

2010

ACTIVITY  
AND CORPORATE  
RESPONSIBILITY  
REPORT





*Strong demand from the emerging countries supports dynamic growth*



*June 17, 2010, Le Var (France) devastated in just a few minutes*

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WORLD'S NUMBER  
LIFE INSURER



*Interview with Henri de Castries, Chairman & CEO*



*A unitary form of governance for greater efficiency. Norbert Dentressangle, Vice-Chairman of the Board of Directors*

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P&C INSURER





*Selectivity, acceleration, efficiency: 3 questions for Denis Duverne,  
Deputy Chief Executive Officer in charge of Finance, Strategy and Operations*

THE YEAR IN REVIEW  
BUSINESS HIGHLIGHTS OF 2010  
IN IMAGES AND VIDEO

→ <http://annualreport.axa.com>



*AXA Bank sets up operations in the Czech Republic*

2010

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ASSET MANAGER

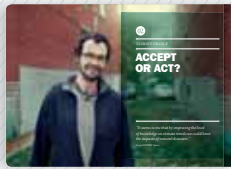


*Redesigning separate account retirement products: the American example*



*Micro-insurance in India, a long-term opportunity*

**A LONG-TERM BUSINESS, THE PROTECTION OF PEOPLE AND PROPERTY AND THE MANAGEMENT OF SAVINGS ARE STABILIZING FACTORS FOR SOCIETY AND A SOURCE OF PEACE OF MIND FOR OUR CLIENTS. AT THEIR SIDE THROUGHOUT THEIR LIVES, OFFERING SUPPORT AS THEY CARRY OUT THEIR PROJECTS, WE HAVE A DUTY TO BE WORTHY OF THE TRUST OUR CLIENTS HAVE PLACED IN US.**



Risk lies at the heart of our business. It is our responsibility to use our skills, our resources and our expertise in risk management to help create a society that is better prepared, safer and more solid over the long term.

For us, being responsible means living up to a constant demand: first of all, that of doing our job and, in so doing, being there when our clients need us. Second, it means being fair in our dealings with partners; establishing work relationships based on trust, diversity and strong values; listening to what our clients say; and managing our risks with extreme discipline. Last but not least, it means being committed to protecting the environment and supporting the communities within which we work.

In an uncertain world, anticipation is a matter of necessity. If we want to lay claim to supporting our clients over the long term, we have to be able to understand the world of tomorrow and prepare ourselves for it. We have all felt the effects of globalization—or will do—not to mention the consequences of longer life expectancy, accelerating technological changes, the rising need for mobility and climate change. Anticipation is an integral part of our business and our corporate mission. Today, we ask you to share it *via* the thematic booklets that offer a unique perspective on the daily experience of our business and present expert reflections and employee initiatives related to the major challenges of our society.

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## OUR GROUP

In 25 years, AXA has become  
a global leader in insurance

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## INTERVIEW WITH HENRI DE CASTRIES

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### *How would you describe the year 2010?*

**Henri de Castries:** For the Group, 2010 was a year of transformation. A year that was not always easy because the economic environment was relatively challenging despite the beginnings of recovery and because of the numerous weather-related events.

Nonetheless, 2010 was satisfying for AXA, because we met most of the major objectives that we set for ourselves at the start of the year.

We tried to be more selective in the mature markets, step up our development in the emerging countries, and improve the efficiency of our operations across the board. This led to an improvement in our margins, in life and savings as well as in property-casualty lines.

2010 was also a year of change in certain areas—changes that will structure the development of AXA in the next few years: we adopted a new form of governance, rolled out a new operational organization for the Group, and made major changes at the executive leadership level, demonstrating AXA's capacity to develop talent inside and attract

men and women of talent from outside. We have also made significant progress in the area of corporate responsibility, which should—which will!—become a strategic asset for AXA. Lastly, the increase in adjusted earnings and the strength of our balance sheet have allowed us to increase our dividend per share by 25%.

### *How would you explain AXA's stock market performance in 2010?*

Our stock market performance was indeed bad in 2010. Falling long-term interest rates were not good for life insurance, and worries about the sovereign debt of some issuers had an adverse impact on the valuation of European insurance companies. In addition, the environment was challenging for insurance companies in general: weak economic growth in the developed countries continued to weigh on businesses and we saw a series of natural disasters, many of them weather related, such as the Xynthia Storm in France. Several thousands of our clients were impacted by these events. Last but not least, some



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— Chairman & CEO —

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problems specific to AXA weighed adversely on our performance.

Naturally, we would like to have wrapped up our transaction in Australia more quickly—today it is a done deal—and the capacity of our asset managers to improve their inflows is also an issue the management team is very attentive to.

But I'd like to point out that we made up most of the ground lost in 2010 in the course of the first weeks of 2011, and viewed over a longer period—admittedly in a context of sharp declines in insurance company valuations—AXA is doing better than its sector. I am convinced that all of the initiatives we began putting in place in 2010 will bear fruit.

*With this in mind, what is the benefit of setting up an organization along global business lines for life and savings and property-casualty insurance?*

As a global Group, AXA must fully leverage its size and make continuous efforts to reinforce the professionalism of its business lines. In order to be closer to clients and distributors, know who

they are and remain attentive to their needs, the insurance business has to preserve this local dimension. At the same time, global project stewardship should allow us to more swiftly share and disseminate expertise, speed up the rollout of common solutions that enhance our service quality and the appeal of our products, and achieve economies of scale that optimize our operational efficiency.

This was the rationale for setting up the two global business lines, under the responsibility of François Pierson for the property-casualty insurance line and Jacques de Vaucleroy for the life and savings line.

*A new form of governance and the arrival of a new generation of top management—how should these changes be interpreted?*

AXA is an enterprise that is alive and that transforms itself. The change in governance that came about in 2010 allowed us to improve the quality of board-level discussions. It's also an enterprise that lives by refreshing its top management team.

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*We are in a business that enables our clients to live and take on challenges with more confidence, and one that gives us the opportunity of investing in the economy.*

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In 2010, we had the opportunity to promote a new generation of managers in all of our businesses and in certain key positions that are symbolic for the Group. For example, today our French activities have a new boss in Nicolas Moreau; our US operations are headed up by Mark Pearson; and we have a new leader in Japan, Jean-Louis Laurent-Josi. This vitality is a decisive element in the long-term success of AXA, and is one of my priorities.

*The Group communicates on its commitment to corporate responsibility and has set measurable objectives. Can you give us an idea of the status of this dynamic?*

We are in a business that enables our clients to live and take on challenges with more confidence, and one that gives us the opportunity of investing in the economy. Our responsibility is therefore to live up to the expectations created by these challenges.

Each entity of the Group has defined its own corporate responsibility strategy this year. Assessed and measured, this approach is now integrated into all local strategic plans.

Thus, it is a tangible reality in line with our priorities and our mission, and is expressed today in a concrete way in a number of different areas, like micro-insurance, green insurance products and socially responsible investments.

The dynamic is also being pursued in the areas of research and education aimed to reduce risks. As an insurer, we have a vision of the world and expertise that we can share.

This has led to very targeted actions, from initiatives on raising awareness of the dangers of the road that have been conducted for more than 20 years by AXA Prévention in France to the AXA Research Fund, which devotes its resources to promoting advances around the world in the scientific and fundamental knowledge of environmental risks, the risks that weigh on human life and socioeconomic risks.

The role of the Group's leaders is to drive these initiatives, but our action is facilitated because it corresponds to the strong expectations of many of our own employees around the world. More than 10,000 of them took part in our global online forum on corporate responsibility, and the ongoing success of AXA Hearts in Action initiatives fighting against exclusion in the service of local communities, stands as proof of that each day.

I am convinced that our corporate responsibility policy has created growth opportunities and efficiencies for AXA. I have also observed that it is becoming increasingly important for our investors, and that it is a powerful driver for developing and enhancing the value of our brand. Last but not least, it is an important factor of employee engagement and client trust.

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*We only have a 3% share of the global market: our potential for development and value creation remains considerable.*

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*The AXA brand is 25 years old this year. What does this milestone mean to you?*

In 25 years, AXA has become one of the global leaders in insurance and asset management and the number one brand in the industry. Our corporate history is fairly unique and an incredible human adventure that all of our employees, current and former, can be proud of. But history is only of interest if it allows us to progress, and I see the AXA brand as a terrific asset in the service of the Group's development. It should show our clients that our central concern is serving them; and it can help us attract talent or develop partnerships in the emerging markets.

*So what are the priorities and outlook for 2011 and the next 25 years?*

The long-term outlook for our business lines is good, because our services respond to the needs and expectations of our clients. Protecting their property, increasing their savings to prepare for retirement, protecting their health—all of these needs exist and they are growing, in both the developed countries and the emerging ones. Shorter term, the economic recovery is starting to manifest itself around the globe. Growth is back on track in the developed countries, stronger in the United States and more timid in Europe,

and has remained high in the emerging world, even though the risks there are higher. Our role is to ensure that AXA is in the best position to take full advantage of these opportunities.

In this context, our regular strategic reviews help us to confirm the fundamentals of the AXA model, the fundamentals that have sustained the Group during periods of expansion and that have allowed us to weather periods of crisis: focus on our core insurance and asset management businesses, geographic diversification, multi-channel distribution—to be there, where our clients need us—and active capital management.

The cycle that we have just traversed and the outlook for our markets nonetheless require that we adjust our priorities, as we began to do in 2010: greater selectivity in the mature markets, a more aggressive strategy in the emerging markets and more broadly in the growth segments, and greater attention to the competitive strength of our operations. Our ability to implement and execute these objectives will be the key to our long-term success.

Despite our position of leadership, we only have a 3% share of the global market: our potential for development and value creation remains considerable.

## A UNITARY GOVERNANCE STRUCTURE MORE EFFICIENT AND RESPONSIVE

Since April 29, 2010, AXA has been governed by a Board of Directors made up of fifteen members who are elected by the shareholders at their annual meeting. Eleven of these members are considered to be independent as the term is defined under the AFEP/MEDEF Code. Five of these members have other than French nationality and four seats are held by women.

The Board chose a Vice-Chairman from among its members to serve as Lead Independent Director: Norbert Dentressangle, who supervises the contribution of the independent directors to the Board's discussions and serves, when necessary or appropriate, as their spokesperson *vis-à-vis* the Executive Management. The Board benefits from the work of four special committees formed to consider specific topics and report back to the Board: the Audit Committee, the Finance Committee, the Ethics & Governance Committee, and the Compensation & Human Resources Committee.



For more information on the duties of the Vice-Chairman and Lead Independent Director, go to: [www.axa.com/en/governance/structure/board](http://www.axa.com/en/governance/structure/board)

### SPECIAL COMMITTEES

All of the members of the special committees have the expertise, experience and credentials required to handle the matters that fall under the scope of their responsibility.

#### **Audit Committee**

Composed of four members, all of them independent, this committee is chaired by Anthony Hamilton. Its principal missions include examining the Company's financial statements and monitoring reporting of a financial nature. This committee met five times between April 29, 2010 and December 31, 2010. The attendance rate at meetings was 100% in 2010.

#### **Finance Committee**

Composed of seven members, five of whom are independent, this committee is chaired by Ramon de Oliveira. Its missions primarily entail examining proposals to buy or sell business assets, all plans to complete financial transactions of a significant size

for the Group and the framework for risk analysis and measurement.

This committee met three times between April 29, 2010 and December 31, 2010, with an average attendance rate of 83.87% for fiscal year 2010.

#### **Ethics & Governance Committee**

Composed of five members, four of whom are independent, this committee is chaired by Jean-Martin Folz. Its missions include examining in more depth certain governance matters, reviewing the Group's Compliance Guide and examining Group strategy in the area of corporate responsibility.

This committee met three times between April 29, 2010 and December 31, 2010. The average attendance rate for fiscal year 2010 was 81.48%.

#### **Compensation & Human Resources Committee**

Composed of five members, all of them independent, this committee is chaired by Norbert Dentressangle. Its principal missions revolve around executive compensation and the examination of issues related to Group human resources. This committee met four times between April 29, 2010 and December 31, 2010. The average attendance rate for fiscal year 2010 was 84.38%.



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



# MESSAGE

## NORBERT DENTRESSANGLE

— Vice-Chairman of the Board of Directors —

*“... contribute to good governance at AXA on the strength of my experience and my entrepreneurial temperament.”*



With the adoption of a unitary governance structure consisting of a board of directors, approved by the shareholders at their annual meeting in April of last year, the AXA Group wanted to give itself the means to react more swiftly in its decision-making processes while preserving a healthy balance of powers.

This new organization, which strengthens the role, the involvement and the responsibilities of the board and of its members, has enabled AXA to step up the pace of change and adopt orientations that incontestably boost the strengths and the performances of the Group, and that have strengthened my great confidence in the future of AXA and its solidity.

Thanks to my central role in decision-making processes and my independence, I have the capacity to bring together the conditions required for fluid communications between directors and management, and this has made it easier to assume my new responsibility of vice-chairman and independent lead director. This allows me to exchange ideas and express opinions with the key leaders at AXA as well as with the members of the board in a genuine climate of trust.

I perform these duties with the desire to contribute to good governance at AXA on the strength of my experience and my entrepreneurial temperament.

My focus is on making sure the business is competitive and on searching for the right balance between the conservative financial management an insurance company requires and the necessary risk-taking that winning organizations have to embrace.

I have had numerous opportunities to relay the viewpoints and the work—done in special committees—of the board members to the chairman and the deputy chief executive on subjects that relate to the functioning of the organization, the strategy or the selection of the men and women who run the business. Our discussions have been particularly open and focused on the analysis of AXA's performance, its competitive positioning in its markets and the allocation of capital among countries and business lines.

Last but not least, I have been impressed with the talent that is at the service of this organization. I have met employees who are competent and engaged, but above all who embody remarkable values that will ensure AXA's place among the global leaders in insurance.

A handwritten signature in dark ink, appearing to read "Norbert Dentressangle". The signature is written in a cursive, flowing style.

# INDEPENDENT OVERSIGHT

## BOARD OF DIRECTORS AS OF 01/01/2011

The Board of Directors performs ongoing oversight with regard to the management of the Group. Its members determine the orientations of the Group's business activity and ensure their implementation.

### Henri de Castries

Chairman & Chief Executive Officer

### Norbert Dentressangle

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

### Denis Duverne

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

### Jacques de Chateaueux

Independent Director, member of the Audit Committee and Ethics & Governance Committee

### Wendy Cooper

Director, Employee shareholder representative, member of the Finance Committee

### Jean-Martin Folz

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

### Anthony Hamilton

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

### Isabelle Kocher

Independent Director, member of the Compensation & Human Resources Committee

### Suet-Fern Lee

Independent Director, member of the Finance Committee

### François Martineau

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

### Giuseppe Mussari

Independent Director, member of the Finance Committee

### Ramon de Oliveira

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

### Michel Pébèreau

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

### Dominique Reiniche

Independent Director, member of the Finance Committee

### Ezra Suleiman<sup>(1)</sup>

Independent Director, member of the Audit Committee and of the Ethics & Governance Committee

(1) Mr. Ezra Suleiman's term of office is set to expire at the close of the annual shareholders' meeting on April 27, 2011.

Would you like to know more about the members of the Board of Directors? Go to



[www.axa.com/en/press/biographies/board](http://www.axa.com/en/press/biographies/board)

## A MODEL BASED ON BALANCED GOVERNANCE

### → Board of Directors

The independent members of the Board play a central role, particularly *via* their participation in the work of special committees, in preserving balanced governance. Between April 29, 2010 and December 31, 2010, the Board of Directors met eight times.

