions underwriting guidelines for environmental risks are based on thorough knowledge of the client and long-term experience of its operating facilities. Risk assessment visits are conducted every year when the contract comes up for renewal.

As a matter of principle, AXA Corporate Solutions analyzes all types of risk, with the possible exception of petrochemicals. The limited number of players in the market makes mutualizing the risk extremely difficult.

The risk assessment visit, often conducted at the initiative of AXA Corporate Solutions, serves to estimate the potential risks to which the client is exposed, and to identify potential sources of improvement in site management. If the risk audit reveals failure to comply with regulations or the existence of a serious environmental risk, AXA's environmental underwriters inform company management and decline coverage.

This happens only rarely, however. AXA Corporate Solutions usually issues specific recommendations and works with the client to establish a timetable for implementing preventive measures. AXA will extend coverage and/or reduce the premiums as the situation improves.

## Environmental Reporting and Sustainable Improvements

Environmentally sound management of operating facilities, until recently the result of one-off initiatives, is now part of a formal policy that concerns AXA companies worldwide.

Using generally accepted market indicators, such as those in the Global Reporting Initiative (GRI), and the expertise of its environmental engineers, AXA has developed a **scorecard of indicators** that are relevant to its core business.

An Intranet site was developed and rolled out in France in January of 2003. Ultimately, it will be used to **extend environmental reporting** to AXA's operating facilities worldwide.

The reporting for 2003, which was conducted in January of 2004, covered the Group's operating sites in France and Belgium (see table on page 68). The information contained in this report is of critical importance, since it offers insight into actual practice at every operating facility and subsidiary. On the basis of this data, sources of improvement are identified and action plans are drawn up.

The 2002 Environmental Report on the Group's French operating sites revealed several significant sources of improvement. A substantial volume of waste was not sorted for recycling, and no AXA operating site was using renewable energies. In response to these findings, AXA France focused its 2003 action plan on these two issues. Bids were solicited for battery sorting, and the project was officially launched during France's first Sustainable Development Week. Between June and December of 2003, roughly 55,000 batteries (1,300 kilograms) were collected for recycling.



### AXA Investment Managers Receives London's Clean City Award

The Clean City Awards were introduced by the City of London as a way of working with business to reduce the volume of waste in the city's streets.

AXA Investment Managers is one of ten recipients of a Silver Award from Clean City for its efforts to raise awareness of ecological issues in the workplace. AXA Investment Managers in London now recycles 90 percent of its office waste, which amounts to 100,000 tons of paper a year.



### AXA Australia Saves Money and Trees

Introduced in 2002 to reduce the company's paper consumption, the 3R Program (reduce, reuse and recycle) has led to a number of innovations and investments on the part of the company; from the installation of two-sided printers and recycle bins to a new paper procurement policy that limits purchases to products cultivated using sustainable forestry management methods.

Employee involvement in the initiative has been high, and many suggestions have come from staff members, such as the idea of using one-side printouts for scratch paper and assembling note pads out of used paper.

In 2003, the company recycled more than 150 tons of paper.

### PPP healthcare Practices Eco-Management

AXA PPP healthcare is giving its employees the opportunity to recycle their waste paper rather than throwing it out. The company recently installed a number of blue bins and got rid of many of the old receptacles. To encourage employees to make regular use of the blue bins, the number of ordinary bins per person has been reduced. An information campaign has also been developed to raise employee awareness of the importance of sorting waste products properly: if paper that is not "clean" is thrown into a blue bin, the entire collection is ineligible for recycling.

Working with its electricity provider EDF, AXA France identified several sources of significant savings in electricity use. Under the terms of Equilibre, **the first green energy contract** signed with EDF in 2003, AXA agreed to pay a surcharge in exchange for the production by EDF of the renewable energy equivalent of the total energy consumption of AXA's two operating facilities that were eligible for the contract (La Tour AXA at La Défense near Paris

and Marly Le Roy in the Paris suburbs). Together, these sites consume one-quarter of the energy used by all AXA operations in France, the equivalent of more than 22 million kWh a year. Both the operating facilities and the EDF production plant are audited and certified by the Observatoire des Energies Renouvelables, the French representative of the Renewable Energy Certificate System (RECS), an independent pan-European organization.