### → Chairman & CEO

In light of the change in AXA's governance structure on April 29, 2010, the Board of Directors concluded that it was in the best interests of the Company and its shareholders for Mr. Henri de Castries to hold the position of Chairman in addition to his duties as Chief Executive Officer.

The Chairman & CEO is vested with the broadest powers to act on behalf of the Company. He exercises these powers within the scope of the corporate purpose and subject to the powers expressly assigned by law to the shareholders' meetings and to the Board of Directors. He represents the Company *vis-à-vis* third parties.

### → Vice-Chairman

The Board of Directors appointed Mr. Norbert Dentressangle as Vice-Chairman and Lead Independent Director on April 29, 2010. He supervises the contribution of the independent directors to the Board's deliberations and serves, as necessary or appropriate, as their spokesperson *vis-à-vis* the Executive Management.

He also may, whenever he deems it necessary, call the Board of Directors to a meeting that does not include the Executive Management.

### → Deputy Chief Executive Officer

Mr. Denis Duverne was appointed Deputy Chief Executive Officer by the Board of Directors on April 29, 2010. His role is to second the Chairman & Chief Executive Officer. The Board of Directors determines the scope and duration of the powers vested to the Deputy Chief Executive Officer.

### → Management Committee

The Chairman & Chief Executive Officer decided to establish a Management Committee to assist him in the operational management of the Group. This Committee has seven members and meets on a weekly basis (see pages 14 and 15).

### → Executive Committee

The Management Committee is supported by an Executive Committee, whose principal mission is to review and discuss the AXA Group's strategy. The Executive Committee is composed of members of AXA's Management Committee and other key senior executives in charge of the Group's principal business units and transversal functions. The Executive Committee is made up of twenty members who represent seven different nationalities. The members of the Executive Committee conduct Quarterly Business Reviews (QBR) to discuss and review the Group's performance. These reviews were introduced in 2000 to provide a clear and consistent framework for reviewing operational performance and monitoring the progress of key projects using performance indicators; assessing the status of Group transversal projects; and exchanging ideas and information on key Group strategic orientations.

## AN EXECUTIVE LEADERSHIP TEAM THAT ENSURES OPERATIONAL MANAGEMENT AND STEWARDSHIP OF THE GROUP



### MANAGEMENT COMMITTEE AND EXECUTIVE COMMITTEE AS OF 01/01/2011

#### MANAGEMENT COMMITTEE

- 1. Henri de Castries**  
Chairman & Chief Executive Officer of the AXA Group
- 2. Denis Duverne**  
Director, Deputy Chief Executive Officer in charge of Finance, Strategy and Operations
- 3. Peter Kraus**  
Chairman & Chief Executive Officer of AllianceBernstein (United States)
- 4. Nicolas Moreau**  
Chief Executive Officer of AXA France
- 5. Mark Pearson**  
President & Chief Executive Officer of AXA Financial, Inc. (United States)
- 6. François Pierson**  
Global Head of Property & Casualty insurance business line

#### 7. Jacques de Vaucleroy

Chief Executive Officer for the Northern, Central and Eastern business unit and Global Head of Life & Savings and Health business line

#### EXECUTIVE COMMITTEE

In addition to the seven members of the Management Committee:

- 8. Michael Bishop<sup>(1)</sup>**  
Regional Chief Executive Officer for Asia Life
- 9. Dominique Carrel-Billiard**  
Chief Executive Officer of AXA Investment Managers
- 10. John R. Dacey<sup>(1)</sup>**  
Chief Executive Officer for the Japan Asia-Pacific business unit
- 11. Philippe Egger**  
Chief Executive Officer of Insurance activities in Switzerland



The Executive Management team at AXA is made up of its Chairman & CEO, Henri de Castries, and its deputy CEO Denis Duverne. They are supported by a Management Committee composed of seven members and an Executive Committee composed of twenty members.



**12. Paul Evans**

Chief Executive Officer of AXA UK (United Kingdom)

**13. Jean-Laurent Granier**

Chief Executive Officer of the Mediterranean and Latin America region business unit

**14. Gérald Harlin**

Group Chief Financial Officer

**15. Frank Keuper**

Chief Executive Officer of AXA Konzern AG (Germany)

**16. Jean-Louis Laurent Josi**

Chief Executive Officer of AXA Japan

**17. Andrew Penn<sup>(1)</sup>**

Chief Executive Officer of AXA Asia-Pacific Holdings (Australia)

**18. George Stansfield**

AXA Group General Counsel and Head of Group Human Resources

**19. Emmanuel de Talhouët**

Chief Executive Officer of AXA Belgium

**20. Véronique Weill**

Group Chief Operating Officer

→ **Alfred Bouckaert**, member of the Group Management Board and Executive Committee, CEO of the Northern, Central and Eastern European region, retired on April 29, 2010.

→ **Christopher “Kip” Condron**, President and Chief Executive Officer of AXA Financial in the United States, sponsor of the Global Life & Savings business line, member of the Group Management Committee, retired on January 1, 2011.

*(1) As of April 2011, following the sale of AXA APH, Andrew Penn is no longer with the Group; Michael Bishop is CEO of AXA Asia (in charge of life and non-life business), and John R. Dacey is Vice-President for the Asia-Pacific region.*

# HIGH LIGHTS | 2010

## — January

### Solidarity with Haiti

On January 12, an earthquake provoked a terrible humanitarian catastrophe in one of the earth's most impoverished countries. Nearly 3 million Haitians were affected. By the next day, AXA Assistance had set up a special unit to respond to requests for assistance.

The Group sent out a call for funds to all of its subsidiaries and promised, for each euro contributed by an employee, that AXA would match with one euro. In all, 668,100 euros went to the Red Cross relief effort.

## — February

### 10% market share in Italy

AXA extended its bancassurance agreement with Banca Monte dei Paschi di Siena. Its presence in Italy grew by 50% and its market share in bancassurance went from 8 to 10%.

In particular, with this move AXA gains preferred access to 1.6 million additional clients, notably in the northeastern part of Italy.

### AXA Life Japan takes to the net

Created as a joint venture in 2008 by AXA Life Japan and SBI Holdings, SBI AXA Life was the first Japanese life insurance company to use the internet as its primary sales channel. By taking control of this young and promising company, baptized Nextia, AXA is diversifying its distribution platform in Japan in order to better satisfy the expectations of its clients.

### AXA Bank Europe gains a toehold in the Czech Republic

AXA Bank opened its doors in the Czech Republic with an attractive savings account offering 3% interest. The product will be sold *via* AXA branches by brokers and *via* the website [www.axa.cz](http://www.axa.cz).

The goal is to build sound and lasting relationships with its clients by encouraging them to set aside long-term savings.

## — March

### Storm Xynthia, a heavy toll ①

The storm rocked the French coast during the night of February 27,

2010, taking 53 lives. Some 500,000 claims were filed for a total cost of 2.5 billion euros. In the face of this exceptional situation, the 3,800 tied agents and all employees of AXA France immediately deployed an emergency plan to help policyholders reporting losses. A solidarity fund of 1 million euros was created to help those in the worst situations, psychological assistance was set up for the loved ones of victims, and the conditions of cover were adjusted and simplified. In Germany, which was also hit by the storm, AXA rolled out an emergency team and streamlined procedures for settling claims under 3,000 euros.

## — April

### Unitary governance for greater efficiency ②

On April 29, 2010, the shareholders of AXA ratified the switch from a governance structure featuring a supervisory board and a management board to one with just a Board of Directors. Appointed to serve as Chairman & CEO, Henri de Castries opted



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to be assisted by a seven-member Management Committee that will continue to be supported by the Executive Committee. This change in the structure of governance is intended to make Group decision-making processes even more efficient and responsive.

▶ <http://www.axa.com/en/governance/structure/>  
(Read pages 10 and following)

— May

25 years **already** ③

Since it was created in 1985, the AXA brand has climbed its way to the first rank worldwide among its insurance peers. In France, it is the number three brand all sectors combined. This success is the payoff for the patient work of building a global brand to accompany the Group's growth in 61 countries, where it serves 95 million clients. The AXA brand is a considerable asset for the Group, in particular as it forges partnerships in the emerging markets.

— June

Three business lines, **two new entities**

Announced in January 2010, the Group's new organization now features three global business lines: property-casualty insurance, life and savings, and asset management. In this context, two new entities were created. AXA Global P&C<sup>(1)</sup> encompasses the Group's property-casualty lines, via the development of technical expertise, underwriting and reinsurance, and groups the centers of competency for property-casualty lines, as well as the dedicated activities of AXA Cessions<sup>(2)</sup>. AXA Global Life was created to support the development of life, savings and health business lines for all Group entities as well as life reinsurance.

(1) P&C: property-casualty insurance.  
(2) Entity offering consulting and services in insurance and reinsurance for the whole Group.

— July

Putting down roots **in Romania**

In acquiring 100% ownership of Omnisig Life, AXA gained a foothold in the Romanian life & savings market. The Romanian

company, a specialist in personal protection products, has a network of 1,400 agents.

The acquisition should step up the development of the Group's business in the emerging markets, in particular those of Eastern and Central Europe. Omnisig Life is the tenth largest player in the domestic life & savings market, with 2.5% market share.

— September

Beginnings **in Serbia** ④

The Group launched its life and savings business in Serbia, completing the acquisition of Crédit Agricole's insurance interests in that country.

The company will operate under the name AXA zivotno osiguranje a.d.o. and will get a boost from an agreement with the Crédit Agricole distribution network in Serbia, through which it will sell its life and savings products.

It will pursue its growth with the introduction of a line of property-casualty products and the development of new distribution channels.



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### Refocusing business in the United Kingdom

AXA sold its traditional life and savings businesses in the UK distributed by independent financial advisors, as well as its protection, annuities and group pension business to Resolution Limited for a total of 2.75 billion pounds (around 3.3 billion euros). This move is consistent with AXA's intention to focus on growing its wealth management business in the UK life & savings market. In 2010, the new business increased by 36%.

#### — October

### AXA arrives in Azerbaijan ⑤

AXA acquired a 51% interest in MBASK, a private insurance company in Azerbaijan that ranks among the top ten in that country. The company has a staff of 100 and five regional affiliates. The insurance market in Azerbaijan currently represents around 0.5% of the country's GDP. AXA is able to count on the personnel and expertise of its Turkish subsidiary AXA Sigorta to organize the integration of this new subsidiary into the Group.

### A most ambitious partnership in China ⑥

With the entry of ICBC (Industrial and Commercial Bank of China Co. Ltd) in the joint venture AXA-Minmetals Assurance, the first French-Chinese insurance company, created in Shanghai in 1999, the Group confirmed its position in the Chinese market. Once the usual regulatory hurdles are cleared, the company will take the name ICBC-AXA Life Insurance Co. Ltd. The leader in most banking activities in China, ICBC sells financial services and products to 235 million retail clients via its network of 16,000 points of sale. Combining high quality distribution channels, clients and the brand image of ICBC with AXA's expertise in developing insurance products and managing risks, this partnership is promising.

#### — November

### Successful issue of cat bonds

AXA successfully issued 275 million euros in cat bonds to the institutional investment market due in January 2014. This issue is in line with the Group's desire to gain protection against natural catastrophes through interna-

tional reinsurance coverage and to reduce counterparty risks. It is the biggest cat bond issue in euros to date. Coverage extends to the following countries and territories: Germany, Belgium, Denmark, France (not including French overseas departments and territories), Ireland, Luxembourg, the Netherlands, the United Kingdom and Switzerland.

### AXA Sigorta recognized for the third year in a row ⑦

"The most admired insurance company in Turkey": this is the title of the award that, for the third year in a row, went to AXA Sigorta, the Group's Turkish subsidiary. Based on a survey conducted with more than a thousand managers in 500 influential corporations, the award recognizes, among other attributes, the company in the industry that is the most remarkable in terms of products and services, customer relationships or employee caliber.

Other AXA subsidiaries received awards in 2010. AXA Gulf, for instance, was named insurer of the year for 2010 at the MENA Insurance Awards, recognizing





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its commitment to its clients, its sense of innovation, the consistently high quality of its products and its solid financial performances.

— December

Acquisition of number two insurer in Belorussia 8

The Group acquired an 80% interest in the Belorussian insurer B&B Insurance, Belorussia's number one private insurer and the second largest in terms of size. This deal extends AXA's presence in Central and Eastern Europe. B&B Insurance sells property-casualty products exclusively through a network of about 260 agents. The Group hopes to repeat in Belorussia the success it has encountered in Ukraine where, in just three short years, it has risen to the top spot, by leveraging the strong geographic and cultural ties between the two countries.

First financing in Asia for the AXA Research Fund

With an allocation of 517,000 euros over three years, the research project on the biology

of decision-making in the face of risk, spearheaded by Professor Richard P. Ebstein of the Psychology Department of the National University of Singapore, attests to AXA's commitment in Asia and to the strategic importance of this region for the Group. In three years, The AXA Research Fund has invested 48 million euros in research intended to provide a better understanding of risks.

— March 2011

Earthquake in Japan

On March 11, Japan was the victim of a devastating earthquake and tsunami. AXA immediately set up a relief fund, allocating a million dollars plus an additional 50 million yen (around 450,000 euros) for the purpose of offering emergency assistance to those most severely impacted. Simplified and stepped-up procedures were rolled out too. In addition, AXA Japan created a special fund endowed with 50 million yen to help its own employees in distress.

Completion of AXA Asia Pacific deal in Asia 9

AXA completed the sale of the Australian and New Zealand businesses of AXA APH to AMP for 7.2 billion Australian dollars and acquired 100% of the Asian businesses of AXA APH for a total consideration of 9.8 billion Australian dollars. This transaction, which costs AXA a net amount of 2.6 billion Australian dollars (around 1.8 billion euros), allows the Group to increase its exposure to the rapidly growing Asian market.

Growth in new business for this region came to 39% in 2010, with Indonesia (+118%), the Philippines (+93%), China (+80%) and Thailand (+38%) showing particular strength. The life and savings business of AXA in the region showed substantial growth and high profitability in 2010, with an average margin on new business of 58.7%. Revenues for AXA Asia P&C grew by 13% in 2010. This transaction is consistent with the Group's ambition of allying value creation and growth via an efficient strategy of capital allocation.

## AXA, THE WORLD'S TOP GLOBAL INSURANCE BRAND FOR THE SECOND YEAR IN A ROW<sup>(1)</sup>

Employees<sup>(2)</sup>:

**214,000**

Clients<sup>(3)</sup> worldwide:

**95 million**

Revenues:

**91 billion euros**

Underlying earnings:

**3.9 billion euros**

Net income:

**2.7 billion euros**

Solvency I ratio:

**182%**

up by 11 points

Dividend per share:

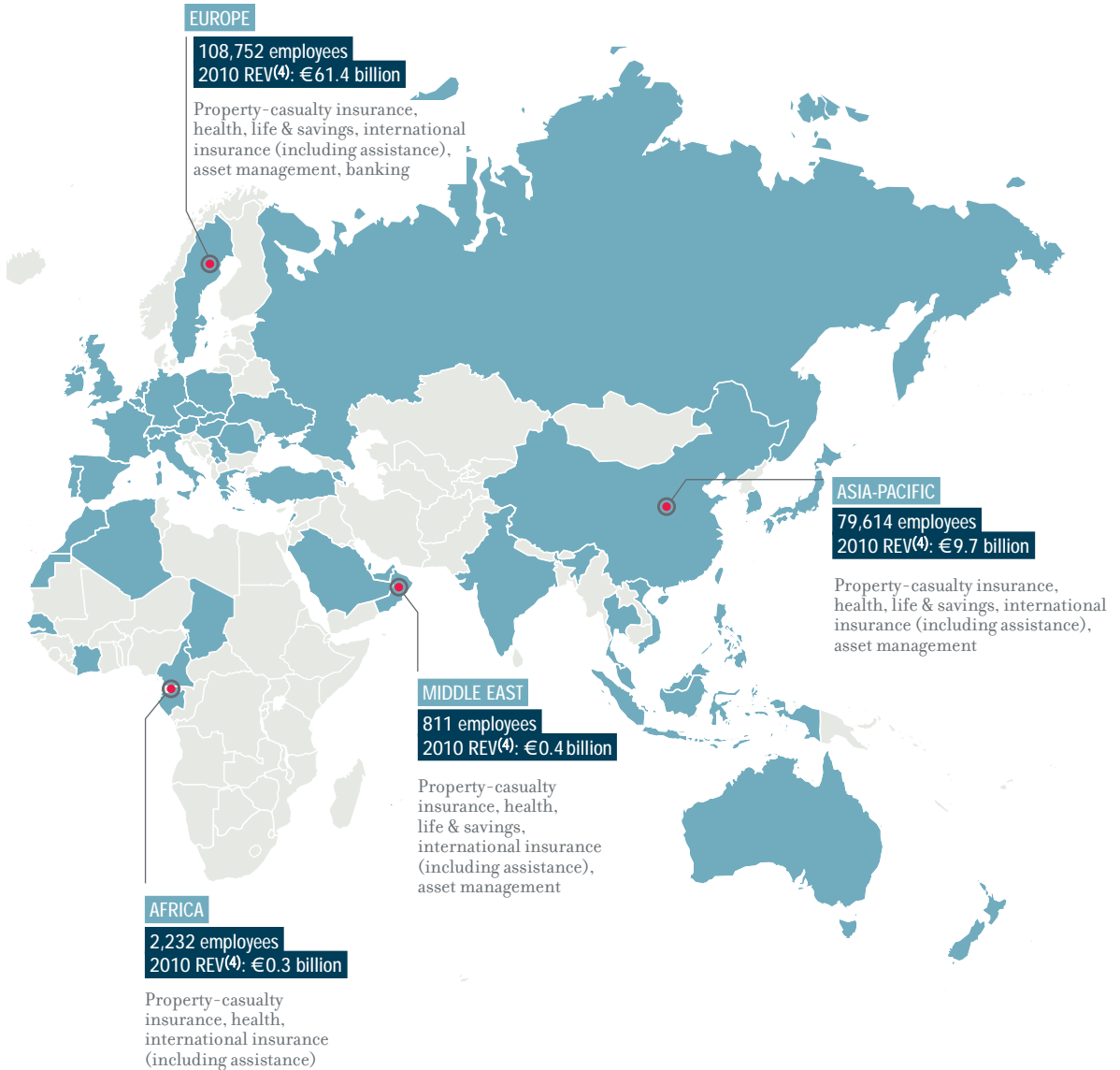
**0.69 euro**

up by 25% (pending shareholder approval on April 27, 2011)



● AXA's presence

The Group is present in 61 countries with more than 214,000 employees committed to serving 95 million clients

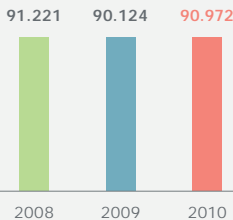


(1) Interbrand ranking.  
 (2) 127,153 are salaried employees.  
 (3) As of March 31, 2011. The scope of calculation has changed. Using the new method, the estimated number of clients in 2009 would have been 89,380,000.  
 (4) Excluding asset management and international insurance REV, which is not consolidated by geographic region:  
 - 2010 asset management REV: 3.33 billion euros  
 - 2010 bank REV: 0.46 billion euros  
 - 2010 international insurance REV: 2.85 billion euros (AXA Corporate Solutions, AXA Assistance, and AXA Liabilities Managers).

## 2010 KEY FIGURES

In an environment that remains challenging, AXA turned in a satisfactory performance in 2010, characterized by a significant improvement in new business margins, a rebound in adjusted earnings and a rise in available cash flows from operations. Consequently, the AXA Board of Directors will ask the shareholders to approve a dividend payout that is up by 25% over the previous year.

### Revenues (in billions of euros)



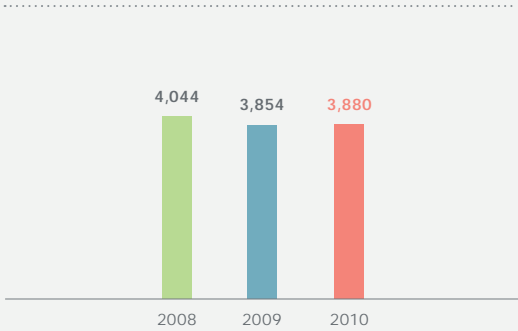
**AXA's total revenues** for 2010 reached 91 billion euros, an increase of 1% compared with 2009. This apparent stability masks mixed trends between mature markets and segments, where AXA preferred to seek improvement in margins, and high-growth markets and segments, such as the emerging economies and direct sales. The focus on margin recovery began to pay off in 2010, with the profitability of new life insurance business showing substantial improvement, rising from 18% to 22%, and the current combined ratio for property-casualty business improving by two points.

Although the high-growth markets still account for just 5% of the Group's total underlying earnings, the redeployment of capital in this direction continued in 2010, with significant wins in both life (with new business up by 25%) and property-casualty (revenues up by 6% in emerging markets and by 19% for direct sales).

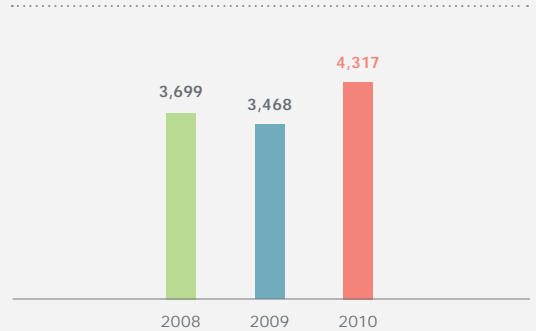
**Net inflows** were once again in very positive territory for life insurance (+8 billion euros) as well as for property-casualty insurance (1.4 million policies), demonstrating once again the quality of the product range and our distribution channels. In asset management (8% of assets under management), while the result was once again a net outflow, assets under management are nonetheless on the increase. The recovery of net inflow is one of the priorities for the asset management segment in 2011.



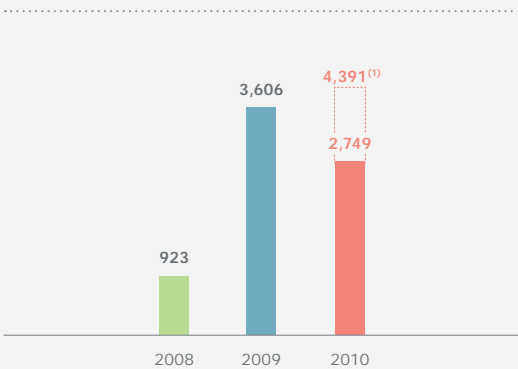
**Underlying earnings** (in millions of euros)



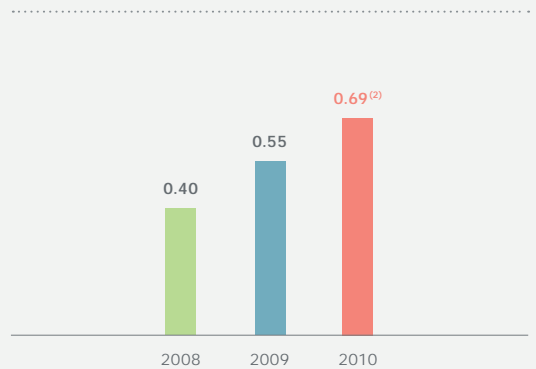
**Adjusted earnings** (in millions of euros)



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



**Dividend per share** (in euros)



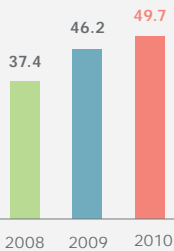
(1) Excluding one-off losses related to the sale of some traditional life and savings business in the United Kingdom.

(2) Pending shareholder approval on April 27, 2011.

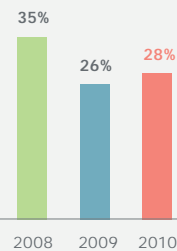
**Underlying earnings** remained solid at 3.9 billion euros, in line with the previous year. **Adjusted earnings** rose by 20%, mainly reflecting higher realized capital gains. **Net income** rose by 18% if the one-off loss linked to the sale of some life businesses in the United Kingdom is excluded.

Thanks to the 20% increase in adjusted earnings, as well as the strength of the Group's balance sheet, AXA is in a position to propose (pending shareholder approval on April 27, 2011) a 25% increase in the **dividend** payout to shareholders, to 0.69 euro per share.

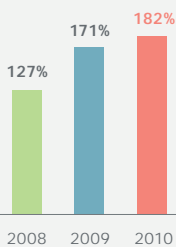
### Shareholders' equity (in billions of euros)



### Gearing ratio



### Solvency I ratio



### Financial strength

(3 principal rating agencies)

Agency	Rating	Outlook
Fitch	AA- (very strong)	Stable
Moody's	Aa3 (very strong)	Stable
Standard & Poor's	AA- (very strong)	Stable

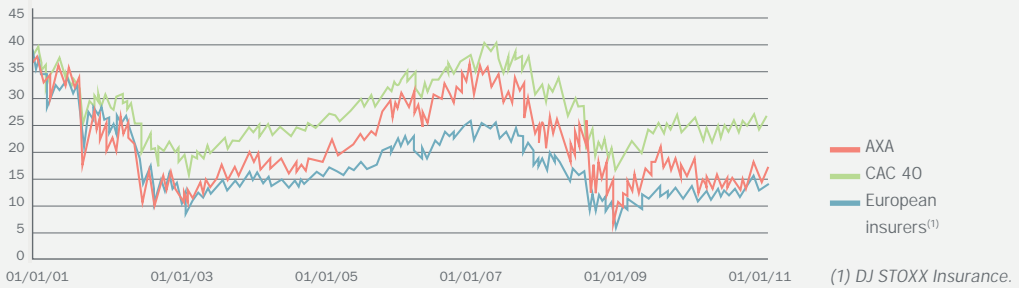
AXA's balance sheet remains robust, with **shareholders' equity** and **solvency ratios** showing improvement over the year as a whole.

AXA's **gearing ratio** rose very slightly, to 28%, due to the impact of negative currency translation.

The three major rating agencies have confirmed the Group's financial strength, with AA- level ratings and a stable outlook.

## Stock market

### Stock price trend over 10 years (CAC 40, European insurers<sup>(1)</sup>, AXA)



### Capital ownership structure (12.31.2010)



AXA's stock performance was not good in 2010, and was largely comparable to that of other life insurers based in continental Europe, impacted in particular by an adverse interest rate environment and fears linked to the quality of sovereign debt issued by certain Eurozone governments. Over ten years, the stock price performance is negative, though it is significantly better than the average for the insurance industry, which has seen valuation cut in half.

AXA's capital ownership and shareholding structure remains highly diverse, reflecting the Group's global presence. Individual shareholders and employee shareholders hold 7.3% and 6.5% of AXA's equity capital; with the Mutuelles AXA they form the Group's top three shareholders.



# II.

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## OUR BUSINESS ACTIVITIES

Being there when our clients need us

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- 28 — 3 questions for Denis Duverne,  
*Member of the Board and Deputy Chief  
Executive Officer in charge of Finance,  
Strategy and Operations*
- 30 — Our core business
- 33 — Life Insurance & Savings
- 45 — Property & Casualty Insurance
- 57 — Asset Management





## QUESTIONS ON STRATEGY FOR DENIS DUVERNE

*Member of the Board and Deputy Chief Executive Officer  
in charge of Finance, Strategy and Operations*

### 01 — SELECTIVITY

*Growth is still low in the developed countries. Do these markets still hold promise for AXA?*

**Denis Duverne:** The developed markets still have 80% of the world's wealth and consumer needs in the area of insurance, savings and protection are very substantial in this part of the world. However, we took a more selective approach in 2010, and this had a direct and positive impact on our margins in life & savings as well as in property & casualty insurance.

We look at each segment of business by asking ourselves if it responds to the needs of our clients, if our competitive positioning allows us to develop and if the margin that we can generate is satisfactory. If the indicators are positive, then it should become a priority: for example, we would like to considerably build our market share in the area of protection. Conversely, we are ready to pull back from a business segment when the conditions are not right, as we did in 2010 for certain savings products with guaranteed returns when long-term interest rates were very low for most of the year.

The sale of some of our life & savings business in the United Kingdom also fits in with this selective logic. This business was eating up a lot of capital, was not commercially dynamic and we had not achieved critical mass. The presence of a consolidator in the UK market gave us the opportunity to refocus on those segments that we consider to be more promising and also to redeploy the capital that was freed up.

AXA is a major player in insurance and asset management in most of the developed economies



in Europe, in North America and in Japan. In these places, we need to improve our margins, our earnings and our cash flows. This discipline will also enable us to improve our capital allocation and invest in the markets of tomorrow.

## 02 — ACCELERATION

*For the years to come, which areas have been identified as being profitable growth drivers?*

We need to continue to strengthen our exposure in the emerging countries in order to build positions similar to the ones already acquired in the developed markets and take advantage of new forms of distribution to capture growth.

In the emerging countries, the need for insurance is growing more rapidly than GDP. This strong demand naturally supports dynamic growth. The proof? Our new business volume grew by almost 25% in life & savings and 6% in property & casualty in 2010.

Our objective is to allocate a bigger chunk of capital to strong growth markets. This is the rationale behind our agreement with our minority shareholders in Australia to buy all of our life & savings business in Asia. In China, the partnership with ICBC, the country's largest bank, offers us wonderful growth potential. In addition, we have our recent acquisitions in Serbia, in Belorussia and in Azerbaijan. In the past four years, we have been able to catch up with our competitors in these markets, after having fallen behind. As a matter of fact, we are also one of the few players in our industry to have

taken advantage of the crisis to seize the opportunities in these markets. We intend to continue to be aggressive in a healthy way.

In addition, the new forms of distribution also represent a pipeline of growth for AXA: our direct insurance operations grew by nearly 20% in 2010.