## 2003 ENVIRONMENTAL DATA



	FRANCE 2002	FRANCE 2003	2003 V. 2002	FRANCE + BELGIUM 2003
<b>Water</b>				
Total consumption (cubic meters)	252,900	213,471	- 16%	286,468
Consumption / person (cubic meters)	16 m <sup>3</sup> /pers.	10 m <sup>3</sup> /pers. <sup>(1)</sup>		11 m <sup>3</sup> /pers.
<b>Energy</b>				
Total consumption (kWh)	121,038,000	110,048,753	- 9%	153,796,614
Consumption / person (*) (kWh)	6,386	5,169	- 19%	5,799
- Electricity (kWh/m <sup>2</sup> )	75,630,000	83,840,779	+ 11%	110,678,704
- of which for district heating	10,100,000	5,406,109	- 46%	5,414,424
- of which for district cooling	5,900,000	11,715,430	+ 99%	11,715,430
- Natural gas (kWh/sq. meter)	29,250,000	25,959,366	- 11%	42,566,902
- Fuel (kWh/sq. meter)	158,000	248,608	+ 57%	551,008
<b>Raw Materials / Consumables</b>				
Paper (including spreadsheet printouts) in tons	2,380	2,581	+ 8%	4,273
- Recycled paper and printouts (%)	0.2%	2.3%	+ 988%	1.4%
- Non-chlorine-bleached paper (%)	9%	10.6%	+ 18%	6.4%
- Paper produced from sustainable forest management (%)	63%	68%	+ 7%	58.7%
Paper consumption / employee (kg)	140	121	- 13%	161
Consumable office supplies purchased (in units) <sup>(2)</sup>	15,200	11,887	- 22%	19,654
<b>Waste</b>				
Sorted and/or recycled waste				
- Paper (not incl. cardboard) in cubic m.	5,776	5,813	+ 1%	9,401
- Batteries and glass (cubic meters)	29	52	+ 78%	89
- Neon tubes (units)	34,895	21,650	- 38%	36,550
- Office supplies, electrical and electronic equipment (units)	50,960	55,457	+ 9%	66,118
Unsorted waste (cubic meters)	13,405	22,812	<sup>(3)</sup>	25,793
Corporate restaurant waste (cubic meters)	5,530	5,283	- 4%	5,811
<b>Transportation (from the Group HQ area in Paris)</b>				
Round trip home / workplace (pkm)	141,550,000	138,855,445	- 2%	139,100,827
Business travel (pkm)	34,320,000	55,816,952	+ 63% <sup>(4)</sup>	58,254,652
Mileage on company motor fleet vehicle (km)	50,081,000	54,898,980	+ 10%	74,898,980
<b>Videoconferences</b>				
Organized to reduce use of transportation resources	842	945		
<b>Air CO<sup>2</sup> emissions from (Tons)</b>				
Home / workplace commute	11,153	11,364	+ 2%	14,507
Business travel by air and rail	2,590	5,081	+ 96% <sup>(4)</sup>	5,205
Motor fleet	8,263	9,058	+ 10%	12,358
Energy consumption	14,480	14,700	+ 2%	19,140
Total CO <sup>2</sup> emissions	36,486	40,203	+ 10%	46,005

<sup>1</sup> Including employees + permanent staff onsite but not employed by the company, a total of 21 292 in France and 26 522 in France + Belgium.

<sup>2</sup> A unit is a keyboard, a monitor, a mouse, a printer, etc.

<sup>3</sup> Due to a change in the basis of consolidation, the increase between 2002 and 2003 is irrelevant.

<sup>4</sup> The events of September 11, 2001 caused a significant decline in air travel in 2002.

# /3

## Social Ratings

### INCLUSION OF AXA IN PRINCIPAL ETHICAL INDICATORS

ASPI Eurozone

yes



FTSE 4 Good Europe

yes



DJSI (Stoxx and World)

no

### “Interview with Valery Lucas-Leclin, senior Analyst -Innovest”



#### AXA: How would you describe the quality of your relationship with your AXA Group contacts?

V. Lucas-Leclin: “As an SRI analyst, I’ve been tracking AXA since 1999. To be honest, it was hard going at the beginning: lacking information about the role of SRI rating agencies, AXA always referred us to people in the organization who handled relations with financial rating agencies, and who couldn’t really help us. Things changed in 2001 with the creation of a dedicated department. That turned out to be the springboard to the establishment of a strong working relationship based on mutual respect and learning - which is unusual enough to be worth mentioning. Not only that, we managed to do so despite social and environmental ratings that were not always optimal. But with the help of its sustainable development team, AXA has made major strides in terms of identifying practices and clarifying its message. Both facilitate communication without standing in the way of direct contact between SRI analysts and in-house specialists at AXA.”

#### AXA: How does AXA stack up as a socially responsible enterprise?

V. Lucas-Leclin: “The term ‘socially responsible’ doesn’t have much relevance when it comes to large international groups like AXA. In addition, the world is not divided into responsible and irresponsible corporations. Like its peers, AXA faces a variety of situations - in human, social and environmental terms - not to mention intense profit pressures and difficult market conditions since 2001. However, it is clear that AXA has a strong corporate culture and values, and these elements provide a solid foundation on which to build its notion of responsibility. AXA has made serious efforts to take ownership of the sustainable development issue, implementing environmental practices that place it within striking distance of the world’s leading organizations. In terms of employment issues, AXA endeavors to inspire its employees to do their best and in return offers them its best. The Group has a good overall track record, despite a certain degree of contrast in local situations.”