## 03 — EFFICIENCY

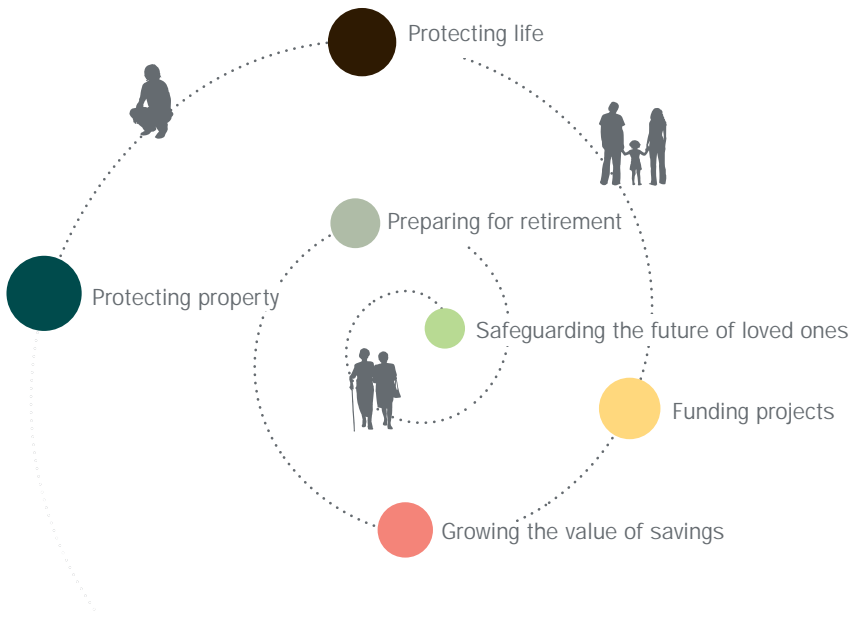
*What should the operational priority for strengthening the Group in both mature and emerging markets be?*

In the last twenty-five years, AXA has acquired extremely strong positions, becoming one of the world's top insurance and asset management groups and the top brand in the industry. We have still not taken full advantage of this asset. We need to become even more efficient in the management of our capital, much in line with what we did in 2010. In addition, our cost base is too high, which impacts our margins but also the competitiveness of our products in the eyes of our clients. This is why we have launched a program to reduce costs by 1.5 billion euros by 2015. And last but not least, we are mobilizing all of our employees around the quality of the rollout and execution of our operational initiatives. This triple search for efficiency should allow us to make AXA's size a competitive advantage on the operational level, which is already the case in risk management. In this context, the Group's organization along business lines, in life & savings as well as in property & casualty, has a decisive role to play.



– OUR –  
BUSINESS

# Helping our clients live more confidently at each stage of their lives



- Protecting one's own property and against damage to the property of others  
*Car, home and property insurance  
Personal and professional casualty insurance*
- Protecting against life's mishaps  
*Health insurance  
Personal protection  
Assistance*
- Funding projects  
*Individual savings  
Retail banking products*
- Growing the value of savings  
*Investment portfolio management  
Private wealth management*
- Preparing for retirement  
*Retirement savings products*
- Safeguarding the future of loved ones  
*Life insurance  
Protection*

## GROUP ACTIVITIES BY LINE OF BUSINESS

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### 01 Life Insurance & Savings

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#### **Life Insurance & Savings business represents 52% of the Group's revenues**

Our individual and group life insurance policies encompass both savings and retirement products, on the one hand, and other health and personal protection products, on the other. Savings and retirement products meet the need to set aside capital to finance the future, a special project or retirement. Personal protection covers risks related to an individual's physical integrity, health or life.

AXA also offers its individual clients in some countries a simple range of banking services and products that supplement the insurance offering.

### 02 Property & Casualty Insurance

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#### **Property & Casualty Insurance business represents 42% of the Group's revenues**

The property-casualty business includes the insurance of personal property—cars, homes—and liability—personal or professional. It covers a broad range of products and services designed for our individual and business clients. Assistance services are also part of the property-casualty offering, which also includes international insurance for large corporate clients in Europe and a few specialty lines, such as marine and aviation.

### 03 Asset Management

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#### **Asset Management business represents 6% of the Group's revenues**

The asset management business involves investing and managing assets for the Group's insurance companies and their clients, as well as for third parties, both retail and institutional clients.

The objective is to obtain the best possible return on invested assets, based on the risk profile and investment time frame chosen. Our combined areas of expertise allow us to devise investment solutions and products that meet the specific needs and constraints of our clients, by investing in different asset classes, such as equities, bonds or real estate.



# Life Insurance & Savings





01

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LONGER LIFE EXPECTANCY

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# THREAT OR OPPORTUNITY?

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*“Me—a hundred years old or older? I need lots of imagination to believe that and even more to imagine how I would prepare myself for that.”*

*Daniela NOVAK, Czech Republic*

## LONGER LIFE EXPECTANCY THREAT OR OPPORTUNITY?

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*The increase in life expectancy is one of the greatest success stories humanity has ever known. Every one of us gains about five hours a day in life expectancy! Are there any limits? Today, nearly one baby born out of two in developed countries can expect to live to be more than a hundred years old. Society must meet the new challenges that this demographic evolution introduces. What will be the new balance in a world where there will be more retirees than young people?*

*Who will assume the costs associated with the new needs of a population that is older and older, and how will these costs be taken on board? Demographic aging and its implications have become a hot button issue because these things affect many aspects of our daily lives: healthcare services, social services, retirement, assistance, etc. But if we are well prepared for it, old age is excellent news because it offers life choices that are more ambitious and allow people to project themselves into the future differently.*

## WHAT THE EXPERTS THINK

Jean-Marie ROBINE / Principal investigator of the AXA "5-COOP" project.  
INSERM Montpellier/France



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### SUBJECT OF RESEARCH: THE HEALTH OF THE OLDEST PEOPLE IN FRANCE, SWITZERLAND, JAPAN, DENMARK AND SWEDEN

My work focuses on the study of human longevity, with the aim of understanding the relationships between health and longevity. In particular, I want to measure the impact of further gains in life expectancy on the state of health of populations and disability.

The study as conceived focuses on the oldest living people in five target countries, such as Japan, which holds the world's record for the number of people over a hundred as a percentage of its total population.

Since 1990, their number has quadrupled every ten years, and stands at 44,449 today. France comes in just after Japan, with more than 16,000 already. This increase, which is both impressive and unexpected for adults in most of the world's developed countries, constitutes what I like to call the longevity revolution. We are going to take a giant snapshot of hundred plus year olds in France, Sweden, Switzerland, Denmark and Japan. A multi-disciplinary team of

around 25 scientists is mobilized. The measurements show that it is clearly more common to reach the age of a hundred in Japan today than in France or Switzerland, but it is also more likely in these two countries than it is in Denmark or Sweden. Field studies are beginning this year, the goal of which is to apply the same research protocol everywhere in order to get a strictly identical measurement of the state of health of the participants. In all, six samples of 250 hundred year olds will enable the simultaneous analysis of 125 variables.

We will be asking them questions about everything in order to get a clear global vision and avoid taking a purely medical approach. Although life expectancy is increasing constantly, living longer is not always a synonym for aging well. Knowing the age up to which a person lives in really good health is another question entirely.

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*This project is financed by the AXA Research Fund*



**AXA**  
Research Fund



## WHAT THE EXPERTS THINK

Carol JAGGER / *Holder of the AXA-Newcastle Chair  
on Longevity and Healthy Active Life / UK*

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### SUBJECT OF RESEARCH: LIVING BETTER, LIVING LONGER

Figures provided by the National Statistics Office show that life expectancy continues to increase. But people over the age of 85 often suffer from illnesses and disabilities related to age. Are they really able to take advantage of the extra years under good conditions? The situation remains unclear, because we do not have enough quality data at this time to answer the question. But we are working on it around the clock at the Newcastle University.

One of the difficulties that researchers encounter is the lack of comparable studies. In general, life expectancy trends are fairly well known, since data on mortality have been collected regularly for a long time in most of the developed countries. But data on health are another story. In the United Kingdom, most studies that are conducted on a regular basis do not include elderly people who are in long-term care facilities.

If it is necessary to incorporate this group in order to faithfully reflect the state of health of the population, it is also particularly important to understand and capture the trends related to very old age in terms of health and needs. Until now, the statistics available worldwide have shown that health evolves differently in different countries.

Between the 1990s and the middle of the 2000s, studies conducted in the United States suggested that individuals who survived past the average life expectancy did not suffer from disability. However, more recent data show that this is not the case any longer for all categories of the elderly, because obesity is beginning to weigh on Americans entering old age. Here again, the situation is different in the United Kingdom, where we have observed an increase in disability.

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*This project is financed by the AXA Research Fund*





## OUR ANALYSIS

### AT AXA, WE ARE WORKING TO MAKE LONGEVITY A COLLECTIVE AND INDIVIDUAL OPPORTUNITY

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*Lucie TALEYSON*  
*Special projects manager,*  
*reporting to the Chairman & CEO*



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*The issue of longevity lies at the heart of the insurance business, and demographic aging has major repercussions for all of our insurance and asset management activities. The rising longevity trend, in addition to its social implications (retirement, health, assistance, etc.), poses specific challenges for the insurance industry in terms of solvency and provisioning. Insurers have to figure out how to understand and manage it, which is no easy feat. So we have a role to play in estimating these evolutions and adopting a forward-looking vision with our risk management teams. In this respect, the role of the AXA Research Fund is to encourage cross-disciplinary, cutting edge scientific work that helps us to understand and orient these risks. Raising awareness is also a question of education, since individual behaviors play a key role in preparing for this stage of life. It is therefore up to us to open up new perspectives for our clients that allow them to begin building coverage for their future needs. One of our major responsibilities is therefore to find lasting responses in the form of life insurance, personal protection, health and long-term care products while also offering the most relevant possible investment solutions for future retirees.*



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→ By listening carefully to our clients, we are able to support them with products and services that meet their protection, savings, retirement and long-term care needs. Each of the solutions we offer is designed to meet a specific need that takes into account their particular lifestyle, their particular concerns and the specific local environment of the country they live in.

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→ CHRISTOPHE MUGNIER / *Director, Group Retirement Savings, AXA France*

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### The need for additional retirement income is growing for every employee

We started from the observation that small businesses in France, those that employ between ten and 2,000 employees, do not offer much in the way of employer-sponsored retirement savings plans. At the same time, the employees who work for these companies face the same issues as those who work elsewhere. We wanted to offer the smallest companies access to our AXA Génération product range for large account clients. The complexity of employer-sponsored retirement savings plans currently on the market was an obstacle for small companies, so we built an offering that

was easy for our agents to sell and for our clients to use.

We completed the financial performance of the range with online services, client service via a 24/7 interactive voice server for the management of daily issues, and an e-Learning module called How to Save Today. It is a role-playing game that seeks to sensitize players to SRI (social responsible investment). Moreover, the AXA Génération product range has been certified by the CIES (*Comité Intersyndical de l'Épargne Salariale*) as 100% SRI.

→ MICHELE SPAGNUOLO / *Head of Life & Pensions, AXA MPS, Italy*

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### Responding to the need for long-term care

AXA MPS is the first player in the Italian bancassurance market to take the

plunge into the long-term care insurance arena, with the recent introduction of

Valore Autonomia. The approach is in line with the Group's objective, which is to take hold of this market and constantly improve the level of service it offers clients.

Prior to this launch, long-term care products in Italy consisted of adding a special clause to an existing saving product. We learned a lot from the experience of AXA France, which had successfully met the challenges inherent to products of this kind, such as explaining the very concept of long-term care coverage to clients and sales associates. With the launch of Valore Autonomia, AXA MPS chose to focus

on a stand-alone product that could address a primary need of customers, while also relying on a change in attitudes on the part of the market. AXA MPS called on AXA Global Life and Group Risk Management to help it capitalize on the experience of AXA France in this area. And thanks to the teamwork of AXA, MPS and the joint venture staff, it became a successful bancassurance product. The Italian version of the product, Valore Autonomia, was launched in May 2010. It has already become the market's new standard for long-term care coverage.

→ TAKAO MATSUDA / *Chief marketing, AXA Life Japan*



### Peace of mind for the single working woman and the cancer risk

In recent years, the number of working women who are single and between the ages of 30 and 50 has risen steadily in Japan. The biggest perceived risk for single Japanese women is the possibility of finding themselves without resources in the event of illness that leads to a long interruption in their income stream.

Cancer is considered to be a national risk in Japan, where one out of every two women presents the risk of contracting the illness in the course of her lifetime. In the face of this reality, AXA Life Japan developed *Cancer Income Support insurance*, an innovative product

designed to ensure that women who get cancer have income protection.

In Japan, traditional health insurance products calculate repayment levels on the basis of the number of days of hospitalization. But due to changes in the Japanese healthcare system, more and more cancer patients are being treated at home, which rules out a good number of treatments for insurance coverage. *Cancer Income Support insurance* takes this trend on board, providing insured patients with a predefined annual income as soon as the diagnosis of cancer is made.





## A BUSINESS DYNAMIC AT THE SERVICE OF GROWTH

Against an economic backdrop that remains gloomy, the Group has infused a collective internal dynamic around issues related to life insurance, savings and health with the creation of a Global Life & Savings business line. In 2010, AXA's life & savings business generated revenues of 51 billion euros and underlying earnings of 2.5 billion euros. The level of new life insurance business was unchanged versus 2009, a development that reflects the decision to focus on margins in the mature markets and on expansion in the high-growth markets of the Mediterranean and Latin American, the Central and Eastern European, and the Southeast Asian regions.

### Life insurance

- No. 1 → Switzerland
- No. 2 → France – Belgium
- No. 3 → Morocco – Philippines
- No. 4 → Germany
- No. 5 → Hong Kong – Mexico

### Health insurance

- No. 1 → France
- No. 2 → United Kingdom  
Morocco – Mexico
- No. 3 → Belgium
- No. 4 → Germany
- No. 8 → Japan





In a global market of nearly seven billion individuals, the life insurance and personal protection industry and services retain their promise over the long term. In Western Europe, people over 65 will come to represent a third of the total population by 2040. But governments could find it very hard to continue to finance the protection needs of senior citizens. Retirement savings products, as well as health and personal protection coverage, are bound to fill part of the impending gap. In addition, the economic explosion seen in the emerging countries is stimulating demand: in twenty years, Brazil, Russia, India and China will together account for 40% of global GDP, versus just 15% today.

### → Giving preference to business convergence

AXA Global Life & Savings combines the life insurance, savings and health insurance businesses of the Group. This business line, which has a global form of governance, is spearheaded by a team composed of representatives of local entities. Its strategy is structured around four priority objectives:

- step up diversification in protection and health,
- develop the profitability of the savings business,

- target investments,
- improve operational efficiency to seize on and finance growth opportunities.

To support these ambitions, AXA Global Life & Savings has developed several clusters of expertise—variable annuity savings products with guaranteed rates, reinsurance, individual and group life insurance, health insurance—based on two expert teams: actuarial and pricing on one side, and underwriting and claims on the other. Each cluster works in close collaboration with networks of in-house experts on key issues: longevity, products related to cancer, the optimization of reinsurance balance sheets, etc.

The Global Life & Health teams work in tandem with local teams based on the idea of sharing expertise, a practice that facilitates not only the development and marketing of new products, but also collective reflection on the notion of profitable growth. In 2010 a total of 13 initiatives intended to step up the pace of growth, ensure product diversification and exploit possibilities for operational convergence were identified by various regional entities.

Present in **MORE THAN 30 COUNTRIES** in life & savings

**WORLD'S NUMBER 1 INSURER** based on premiums, with 40 million clients





### → Priority goes to margins

With more than 40 million clients in the life & saving portfolio, the Group is the world's top insurer in this segment based on premiums.

In France, the life & savings market progressed by 4% in 2010, driven by the bancassurance networks (+8%), while traditional insurers reported a decline in sales (-1%). The AXA Group saw a fall in group retirement savings that reflected the impact of unusually high volume sales the previous year. In an intensely competitive pricing environment, with a more selective approach focused on profitability, the sale of individual savings products fell.

In the United States, the Group's performance was adversely impacted by the 22% decrease in variable annuity sales, primarily through the third party distribution channels and reflecting the impact of product repricing measures undertaken in 2009 to restore their profitability, a goal that was achieved.

In the United Kingdom, the year was marked by the sale of some traditional life & savings businesses

in the UK distributed by independent financial advisors, as well as its protection, annuities and group pension business. This transaction, which was completed for 3.3 billion euros, will enable us to redeploy our forces in the growth pipelines of Asia, as well as in Central and Eastern Europe, the Mediterranean and Latin America.

With AXA Wealth Management and PPP Healthcare, our entities in the United Kingdom are now refocusing their efforts on the most dynamic segments of the market and on the operations with the highest potential for growth and profitability in the UK life insurance market. In 2010, new life insurance business in the UK rose by 36%, to 545 million euros, thanks in particular to the success of the Elevate platform (a structure dedicated to the direct sale of health and retirement savings products).

Elsewhere—in Mexico, Turkey and the Gulf states—business grew at a sustained pace in 2010. Mexico reported a rise in new business, in particular on its group insurance policies, up by 27%.

The existence of robust regional platforms ensures more rapid development for AXA in neighboring

## LIFE INSURANCE

20% of the value  
of new business  
in high-growth markets

## IN 2010, AXA MEXICO LAUNCHED A MAJOR ADVERTISING CAMPAIGN KNOWN AS ABREPUERTAS,

to encourage Mexican consumers  
to develop their awareness of the need  
for savings and personal protection



countries. AXA Sigorta, which was once again named Turkey’s best insurer in 2010, represents an excellent platform from which to export AXA’s expertise to the new market of Azerbaijan. AXA Gulf plays an identical role for the Middle East and the Gulf states. AXA’s market share in Central and Eastern Europe has risen by 3.3% since last year.

**→ Overhaul of variable annuities with assorted guarantees**

The crisis had a particularly severe impact on separate account products that come with guarantees, especially variable annuities. AXA responded by repositioning its offering in several countries. In the United States, AXA Equitable was one of the first players to react, overhauling its Accumulator 9.2 series by better aligning guarantees and gaining more control over investment funds. The launch of Retirement Cornerstone (a variable rate investment and guarantees that increase if interest rates rise), an alternative to Accumulator, was a success. By the third quarter of 2010, it accounted for half of all new premiums for products of this type. Variable annuities drove

the 22% increase in the new business margin that was observed in the United States in 2010.

In Japan, where conditions are difficult due to very low interest rates, the overhaul of this supply segment and the improved business mix between protection and health helped AXA Japan achieve excellent profitability.

In Germany, AXA Germany learned the lessons of the financial crisis. A reworked version of the local variable annuity product was brought to market: Twinstar Classic and Twinstar Invest. Twinstar Invest will henceforth include, in addition to traditional funds, funds that are specifically designed for retirement savings.

In France, AXA Double Garantie 2, launched in February 2010, obeys the same rationale. Combining security and performance—two essential criteria for more than 70% of the French—it enables clients to take advantage of opportunities in the financial markets while also offering a guarantee on the net capital invested upon maturity.

**+20%**

new variable annuity business, with a guarantee in continental Europe for life & savings: this is the Group’s target for around 2015

**+22%**

that’s how much new business has grown in a year in Indonesia, with 50% due to variable annuities



### → Protection and health, sharing expertise

Protection and health are segments in which AXA has acquired substantial expertise, where client needs are on the rise, and where our market share remains below what it is for other segments, which leaves us plenty of latitude to pursue our development. Between now and 2015, our objective is to increase the proportion of these products in new business volume by five points. Organization along business lines should support this aim.

By mobilizing internal expertise transversally for current or emerging issues, it allows us to rapidly launch products that are adapted to needs.

This is the case for long-term care, an issue that lies at the heart of deep questions that both public policymakers and consumers are asking in many countries. A long-term care policy called "Aide aux Aidants" (Help for Helpers) has existed in France since 2008. This product, which is part of the group insurance offering, is organized around coverage for the employee and his or her parents in the event that long-term care is required and a bouquet of specialized services to facilitate

his or her role as a home caregiver. The fruit of expertise developed over some twenty years in this area by the specialists at AXA France, this product was rapidly joined by others thanks to the sharing of knowhow. The same process produced Italy's long-term care product.

In Asia, a transversal logic also presided over the birth of HAPCO, which stands for Cooperation and Partnership for Health Insurance in Asia (the partnership is between AXA PPP Healthcare and AXA Asia General Insurance). This project, which focuses on health, seeks to position AXA as a major supplier of medical coverage in Asia.

Its first product, International Exclusive, was launched with success in January 2010 in Hong Kong before being rolled out in Singapore and then in Malaysia.

Designed for highly mobile managers who live in Asia, it benefited from the excellent fit between AXA PPP Healthcare and AXA Asia General Insurance: the Asian branch offers its distribution channel and its client portfolio, while AXA PPP brings clients its technical prowess in the management of complex claims, its experience with the expatriate community, and its global network of hospitals and clinics.

### IN FRANCE, THE AXA SANTÉ PREVENTION CAMPAIGN

was rolled out on iPhone and iPod Touch devices *via* a game that was developed in partnership with Protection Civile and known as KisoVki 2. It places the player in a real life situation that requires emergency intervention

### AXA PRÉVENTION LAUNCHED AN APPLICATION IN LATE 2010



that aims to encourage young drivers to test their aptitude to get behind the wheel of a car after a night of partying.

Download it by scanning the pictogram opposite. (Only available at the Apple Store in French)



The relevance of the online business organization is also visible in group insurance, a field in which AXA ranks among the global leaders. These products are distributed by specialized brokers who work with large multinational corporations. Group insurance is particularly well adapted to a global approach and to knowledge transfer between subsidiaries.

For example, the French teams offered their technical expertise this year to teams in Spain and Poland to help formulate a range of products that will be released in 2011.

**→ Innovation, driver of growth**

In the area of protection and health, the product and services offering mostly needs to be invented, and is evolving permanently to better adapt to consumer needs.

In Germany, AXA Germany launched a new range of medical assistance products in 2010. Built on the basis of an in-depth survey of client needs, it offers home help, for example, instead of financial assistance, as well as prevention programs for the whole family and for each generation called "Family Fit".

Four levels of care needs have been identified, each leading to access to assistance that ranges from 45 minutes to five hours a day.

In the area of health care, AXA PPP in the United Kingdom offers very complete cancer coverage for surgery and medical treatments. It covers up to 36 months of treatment with prescription medication authorized by the European Medication Agency.

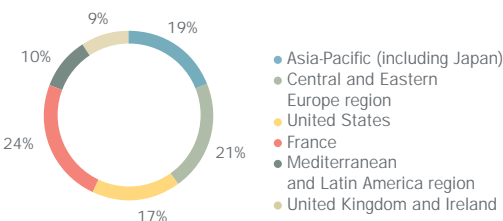
Finally, AXA France introduced a group insurance range for TPE/PME<sup>(1)</sup> that can be modified to suit individual needs. In fact, 68% of all French companies employing fewer than ten employees do not offer supplemental health care coverage for their workers, and 10% of these same businesses do not offer any employee benefits. Adaptalia Prévoyance includes mandatory death benefits, educational annuities and survivor benefits, and adds coverage for accidental deaths occurring on the job, plus the Help for Helpers long-term care coverage. Adaptalia Entreprises is a product that allows business owners to take out group life insurance that can be modulated, reconciling the company's budget constraints and employee expectations.

*(1) Very small businesses / Small and mid-sized businesses.*

**Global coverage in life insurance**

Value of new business by geographic region in 2010

Total: 5,780 million euros



**+63%**

New life business in the Central and Eastern European region is up by 168 million euros, to 274 million euros



→ **Diversify and improve our distribution methods**

Making our products accessible to everyone while taking needs and new expectations into account is one of our top priorities. In a single day, a client might connect to the internet to compare prices, phone a call center or go in person to an agency to get face-to-face advice on a complex issue related to estate planning.

In the United States, for example, half of the variables annuity products are sold *via* the internet.

We need to be able to address these multiple expectations.

In Europe, direct selling reaches a new customer segment. This is why the AXA Global Life business line initiated the creation of a global platform in 2010, dedicated to the direct sale of personal protection products. The first products will be sold in Belgium in 2011, with subsequent deployment programmed in more than eight European countries by 2015.

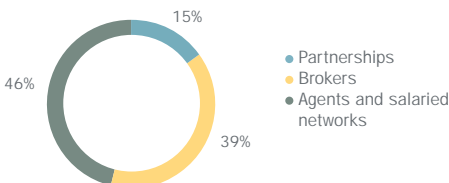
In the United Kingdom, the Elevate platform of AXA Wealth UK posted the fastest growth in its market (its assets increased by 373% in 2010). It is the principal distribution network of independent financial advisors in the UK market. This technical platform, which is located in Basingstoke, in the United Kingdom, bundles client assets together (mutual funds, pensions and investment accounts) in a single place.

This in turn offers clients greater visibility with respect to their assets in real time, and the distributor can deliver a better global level of private asset management service thanks to a range of retirement and investment products and more efficient asset management. In 2010, an agreement was reached with the Sesame Bankhall Group, one of the largest distributors in the United Kingdom. It has a network of more than 4,000 advisors and has captured more than 15% of the independent financial advisors market.

Bancassurance is an important channel for the distribution of the Group's products. Three business partnership agreements were forged in 2010.



**Life insurance: the balance of our distribution channels**  
Total: 5,780 million euros



**+36%**

(change on a comparable basis)

Increase in new business in the United Kingdom due to the sale of mutual fund sales in general, mainly through the Elevate platform



In Italy, the extension of the bancassurance agreement between AXA and Banca Monte dei Paschi di Siena (BPMS) to 1,000 branches of the former Banca Antonveneta expands AXA's presence by 50%. With its network of 3,000 branches, AXA MPS now potentially has privileged access to 1.6 million additional clients.

By acquiring Crédit Agricole Life, we step up the pace of our entry into the Serbian market: our products are now distributed *via* Crédit Agricole's Serbian network.

Further east, in October 2010 AXA and Minmetals teamed up with ICBC (Industrial and Commercial Bank of China Co. Ltd), China's largest bank, to create a major player and a leading brand in the Chinese life insurance market. This agreement is pending subject to the required regulatory clearances.

Lastly, in the Central and Eastern European region, our goal is to balance and strengthen the traditional distribution channels, both exclusive and non-exclusive, which is one of the keys to the development and productivity of our business activities

in this region. A project aimed at assessing the efficiency of sales forces was launched in Poland in 2010, with the aim of optimizing organization. In parallel, we continue to support the traditional networks to help them develop their client base thanks to innovative products and tools.

In France, the initiative baptized AXA Exclusiv allows tied agents, especially AXA Prévoyance & Patrimoine agents, to develop bank savings and financial services in addition to their personal protection business. With the help of a tool called Dialogue, they can now conduct a full assessment of net worth. Targeting an intermediate client segment with savings ex-real estate of between 100,000 and 500,000 euros, the Exclusiv approach is based on a ten-point charter—in which agents pledge to carry out a personal asset diagnosis and follow up with the client annually—to legitimize its approach with the 900,000 clients who may be concerned.

## AXA FRANCE

disseminated a series of short television programs in 2010 dedicated to savings and financial education. This campaign is part of a broader effort to educate clients on financial matters that began in 2009





### → AXA Bank Europe, a strategic fit

Operating in Belgium, Switzerland, Hungary and, since 2010, in the Czech Republic, AXA Bank Europe works in synergy with AXA banking entities in France and Germany.

The natural fit between our insurance products and our retail banking business enables us to multiply client contacts and reduce the cost of acquiring new clients by leveraging our network. It is also an asset in the quest for retention. Capitalizing on proximity and convenience, the bank offers a range of attractive banking products and financial services *via* advisors, direct sales or online.

In 2010, AXA Bank Europe faced a dual challenge: an environment of low interest rates and substantial exchange rate fluctuations, particularly in the Hungarian market.

Against this backdrop, loan production reached 3.034 million euros, with growth generated mainly by mortgage loans and consumer credit in Belgium. In 2010, we launched a banking business in the Czech Republic. The first product to be made

available was a savings account with attractive interest earning capability, distributed by both the exclusive networks and independent dealers.

The new company also rolled out a website. In ten months, more than 34,000 Czechs opted to entrust their savings to AXA Bank.

AXA Bank Europe also successfully launched its first secure bond program, the aim of which was to diversify the bank's sources of refinancing and take advantage of the prevailing market environment, favorable for guaranteeing this refinancing over the long term. This first program is a key step in AXA Bank Europe's quest for growth, and more specifically for its development in the mortgage lending market.

In France, AXA Banque, which is the market's only direct convenience bank, picked up the pace of its development. By 2015, it wants to double the number of clients in its portfolio and triple the size of its balance sheet. To achieve this aim, it has devised an investment plan worth 100 million euros and a strategy aimed at winning over AXA France's six million individual life & savings and property & casualty clients, not to mention new clients, particularly families and young consumers.

## 45,000 CALLS

on average are handled each month  
by AXA Banque call centers in France

## 1.9 MILLION CLIENTS

AXA Bank in Europe  
(outside France and Germany)



Property & Casualty  
Insurance



02

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CLIMATE CHANGE

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# ACCEPT OR ACT?

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*“It seems to me that by improving the level of knowledge on climate trends we could limit the impacts of natural disasters.”*

*Josep SANCHEZ, Spain*

## CLIMATE CHANGE ACCEPT OR ACT?

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*Are the frequency and intensity of natural disasters evolving in accordance with a real trend?*

*If so, is there a link with the climate change that is already underway? To what extent are human beings responsible for this change? At the end of the day, are natural disasters inevitable?*

*While the answers to these questions must be nuanced, evidence provided during the year ended is nonetheless edifying: gigantic floods in Pakistan, in China and in Australia; a super powerful cyclone in Australia; historic draught in China; devastating storms and flooding in Europe; major earthquakes in Haiti, Japan, Chile and New Zealand. These events have effects that are most often disastrous, in particular because of the high number of casualties and the resulting health and safety situations, which often become critical. They can also cause immense material damages that disrupt the prevailing socio-economic balances significantly.*

## WHAT THE EXPERTS THINK

Uwe ULBRICH / Principal investigator of the AXA Project  
on large scale European flooding. Freie Universität Berlin / Germany



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### SUBJECT OF RESEARCH: MAJOR FLOODING IN EUROPE WITHIN THE CONTEXT OF CLIMATE CHANGE

The project conducts interdisciplinary research between Meteorology and Hydrology aimed at estimating damage from large-scale river floods under present day conditions in Europe, as well as the change in risks arising from climate change. Winter floods in Central Europe are typically produced by a combination of snow melt and long lasting rain falls, while summer floods result from very heavy rainfalls of shorter duration. What makes them particularly dangerous in terms of flooding is that they can move moisture around the low's core and southward again, eventually producing torrential rains in the Central European mountain ranges.

Our project plans to identify such flood-producing weather patterns, or rather weather pattern sequences, both for summer and winter events. The reason for this approach is that neither snow nor precipitation extremes are well

represented in the Global Circulation models used for estimating the effects of rising greenhouse gas concentrations. The other problem is simply the fact that extreme events are rare. This imposes insecurity about the climate change signals, as random effects may exaggerate or dampen any systematic changes. We plan to provide a better scientific understanding of the modifications in the flood producing processes imposed by climate change. A major goal is to provide estimates of damage. Usually, such estimates are limited to the river runoff, but what really matters is the financial consequences of the inundations as large river floods in Central Europe are usually not associated with a large death toll. Our research will contribute to progress in interdisciplinary research between hydrology and meteorology.