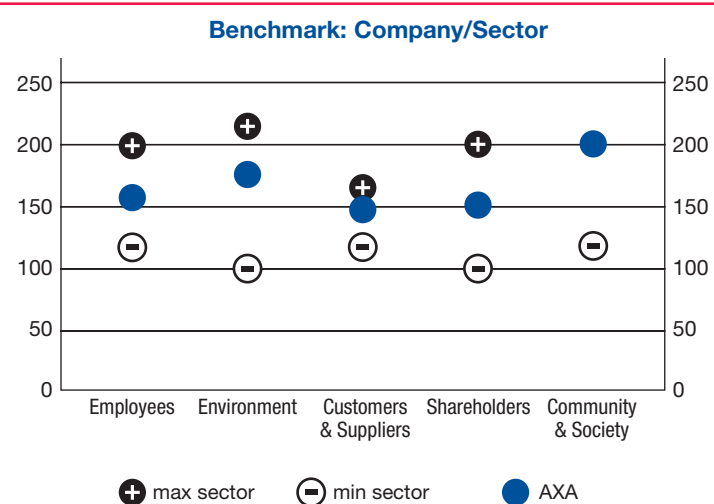
# AXA's Corporate Social Responsibility Profile

## ■ By Vigeo

AXA shows evidence of its commitments on CSR issues. The Group set up a sustainability structure in July of 2001 to coordinate its actions and policies towards shareholders; it has achieved slight improvements regarding HR issues although it still

faces problems, notably regarding the management of function overlaps after the merger with UAP in 1996. It has launched a vast environmental program, which is still at an early stage and will require AXA to train all its employees.

Criteria (min -- / max ++)	Previous rating (2002)	Current rating (2003)
Employees	-	=
Environment	=	+
Customers & Suppliers	=	=
Shareholders	+	=
Community & Society	+	++
-- unconcerned - below average = average + advanced ++ pioneer		



## ■ By CoreRatings

The rating assesses how well the company is managing the investment risk arising from its material environmental, social, employment and ethical impacts.

**B** Ratings scale: A (highest), B, C, D

## ■ By Innovest

Innovest's EcoValue'21(r) environmental ratings (ranging from AAA to CCC) identify environmental risks,

management quality and profit opportunity differentials typically not identified by traditional equity analysis.

AXA	
EcoValue '21 Rating: (AAA-CCC)	<b>BBB</b>
Sector: Insurance – Europe	
Sector Impact Index (1=Low; 5=High)	
	<b>2</b>

## ■ By SAM (Sustainable Asset Management)

The scores reflect the company's performance across economic, environmental and social criteria compared to its industry average, best and worst performing company in the DJSI World and DJSI STOXX in the company industry. The values for the total score,

the dimension and the criteria scores are on a scale from 0 to 100%.

The DJSI Guidebooks on [www.sustainability-index.com](http://www.sustainability-index.com) contain further information on the assessment methodology.

	AXA Score (%)	Average Score (%)
<b>Total Scores</b>	<b>55</b>	<b>48</b>
<b>Dimension scores</b>		
Economic Dimension	58	50
Environmental Dimension	43	44
Social Dimension	60	48

**Publisher:**

AXA  
25, avenue Matignon  
75008 Paris - France  
Tel. (33) 1 40 75 57 00  
Email: [infos.web@axa.com](mailto:infos.web@axa.com)  
Internet: [www.axa.com](http://www.axa.com)

**Heads of Publication:**

Caroline Desaegher  
Catherine Lutfalla  
Shareholder Relations

**Original French content editor:**

Caroline Desaegher

**English adaptation (Sustainable Development Report and corporate information):**

Peggy Ganong  
Tel. (33) 1 53 75 43 05  
Email: [tradserv@noos.fr](mailto:tradserv@noos.fr)

**Design & Printing:**

8, rue Lantiez  
75017 Paris - France  
Tel. (33) 1 53 06 30 80  
Fax: (33) 1 42 26 06 82

**Photo credits:****Médiathèque AXA:**

Family on boat 1	(cover)
Family on boat 3	(page 2)
Claude Bébéar	(page 3)
AXA Singapore	(page 5)
Family in park	(page 31)
Architect	(page 37)
AXA adviser with client	(page 42)
Girlfriend	(page 45)
Chess	(page 46)
Executive woman	(page 48)
Call center	(page 50)
Office meeting	(page 54)
AXA Business Services	(page 55)
Man at desk	(page 58)
Nurse	(page 60)
Schoolgirl	(page 63)
Planting tree	(page 64)
Family in park 2	(page 67)

**Thierry Foulon's pictures:**

Henri de Castries	(page 4)
Management Board	(page 9)
Executive Committee	(page 10)

**Other:**

PhotoDisc	(pages 43, 52, 61, 67)
Goodshoot	(pages 38, 62)
Image Source	(page 67)
Creatas	(page 39)





The paper on which this report is printed is modern glazed, coated on both sides, triple thickness and wood-free. It meets ISO 140001, the Environment Management System standard.

## **Our Business: Financial Protection and Wealth Management**

It's the vision we have of our business and how it should be done.

The business of financial protection and wealth management involves offering our customers – individuals as well as small, mid-sized and large businesses – a wide range of products and services that meet their insurance, protection, savings, retirement and financial planning needs throughout their lives.

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



Communications and Brand Department  
25 Avenue Matignon - 75008 Paris - France

*Be Life Confident*