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*This project is financed by the AXA Research Fund*



**AXA**  
Research Fund





## WHAT THE EXPERTS THINK

*Erwann MICHEL-KERJAN / Referee for the AXA Research Fund on finance and economics—Wharton Business School / USA*

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### SUBJECT OF RESEARCH: NATURAL DISASTERS, SCIENCE AGAINST RISKS

The September 11 attacks in the US and the subsequent rapid succession of extreme weather events have led to a crisis for disaster insurance. Financial cover for these risks is now being wholly redefined. Private insurers didn't anticipate such a string of devastating natural disasters, nor did they foresee governments getting so radically involved. The debate between the public and private sector is heated. Private insurers are looking to increase their premiums to reflect this new era of natural disasters, but regulators are against this, since they seek to minimize the consequences for local economies. Certain major companies, such as insurance giant State Farm in Florida, have left the coastal regions to reduce their exposure to risks. This has strongly reinforced the role of public insurers, who offer low-cost cover. In just three years, after Hurricane Katrina hit in 2005, the insurance corporation Citizens, which is run by the state of Florida, became the number one insurer in the

area. That's a big deal for the US, where insurance is run by the private sector!

The problem is that these state-run insurers do not hold enough reserves to face a new series of natural disasters. Their prices are much too low. If there is a deficit, all insurers operating in Florida will have to pay, as required by law. So it's not surprising that private competitors are picking up and leaving. An "alternative" method to traditional insurance is gaining in popularity, by issuing catastrophe bonds, commonly referred to as "cat bonds", on the financial markets. Last October, the Mexican government sold \$290 million in cat bonds to cover exposure to hurricanes and earthquakes. Since the so-called subprime crisis, placing high risk assets on the financial market may seem like an unpopular idea, but the cat bond index has continued to rise steadily since 2005. In any case, the public and private sectors need to develop new solutions for financial cover better suited to today's risks.





## OUR ANALYSIS FOR AXA, HELPING CLIENTS IMPACTED BY A NATURAL DISASTER IS FIRST AND FOREMOST A MATTER OF FORECASTING THE GLOBAL RISK.

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*David CADOUX*  
*Head of property-casualty risks, Group Risk Management*



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*Insurers have a key role to play, and are uniquely positioned to do so, in the attempt to attenuate the adverse consequences of natural disasters. We are on the front line with respect to the risk and it is our duty to measure it precisely in order to meet our obligation of financial cover to clients in the event of a natural disaster. In particular, we have to verify that we don't underestimate the potential impacts of such perils on our portfolios.*

*It is crucial to have a forward-looking vision of these risks, obtained by estimating their potential evolution. The impact of climate change on atmospheric risks constitutes one of the themes that the AXA Research Fund has chosen to focus on. Research also needs to address the issue of how compensation for natural disasters is financed.*

*Two avenues that we must continue to explore are the transfer of these risks to the financial markets and the implementation of public-private partnerships. We should also take advantage of technological innovation to develop warning systems for local populations that are considered at risk for natural disasters. We have the expertise, the resources and the data; we know for example that 80% of the world's wealth is concentrated on the coasts and near rivers. It is therefore vital to share our knowledge and take steps to develop solutions for our clients.*

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→ While we are committed to developing targeted actions that will reduce our own environmental impact, our mission as an insurer also extends to education and support for our clients, in the form of solutions that reward ecologically sound behaviors and help fight climate change.

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→ ABDALLAH BAKKOURY / *Director of workplace Technology Domain  
AXA Technology Services France*

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### Reducing the Group's electricity consumption is an IT matter too

In order to help keep the promise of reducing the Group's electricity consumption by 20%, AXA Technology Services and some operational entities worked together on developing a simple Green IT initiative: turning off computers at the end of the day. The team encouraged and led sessions on sharing best practices across entities in order to allow each of them to define the best solution based on its needs. AXA UK, for example, installed a new software package on computers called Night Watchman, which automatically shuts computers off at 8:15 pm daily and then turns them back on the next morning at 6:45 am. It also shuts them off each weekend. AXA UK expects to save a total of more than 150,000 British pounds thanks to this reduction

in electricity use in 2010. In addition, we expect to reduce our emissions of CO<sub>2</sub> by more than 1,000 tons (40%) over the same period.

Ten entities began to broadly roll out their solution for managing electricity use on PCs for 2010/2011: AXA UK, AXA Switzerland, AXA France, AXA Global Solutions, AXA Med LA, AXA Germany, AXA Belgium, AXA Australia, AXA Life Japan and AXA Equitable.

Seven other entities promised in 2010 to fully explore the possibilities for reducing electricity consumption by computer workstations: GIE AXA, AXA Bank, AXA Assistance, AXA Corporate Solutions, AXA Mexico, AXA Investment Managers and AXA Central and Eastern Europe.

→ NICK KIDD / *Head of Dynamic Underwriting, Commercial Lines  
AXA United Kingdom*



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### Repairing damage without hurting the environment

The British release 9.7 tons of CO<sub>2</sub> per year on average, and their domestic energy consumption accounts for around 30% of all carbon emissions. In response to this fact, the people at AXA UK devised the first M&S Green homeowners' insurance policy that calls for the replacement of electrical equipment damaged during an insured loss by equivalent equipment that is energy saving, that leads to savings for the consumer and that also reduces CO<sub>2</sub> emissions. For 85% of consumers, this type of solution is highly appealing as it can help them to take specific steps to reduce their carbon footprint. Coverage also calls for compliance with

sustainable building code provisions in the event it is necessary to rebuild a home, with the use of materials that improve energy efficiency through, for example, the use of wood produced by sustainably managed forests and the installation of effective insulation. In addition, waste products are recycled rather than thrown away. This process will drive a 44% reduction in CO<sub>2</sub> release for affected properties.

This product is being distributed *via* the highly popular network of Marks and Spencer stores and through a number of online channels. More than 40,000 new policies have been sold since January 2010.

→ JOHNNY TRIOEN / *Director, AXA headquarters in Belgium*



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### Buildings that respect the environment

The renovation of the AXA Belgium site in Antwerp was an opportunity to upgrade the building toward higher environmental standards. The two formerly separate sites were brought together and combined into a single green site, more conveniently situated with respect to public transportation. The building's gas consumption was reduced by 30%, while electricity use was lowered by 50%, resulting in a 900-ton reduction

in the building's carbon footprint, which is the equivalent of 32,000 trees saved. When the new site was inaugurated, we promised to participate in the project of renovating a nearby park which is a popular social attraction in the neighborhood. Eventually, actions linking AXA Hearts in Action and the neighborhood network of community organizations are also planned.





## COMBINE AND HARNESS ENERGIES TO RESTORE UNDERWRITING PROFITABILITY

In a market that remains challenging and marked by numerous natural disasters, the property-casualty segment generated revenues of 27 billion euros in 2010. This performance was driven by personal insurance lines, high-growth markets and direct business. The newly-created Global P&C business line carried initiatives essential to profitability and growth. We are now present in more than 30 countries with more than 55 million clients in the P&C market, and this new organization helps us to achieve a global vision while remaining in direct contact with local markets.

### Property-casualty insurance

**No. 1** → France – Belgium – Switzerland

**No. 2** → Ukraine – Morocco – Spain – Mexico

**No. 3** → Ireland – Vietnam – Portugal

**No. 4** → Germany – Russia – Singapore – Philippines – Lebanon – Qatar

**No. 5** → United Kingdom – Saudi Arabia – United Arab Emirates





Set up in 2010, the AXA Global P&C business line was created to allow a genuine community of specialists to flourish, serving as a vector of convergence and economies of scale and offering support for local operational objectives. With transversal governance and four centers of competency in place—personal insurance lines, commercial insurance lines, claims management and reinsurance—this organization will enable us to fully capitalize on the Group's global size.

Three operational priorities have also been identified for the global property-casualty line: restoring underwriting profitability, transforming the operational model to improve our competitive edge and achieving growth through stronger presence in the emerging markets and the development of direct selling.

### → Reinvention in a constantly evolving environment

Each cluster of competency has undertaken projects aimed at restoring profitability. We have leading positions in a number of markets that need to be maintained and developed in a world of

rapid and deep change. Changing the consumption habits of clients, ramping up direct insurance and the intensification of competition are all issues that we began to deal with in 2010.

In addition, with both the frequency and the cost of claims on the rise, it is vital to pay ongoing attention to the efficiency and profitability of our operations. To improve the profitability of property-casualty operations, the business line is devising an appropriate response that promotes the exchange of best practices, in particular for the application of better adapted pricing policies.

For each country, we determine the price of our products on the basis of local claims reality; the proposed rates are not subject to the claims experience observed in other regions.

In 2010, property-casualty revenues were sustained by rate hikes of 3.1% on average. Profitability improved by 2 points.

**+26%**

growth in Asian  
property-casualty  
business in 2010

**AXA IS THE 4<sup>th</sup>  
LARGEST**

property-casualty insurer  
in the world



→ **Adapting our distribution models**

Natural disasters like Storm Xynthia once again revealed the strength of traditional networks, which were able to respond very rapidly and set up an efficient client service unit that was adapted to the situation. The Group is pursuing the development of these networks.

For the second year in a row, AXA hosted an international recruitment week for its distributors. Held in May, last year's event took place at the same time in eight different countries (Germany, Spain, the United States, France, Italy, Japan, Mexico and Switzerland), all of which shared the goal of getting distributors on board to make AXA their preferred company.

In the personal lines market, one of the keys to growth lies today in our capacity to adapt our products and our distribution mix to the aspirations of consumers *via* a multi-access approach. This is particularly the case for the most straightforward products like motor insurance—which accounts for 40% of the Group's property-casualty business. Our proprietary channels must be able to benefit,

by seeing the opportunity for cross-selling as well as up-selling.

In Portugal, the internet is being used to increase the client portfolio by offering the chance to sign up for the AXA Club card online. This card is an effective tool for welcoming and retaining new policyholders; it is intended to build a privileged relationship with them by offering members only advantages, such as discounts on purchases for cardholders at participating retailers. But it is also intended to enhance the database with the mobile phone number and email address of clients. The goal has been reached: by the end of 2010, the AXA net site had 35,000 new members and more than 550,000 transactions had been completed with the AXA Club card.

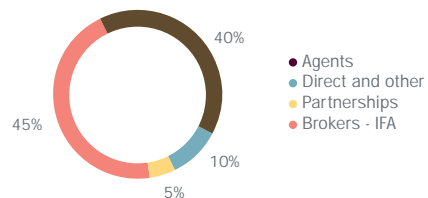
AXA Direct in Poland introduced an insurance product in March 2010 intended for motorcyclists and offering the chance to combine it with motor insurance. To meet the needs of this segment of drivers, the offer covers the motorcyclist's gear, competitive compensation for individual accident insurance and the use of a courtesy car.

**AXA SEGUROS IS RANKED No. 1<sup>(1)</sup> IN SPAIN AMONG INSURANCE COMPANIES** present on the web

in 2010. Thanks to its aggressive strategy, AXA Seguros multiplied by two the number of clients who have accessed its services *via* the web

(1) Ranking provided by Aseguradora, an independent organization.

**Proprietary networks of the first rank**  
2010 revenues by network  
Total: 27.4 billion euros





In the UK market, the year's highlight was the arrival of the AXA brand onto the direct selling motor insurance market, with a product line for experienced drivers. A market survey revealed that these drivers place higher demands on their insurer than other drivers and they want their experience to count for something. With more than 50,000 policies underwritten, this product launch was a clear success, driven by the benefits of the offer: a substantial no-claims discount, a courtesy car, optional driver injury cover of 1 million pounds, an all-online transaction option, and a call center with phone assistance for claims that is available around the clock, 24/7.

Other products can also be sold *via* the internet. A legal expense insurance policy sold exclusively online has been rolled out by AXA France. Policies are purchased entirely online, without paper and without quotes or the need to visit an agency. This policy covers the basics of legal expense for a single price that makes it the market's best buy. Information technologies allow us to multiply the points of contact with clients and address their increasingly high demands, including the request for information, prior to policy purchase.

Lastly, our refocus on client needs led AXA Malaysia into a partnership with the Malaysian Association for the Blind that resulted in the creation of insurance protection against personal accidents for the sight impaired. SmartAid, as the coverage is called, covers death, permanent disability, medical expenses related to accidents and burial costs, without the application of an additional premium.

### → Placing the client at the heart of our concerns

For us, placing clients at the center of our concerns comes naturally. In 2010, we made progress in the segmentation by type of clients, for whom we are able to provide adapted and value creating responses.

One such example is the offer to haul a damaged vehicle from the client's home to the garage for repair work and return it once the repair is done. We contain our costs by negotiating upstream with the network of garage owners. This service, which will be extended elsewhere, has been on offer since 2010 at Direct Assurance. A survey conducted in 2009 on drivers with AXA motor

**6%**

of property-casualty revenues are generated online

### AXA DENT

a service available *via* Smartphone, developed in the United Kingdom to help drivers file claims



coverage indicates that 97% of them consider this service to offer a genuine advantage.

### → Rewarding clients who act responsibly

In the interest of addressing environmental or societal issues, we are developing products that encourage our clients to adopt responsible attitudes and behaviors. For example, we offer motor insurance coverage options that are priced on the basis of mileage and are also supporting the market trends toward hybrid and low release vehicles. We must be able to put together products that can prove their environmental relevance and quality. From a societal point of view, our capacity to enhance our product range with services revolving around education or training assistance is another decisive pipeline.

A number of initiatives support this aim. AXA Greece, for example, rewards drivers who use a hybrid vehicle.

A total of 65% of all claims fall into the “bodywork only” category and a few simple tips can modify outcomes considerably, as AXA Ireland has

discovered. It responded by rolling out a driver training program, an idea that inspired Luxembourg to do the same.

### → Claims handling, a critical moment

With claims payments sent to ten million clients each year, optimizing the claims management process is a source of immediately measurable gains on the income statement. Above all, however, it pays dividends in terms of customer satisfaction. In 2010, we raised the level of our ambition in the extension of our Claims 2012 strategy.

Our objectives in this area focus on four areas: continue to decrease fraud and undue payment levels significantly; reduce the cost of our payouts while improving the quality of service and better integrating our suppliers into the value chain; modernize claims management by better exploiting new technologies and by improving information system convergence; and strive to better embody the values of the brand at every step in our relationship with clients through personalized and proactive management.

Beyond loss settlements, the quality of the rela-

## 835,000

net new property-casualty  
policies in high-growth countries

## MORE THAN 2 MILLION DOLLARS

paid to settle claims from AXA Equitable  
clients in 2010



tionship with policyholders also plays a role in the global processing of the claim and in the direct contact that is made at this time, sometimes under difficult circumstances. The role of claims settler is critical. To gain a better understanding of the daily reality of this job, Group employees are regularly given the opportunity to attend workshops led by members of the Claims group, known as Claims Day. In 2010, 7,400 employees from 15 entities took part in this program, an opportunity to acquire a greater understanding of claims management.

**→ Commercial insurance: optimizing profitable development**

For the commercial property-casualty line, which represents 38% of all property-casualty revenue, three operational projects aimed at optimizing profitable development have been initiated: the rollout of an international product range for SMEs, the launch of ranges segmented by industry and the mobilization of our commercial expertise in mature markets in the direction of high-potential emerging ones. A better segmentation of our commercial property-

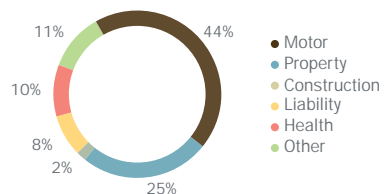
casualty insurance offering will allow us to construct a full product and service portfolio. We are planning to develop around twenty niche products, which will be launched one or two at a time over the next five years. In 2010, the first two of these products, targeting the information technologies sector and the hotel and restaurant industry, respectively, were introduced. With 10% of all European SMEs developing international business, we want to support our clients with complete solutions. So the year 2010 was devoted to the preparation of a global offer, launched in the first quarter of 2011 in five major markets—the United Kingdom, Belgium, Germany, France and Switzerland.

The task of segmenting our offers also takes into account the latest trends in sustainable development. For instance, AXA France adapted its BTPlus product for artisans and supports the initiative of the CAPEB (*Confédération de l'Artisanat et des Petites Entreprises du Bâtiment*), which represents the building trade, in the area of sustainable environmental practices. By creating the ECO Artisan® brand, delivered by an independent organization (QUALIBAT), the CAPEB attests to the

**30%**  
is the contribution  
of property-casualty  
insurance to Group  
revenues

**Analysis of property-casualty revenues by line in 2010**

Total: 27.47 billion euros





capacity of the artisan to do thermal assessments for buildings and propose adapted solutions for improving it. BTPlus Spécial Eco-Artisan® is the multi-peril response of AXA France. It features full coverage that is adapted to the needs of building trade artisans for the professional risks they face and also protects ÉCO Artisans from the consequences of any errors committed in the practice of their trade.

#### → Reinsurance: the Group's backbone

Reinsurance is one of the most integrated activities because it protects the Group through external covers (7,400 risk quotes for all entities in 2010), analyzes entity risk portfolios, negotiates their treaties with 50 reinsurers worldwide and aggregates demand in order to pool the underwriting of emerging risks or technically sophisticated ones, such as new energies. Therefore, it was natural to integrate this activity into the Global P&C line, since it is a full-fledged link in the insurance production chain: each new product must be reinsurable, and having a global vision allows us to combine the risks of various entities around the world and consolidate them.

The reinsurance center of competency is in contact with all of the entities of the Group, for which it plays the role of a provider of operational services. The center has set three objectives: optimize the reinsurance result for the Group, improve our protections against frequent claims and optimize the retention level for each entity.

#### → AXA Corporate Solutions: innovative solutions

In an economic context that was not particularly buoyant, AXA Corporate Solutions, the AXA Group's corporate risk specialist, posted a good performance in 2010, with underlying earnings up by 22% over 2009. This improvement is driven by two strategic assets. The first is our expertise in risk prevention, which enables us to provide our clients with the tools they need to identify and manage their exposures.

Two tools have been developed; the first, SeaEval, for the Marine sector, enables clients to assess the risks related to the transport of merchandise all over the world; the second, casualty@risk, is for liability risks. Another decisive asset is our capacity to support our clients when they wish to

## AXA CORPORATE SOLUTIONS

among the top five corporate insurers in Europe





set up operations in emerging countries. After Asia and the Arabian Gulf, AXA Corporate Solutions pursued its development in Latin America in 2010, particularly in Mexico. This strategy has paid off: in addition to supporting European clients in these countries, local clients in this region have made an increasing contribution to revenues earned in Asia and the Arabian Gulf, with annual growth exceeding 20% for several years.

### → AXA Assistance: a process of transformation

With more than 30 subsidiaries around the world, AXA Assistance generated revenues of 929 millions euros in 2010, an increase of 3% on a constant exchange rate basis compared with 2009.

Since the beginning of the year, AXA Assistance has been embarked on a process of transformation that consists of both focusing on its core business—roadside assistance, travel assistance, home assistance and medical assistance—and envisioning new orientations for its operational model.

The year was marked by a series of complex crises: bad weather in Europe, including the Xynthia

Storm, and the impact of natural disasters, such as the ash cloud from Iceland. There were earthquakes in Chile and Haiti. Thailand experienced heavy rioting in Bangkok, which created unrest in this popular tourist destination for several weeks. From Canada and Brazil to South Africa, Italy and Turkey, every large region of operation for AXA Assistance was hit, and the company's teams had to pool their resources and mobilize their skills around these unusual events.

In 2010, AXA Assistance pursued the development of its activities and its product and service range for its four principal lines of business.

In roadside assistance, AXA Assistance won a number of major competitive project bids, in particular for the electric cars of the major European automakers. It continues to work with other global automakers on international agreements for their thermal vehicles.

Smartphone applications offering drivers services linked to geo-positioning were newly created.

In travel assistance, AXA Assistance continued to diversify the distribution channels for its combined insurance and assistance offering.

## IN 2010, AXA ASSISTANCE

assisted 6.4 million clients



In home assistance, efforts focused on homecare for people with long-term care needs. The return from the hospital service includes home care for the ten days following release from the hospital. With Albatros, the victim of a serious bodily injury can get help from a trained physician towards a new life project and financing for the equipment needed to ensure mobility.

In medical assistance, AXA assistance developed a new service called Equilibrio in partnership with Pluridis (its subsidiary specializing in stress and psychosocial risk support and management) and Itelis (health engineering and service firm) for businesses that want to prevent and/or manage psychosocial risks.

In the domain of security, AXA Assistance is putting the finishing touches on a product range that combines travel assistance and special coverage designed for expatriates or employees whose work often takes them abroad. In the event of a conflict or other problems, they can be located in a short lapse of time and evacuated if this turns out to be necessary.

→ AXA Assistance was selected by Visa as its global supplier of concierge services for holders of its payment cards in the Americas, the Pacific, Central Europe, the Middle East and Africa.



# Asset Management



03

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THE NEW ECONOMIC NORMAL

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# UNDERGO OR ADAPT?

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*“For me, investing has become a more complex decision that commits me in terms of my responsibilities as a woman and a citizen as much as with respect to my personal future.”*

*Sara GORI, United States*

## THE NEW ECONOMIC NORMAL UNDERGO OR ADAPT?

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*Crisis, volatility, debt, economic collapse, difficulties in financing retirement pensions, decline of the Welfare State, paying for natural disasters, regulatory changes, the emergence of developing nations—all of these trends give rise to concern, incomprehension and sometimes a sense of mistrust on the part of the public with respect to financial systems.*

*This global change in the economy, this “new normal” is keeping regulators, public policymakers and investors suspended in a state of uncertainty.*

*So how can one find the right balance between the need for caution and the need to seek out opportunities? What if the current turbulence actually encouraged the progress of sustainable and responsible investment solutions, while also underscoring the importance of efficient and fair regulations, and disciplined risk management?*

*Now that would be real progress.*



## WHAT THE EXPERTS THINK

Yehuda IZHAKIAN / AXA post-doctoral fellow

Financial decision-making under ambiguity

Tel-Aviv University / Israel



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### SUBJECT OF RESEARCH: FINANCIAL DECISION-MAKING AND AMBIGUITY

In the last decade consensus has emerged that existing financial models cannot explain many observable phenomena in the financial world, such as the recent subprime mortgage crisis and its worldwide effects. One flaw of the existing models is that they do not capture the entire picture of uncertainty. My research generalizes models of asset pricing to accommodate an additional tier of uncertainty, called *ambiguity*. Namely, we model financial decision-making in a more realistic manner by dropping the standard and restrictive assumption that economic agents know the precise odds of possible events and their accurate monetary outcomes. My research addresses a series of fundamental questions about the nature of ambiguity: How is optimal portfolio composition affected by ambiguity?

Does ambiguity lead to greater savings as compared with the standard risk formulations? When do ambiguity and risk reinforce (or counteract) each other? How can the level of ambiguity be measured? Can ambiguity be eliminated or reduced through diversification? The goal of my research is to develop a model that can capture and distinguish the effect of ambiguity and the effect of risk. To achieve this goal we plan to apply a multidisciplinary approach, combining practices from probability theory, decision theory and financial modeling. In a nutshell, we want to provide a better understanding of the effect of uncertainty on financial decision making and asset pricing to reduce adverse deviations and their consequences.

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*This project is financed by the AXA Research Fund*



**AXA**  
Research Fund



## WHAT THE EXPERTS THINK

Elena PIKULINA / AXA doctoral fellow

*The risks of greed and fear in financial decision-making*  
Tilburg University / The Netherlands

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### SUBJECT OF RESEARCH: THE EFFECTS OF REWARD SYSTEMS ON FINANCIAL DECISION-MAKING

My research seeks to uncover the differences in traders' strategies, performance, and behavioral biases under different compensation schemes and in different economic environments. A trader is a person who invests money on behalf of a company and who is supposed to maximize the return on funds. The usual way to provide traders with proper incentives to maximize returns is to award them with a percentage of the money they earn for the company.

In my current work I focus on two different reward schemes—a linear and a convex one—and their effects on the trader's behavior under different economic environments. Under the linear reward scheme, a trader receives a fixed percentage of the additional money earned for the company, whereas under the convex reward scheme this percentage increases with the total return earned.

I recently finished an experiment involving 120 people, which provides evidence of the differences in trader behavior under the two aforementioned compensation schemes. I simulated a stock market where participants buy and sell shares, and provided them with information relevant for their investment decision making, including past company earnings, future earnings forecasts, historical and current values of the market index and the share price. All information came from real market data, but were rescaled to make sure that participants were less likely to recognize the stock.

Understanding the behavior under different reward schemes will help investment firms to design better incentive schemes for their traders and introduce circuit breakers to prevent stock collapses.

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*This project is financed by the AXA Research Fund*



## OUR ANALYSIS

### AT AXA, OUR MISSION OF PROTECTION DRIVES US TO DEVELOP INVESTMENT SOLUTIONS THAT ARE SUSTAINABLE AND RESPONSIBLE

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*Dominique CARREL-BILLIARD*  
CEO of AXA Investment Managers



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*Now that we are finally seeing the end of a crisis that has obliterated all of our familiar landmarks, we must learn to live with the “new economic normal”. We must also take the structural trends of the pre-crisis period into account, since they have not gone away: an aging population in the wealthy countries, the destruction of biodiversity, changing patterns of consumption, and the rising voice of the emerging markets.*

*Because asset managers play a decisive role in the chain of creating and preserving wealth, we are vital: our job is to enhance the value of the assets of investors. In turn, these investors produce goods and services, innovate, roll out projects and, in so doing, make the economy go around and grow.*

*To efficiently fulfill our mission and address the constraints that are specific to each investor, we have to continue to look for the best solutions and offer customized products to our clients.*

*But it is also essential to keep in mind that we have a quasi-civic duty: that of ensuring that our clients adequately understand these products and solutions, the investment mechanisms and financial tools they are based on and the related risks.*

→ ELODIE LAUGEL / *Head of Financial Engineering,  
Investment Solutions, AXA IM*



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### In the face of regulatory changes, can the money people invest continue to create value?

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry, the objective of which is to establish a revised set of capital requirements and risk management standards.

This constitutes a major and non-trivial change for insurance companies, which will have to manage a challenging investment horizon duality, matching long-term wealth generation objectives with short-term risk budget monitoring. This duality means insurers will have an evolving risk appetite, since it will be a function of both their solvency status and overall market conditions. This entails that they will need to more frequently distinguish between the risks to be kept as opposed to those that

need to be hedged. By impacting their asset allocations more frequently, these adjustments will help to optimize their return on invested capital.

Rising to this challenge means that the entire investment chain needs to fully embed this new objective, be it through asset allocation, solution structuring or actively managed portfolio strategies. Asset managers who are able to integrate this new risk criterion, which is defined by regulators, into their asset management techniques and investment solutions will be better positioned to optimize their clients' Solvency II ratios and manage their stability over time. In so doing, they will be able to continue to create value for their insurance clients.

→ CHRISTOPHE FRITSCH / *Head of the Insurance Linked Securities  
Team, AXA Structured Finance, AXA IM*



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### Including cat bonds in portfolio management

Low correlation, stable performance, attractive risk/return profile. A miracle? No, catastrophe bonds. These bonds, which pay a coupon to investors and return the entire principal at maturity in the absence of any pre-defined natural

catastrophe occurring, have most of the qualities investors are looking for. They also meet investor needs in terms of diversification into the so-called alternative asset classes.

Extreme natural catastrophes seldom

happen, but when they do they usually lead to huge damages that insurers have usually hedged through traditional reinsurance. In the last few years, the insurance and reinsurance industries have understood the value of sponsoring cat bonds, which have since become another source of reinsurance.

The inclusion of these products in a traditional portfolio enhances its efficient frontier. This is due to their relatively low correlation with traditional asset classes—by definition, macroeconomic

or financial events have no impact on the occurrence of natural catastrophes—, their low volatility and the attractive risk/return profile they offer. Thanks to the expertise in structured finance that AXA Structured Finance has acquired, AXA IM has a sophisticated team at the crossroads of the capital and insurance markets, which offers specialist expertise in fixed-income investments, cat bonds and ILS (Insurance Linked Securities).

→ LISE MORET / *Senior Quantitative RI Analyst,*  
*AXA IM*



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### A web application that helps asset managers better integrate ESG criteria into their portfolio management

To enable managers with the various types of expertise AXA IM offers to track the extra-financial profile of a broad universe of European stocks, we created RI Search, a web-based application. This tool offers them an opportunity to bring environmental, social and governance (ESG) considerations into the investment process. The RI Search combines the research of the AXA IM RI team with that of the best extra-financial rating agencies. With RI Search, managers now have access to an ESG screening platform that spans a universe of more than 500 companies.

They also have the possibility of analyzing their own portfolios against their benchmark from an ESG perspective and from a carbon emission standpoint as well. Last but not least, they have access to all of the research produced by the AXA IM RI research team. Beyond its primary function of centralizing information and analysis related to ESG, RI Search also represents a major step toward achieving the mainstreaming objective that AXA IM has set: making extra-financial considerations a part of traditional management.







## ASSET MANAGEMENT SOLUTION SUPPLIER

In 2010, after three difficult years, players in the asset management market once again entered into a more positive economic equation. For AXA Investment Managers, 2010 was the year of the rebound, with a very good global performance marred only by the industrial accident experienced by its active quant manager AXA Rosenberg. Investment performance improved across all types of expertise. AllianceBernstein, with both revenues and assets under management on the rise, is also on the path to recovery.

### AXA GROUP, WORLD'S 6<sup>th</sup> LARGEST ASSET MANAGER

AXA Investment  
Managers

14<sup>th</sup>

→ largest asset manager worldwide

516

→ billion euros in assets  
under management

AllianceBernstein

20<sup>th</sup>

→ largest asset manager worldwide

362

→ billion euros in assets  
under management



In 2010, the asset management business continued on the growth track that it had resumed in 2009, mainly getting a boost from globally expansionist monetary policies and widespread quantitative easing programs rolled out by the world's central banks. AXA Investment Managers and AllianceBernstein, the Group's two asset management companies, reported a rise in average assets under management (+3%), to 878 billion euros. The change in product mix and continuous expansion of the product range at AllianceBernstein and AXA Investment Managers helped to increase revenues in 2010 by 5%, to 3,328 million euros.

### → The strength of AXA IM

In an environment that remains volatile, 2010 was the year of the rebound for AXA Investment Managers, which remains among the key players in the industry with 516 billion euros in assets under management. While the investment performance improved significantly last year across all types of expertise, the reorganization effort initiated several years ago to offer a broad array of management styles to investors began to pay off. Nonethe-

less, these good results were somewhat obscured by the impact of an industrial accident—a programming error—that occurred at AXA Rosenberg, the quantitative equity management specialist of AXA Investment Managers. Barring this one-off event, which led to a substantial outflow and compensation for clients negatively impacted by the error, AXA Investment Managers' balance sheet would have been similar to that of the pre-crisis period. But AXA Investment Managers' demonstrated capacity for growth is intact in 2011, as indicated by the net inflow for 2010 excluding AXA Rosenberg: it was positive for nearly all types of expertise (9.2 billion euros), attesting to the appeal of the product mix.

AXA Fixed Income, the bond management expertise of AXA Investment Managers, which was elected Best Large Fixed Income Fund House<sup>(1)</sup> in 2010 by Morningstar, recorded a net inflow of 7 billion euros. AXA Framlington, the discretionary management platform of AXA Investment Managers, collected 2 billion euros, bringing total assets under management to more than 20 billion euros, and the brand is gaining a solid reputation with institutional investors.

*(1) Best fixed-income fund manager.*

## NOVETHIC AWARDS

SRI 2010 label to the AXA WF  
Framlington Human Capital Fund



The alternative management range of expertise offered by AXA Investment Managers also had a more positive year in 2010. With more than 4 billion euros in assets under management, AXA Fund of Hedge Funds is now a very credible player in the funds of hedge funds universe, while AXA Real Estate and AXA Private Equity are, in their respective domains, positioned among the major international players. The preservation of AXA Structured Finance in light of the recent turbulence turned out to be the right choice. As client interest for the management of structured products began to be felt once again, this expertise broadened and deepened its offer, making an excellent contribution to the net income of AXA Investment Managers in 2010.

Last but not least, AXA Investment Managers intends to turn the page after the difficulties encountered by AXA Rosenberg in 2010. After the discovery of a programming error in its risk management system, AXA Investment Managers set to work repairing the adverse impacts on its clients, while also reorganizing and clarifying the business model of its US subsidiary. AXA Rosenberg thus became a wholly-owned subsidiary of AXA

Investment Managers in November 2010. The full integration of the new entity into the multi-expert model, a process that began last year, will be continued in 2011 for a number of functions—distribution, management of product ranges, and also finance, legal and human resources. Thanks to this transparent, disciplined and integral process, the subsidiary can now look forward with confidence, encouraged by the substantially and steadily improving investment performance it has been providing for more than one year.

### → Innovate to address the new expectations of investors

Because the capacity of a fund manager to adapt to change is vital if it is to successfully refine and fortify its investment strategies and processes, AXA Investment Managers pursued in 2010 the work it had begun several years earlier on its organization and on the affirmation of its personality as a manager.

The rationale behind the multi-expert model—stand-alone management platforms that share certain support functions, placed under the aus-

### AXA INVESTMENT MANAGERS

operates in 23 countries

### 39 FUNDS WERE LAUNCHED BY AXA IM IN 2010,

including 5 fixed income funds and 4 equity funds



pices of an umbrella brand that creates solutions—necessitated more in-depth work on the way distribution is organized. By disassociating sales teams from product development and management teams, AXA Investment Managers both strengthened its distribution and operational marketing teams and empowered them, while also leveraging the benefits of grouping all forces dedicated to the product range and its development into a single department. This more balanced organization allows AXA Investment Managers to fully play its role of solutions provider for investors, more rapidly and with greater relevance.

To respond to the demands of its clients in the area of fixed income management for greater protection for their assets against the rate and duration risks, AXA Investment Managers invented an original concept that involves the creation of new units for some of its funds. Baptized Redex (for “Reduction of Duration Exposure”), these units are currently offered for the AXA WF Global Inflation Bonds, AXA WF Euro Inflation Bonds and AXA WF Euro Credit funds, with a choice between two kinds of units. Standard units have a conventional duration of around nine years on average,

and reduced duration is offered on other units. For this new product, net inflow in 2010 was 260 million euros.

The economic and financial environment, marked in particular by unusually low interest rates and a gradual, slow return to growth, has led to a new risk hierarchy and required new allocation behaviors.

Investors who are ready to accept a higher level of risk than what money market funds propose would like to have access to vehicles that offer the prospect of a higher return over an investment horizon of several months. To address these needs, AXA Investment Managers has enhanced its range of short-term fixed income funds with the launch of the AXA Investment Managers Euro Fixed Income Moderato fund. With durations of six to eighteen months, this fixed income vehicle, positioned between money market funds and longer duration fixed income funds, completes its offering.

In addition, new product launches were pursued across lines of expertise to support business growth. A real estate fund was launched in Japan, under a partnership with Sumitomo Trust Bank.

### AXA INVESTMENT MANAGERS RECEIVED 23 MANAGEMENT

**AWARDS IN 2010** Among the most prestigious awards the company won last year was from Morningstar, for Best Large Fixed Income Fund House



The fund is invested in the Tokyo office property market. A fifth generation of secondary private equity funds has been introduced, as well as a second generation of infrastructure funds. A real estate mortgage loan fund, designed for developers and investors for the financing of shopping centers and office buildings, was introduced under the name CRE (for Commercial Real Estate) by AXA Real Estate. Lastly, to respond to the growing demand from clients in terms of capital preservation and stable returns, AXA Investment Managers created a team dedicated to total return management in 2010.

### → Attentive to emerging markets

In addition to these innovations, AXA Investment Managers fully contributed in 2010 to the development strategy that the AXA Group is pursuing in emerging markets. Today, while 85% of the global asset management market is located in Europe, Japan and the United States, AXA Investment Managers remains attentive to the long-term trends of these rapidly growing markets. In response to investor demand, it has developed a three-tiered strategy, which consists above all of

capturing investment flows out of Asia *via* offshore products. Second, it is developing emerging market expertise within its platforms to satisfy growing demand from Western investors. Specialist teams were also formed for fixed income management (sovereign and corporate debt) and at AXA Framlington in 2010. Finally, AXA Investment Managers has built a number of special partnerships in recent years in China, in India and in South Korea to offer domestic investors locally managed solutions.

To date, the most advanced experiment in this domain is that of South Korea: the joint-venture Kyobo AXA Investment Managers was elected Asset Manager of the Year. But that is not all. In addition to the establishment of AXA Real Estate in Asia last year, AXA Private Equity has built up a solid international network in recent years, and is also in Asia with an office in Singapore. AXA Private Equity, for which the emerging markets could account for up to 15% of its assets within four years, also formed a strategic partnership in 2010, with Resource Partners, one of Poland's major venture capital advisory firms.

This agreement offers AXA Private Equity privileged



→ AXA Investment Managers clarified its identity as an investor by formulating investment convictions that are shared by all of its areas of expertise. Other than its affiliation with the AXA Group, which bestows a great deal of legitimacy on AXA IM in the definition of complex solutions for institutional investors, these convictions reiterate the social and economic role of asset managers, who are responsible for optimizing the allocation of the capital entrusted to them. ●●●





access to investment opportunities in Poland and in the Baltic nations, where Resource Partners has gained significant experience and expertise.

### → Just one watchword for 2011: execute!

In 2010, the management of AXA Investment Managers outperformed the benchmarks by more than 170 basis points, which puts it above the benchmark for the second year in a row. This result is a key strength in a market that pays attention to regular outperformance.

In 2011, AXA Investment Managers plans to pursue the rollout of its multi-expert strategy. The objective is to step up growth by finishing the job of reinforcing its distribution teams, especially in the markets of the UK, Northern Europe and Asia, particularly the consultant relations teams. AXA Investment Managers also intends to continue the process of globalizing its activities, in particular that of AXA Real Estate and AXA Private Equity, and of developing its operations in the emerging countries (in particular China, India and South Korea). Lastly, AXA Investment Managers will continue to enhance the ranges of

its fund offerings on the basis of market trends, while also capitalizing on the launches made successfully in 2010 (global, emerging, short-term credit, new generation infrastructure funds, secondary funds in private equity, real estate development funds, etc.).

### → AllianceBernstein makes substantial progress

In 2010, AllianceBernstein got back on the growth track, in terms of both revenues and assets under management, in addition to positive financial results. For 2010 as a whole, revenues came to 2,203 million euros, an increase of 12%. Assets under management rose by 16 billion euros. Net outflows of assets under management in 2010 were down by 19%.

As predicted in last year's report, the first effects of this improvement were seen in the retail and private client channels, where year-end assets under management year-over-year improved by 5% and 4%, respectively. In addition, revenues for the retail channel were up 22% during 2010, while the private client channel saw a revenue gain of 12%.

••• They position the managers of AXA Investment Managers as asset managers who base their decisions on refined knowledge of investments and market instruments, combined with ongoing efforts to track markets and macroeconomic cycles. And AXA Investment Managers also reiterates its preference for long-term strategies, as well as the validity of its multi-expert model, which combines several management styles that allow it to offer customized solutions to clients.



In the institutional channel, AllianceBernstein saw a very disappointing increase in net outflows in the fourth quarter of 2010. The firm experienced underperformance in several of its client equities strategies in the second quarter, largely due to the turmoil and volatility in the European markets, only to be followed by outperformance across most of its equities services in the third and fourth quarter of 2010 and into January of 2011. This may be indicative of what is in store commercially for the future.

As in 2009, many clients de-risked their portfolios into fixed income services in 2010, and AllianceBernstein was a beneficiary, both in capturing market share and flows. Its fixed income assets under management at year-end 2010 were 154 billion euros, up from 129 billion euros at the end of 2009. It is important to note that a significant portion of the firm's growth in fixed income services was delivered by its retail channel, which saw a 90% increase in fixed income sales in 2010 versus 2009.

Increasingly, the Retail business has been driven by sales outside of the United States, with a 69% increase in sales in Asia and EMEA during 2010.

In fact, one-third of its retail assets under management are now outside of the United States. Balanced diversification between fixed income and equities should benefit the firm going forward.

#### → High-performing research

Bernstein Research Services continued to perform well and expand its footprint globally. Revenues in 2010 were down slightly (by 1%) as overall market volumes remained sluggish. As usual, the unit turned in a stellar performance in the latest Institutional Investor "All-American" and "All-European" research surveys.

#### → Innovations adapted to the client

AllianceBernstein constantly strives to put the client first and develop solutions for their ever-evolving needs. Secure Retirement Strategies (SRS), a groundbreaking target-date solution that provides guaranteed lifetime retirement income to participants of large defined contribution (DC) plans, is backed by multiple insurers—AXA Equitable Life Insurance Company, Lincoln Financial Group and Nationwide Financial.

### PRELIMINARY DATA SHOW THAT AGGREGATE NET OUTFLOWS

for the three channels of AllianceBernstein were just 1.1 billion euros in January 2011



This solution integrates guaranteed lifetime income into a multi-manager target-date fund, freeing plan sponsors from dependency on any single insurance company or investment manager.

The firm also launched a defined contribution Multimanager Retirement Strategies (MRS) target-date solution in 2010, which combines the strength of four world-class, institutional investment managers in one target-date fund. Institutionally-priced, MRS is a cost-effective and diversified alternative investment.

The firm's Defined Contribution (DC) assets under management, which are distributed through all three of its channels, totaled approximately 19 billion euros in 2010.

As for the firm's alternative investment offering, in 2010 it acquired SunAmerica's alternative investments group, a team that manages a portfolio of hedge fund and private equity fund investments. The firm introduced its first iterations of this fund of fund capability to the Private Client channel in early 2011.

In addition, AllianceBernstein launched an opportunistic real estate fund for qualified investors in late 2010.

Finally, the Dynamic Asset Allocation (DAA) service was initially introduced within the Private Client channel. DAA is the result of a multiyear firm-wide research effort to provide all types of investors with a less volatile investment experience without sacrificing long-term return potential. Since its introduction in early 2010, assets under management in the Private Client channel making use of the DAA overlay have grown from 3.6 billion euros in April 2010 to 14.5 billion euros at year end.

## 42.8 BASIS POINTS

### ON ASSETS UNDER MANAGEMENT

The average fee realization for AllianceBernstein on portfolios invested in fixed income was up in 2010 (42.4 basis points in 2009)



# III.

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**OUR CORPORATE RESPONSIBILITY**  
A central element of our corporate  
culture and a strategic lever

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- 70 — Corporate responsibility  
strategy
- 76 — Employees
- 82 — Environment
- 86 — Community

# A RESPONSIBILITY EMBEDDED IN OUR BUSINESS

Our corporate responsibility is embedded in the way we do business—a long-term business that helps to keep society in balance. In line with our priorities and our mission—helping people live more confidently—it is tied to a tangible reality. In 2010, our corporate responsibility strategy was made more present in our structures as well as in the way we think and act at every level of the AXA Group: the organization, its activities and its thinking processes.

Today, it rallies all of our employees and executives worldwide around a shared dynamic and the unifying theme of risk research and education.

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

**130** suppliers were evaluated on the basis of their social and environmental performance

**80.9%** of all employees completed at least one training course in 2010

**3%** decrease in energy consumption, **6%** decrease in CO<sub>2</sub> emissions and **12%** reduction in the consumption of office paper, but a **4%** increase in water consumption in 2010

**23,400** employees took part in AXA Hearts in Action initiatives

**83** new research projects funded by the AXA Research Fund in 2010, spearheaded by researchers from **28** nationalities and hailing from **16** different countries

AXA is included in the **3** main global SRI indices: the Dow Jones Sustainability Index, FTSE4GOOD and Aspi Eurozone





### → A structured, integrated approach

In 2010, the development dynamic of our corporate responsibility (CR) strategy continued, with the support of all Group employees. A first international seminar brought together all of the Group's Chief Corporate Responsibility Officers (CCROs), who played a leading role in the development and rollout of local CR strategies.

The CCROs who are members of the local executive committees come from a wide variety of backgrounds, from finance and marketing to communications and human resources.

In 2010, for the first time, all entities and regions of the Group included a set of quantified and measurable CR objectives in their local strategic plans. They also identified the critical areas in which corporate responsibility can offer genuine added value at the local level. These local plans were then integrated into the Group's strategic planning process, a move that sends a strong message about the new role CR plays at the heart of the organization's business activities.

### → A thorough and objective evaluation

An annual self-assessment tool and a CR maturity indicator are now in place, enabling local entities to measure their progress in a number of areas related to corporate responsibility: governance, risk prevention and management, business ethics, client relationships, environmental management, green insurance products, micro-insurance, product accessibility, diversity and inclusion, career development, labor-management dialogue, health and safety, employee satisfaction, community involvement, responsible procurement, etc. In the interest of ensuring objectivity, this indicator was developed on the basis of the Dow Jones Sustainability Index, an extra-financial benchmark tracked by a number of "socially responsible" investors. The scores that emerge from this assessment are included in the targets set for each local executive.

### IN 2010, THE GROUP DEVELOPED ONLINE TRAINING

for its employees covering the various aspects  
of its professional compliance guide



### → A vital pillar of our long-term strategy

Corporate responsibility inspired the work we carried out in 2010. This work was driven by the desire to understand the emerging expectations of our clients. Micro-insurance, green insurance products, SRI investments, corporate culture and brand image: corporate responsibility has a legitimate and multi-layered place in many different projects.

For example, micro-insurance is one of the niche markets in which the Group intends to carve out a position. Over the long term, micro-insurance shows significant potential in the emerging countries. Experiments have already been conducted in India, Portugal, France and Thailand, as well as in Morocco, where a pilot project was launched. In spite of these efforts, AXA still has to catch up with competitors that have a head start.

### → A collective dynamic

In the interest of going further and involving all AXA employees in the process, we organized an online forum devoted to corporate responsibility in January 2010. Employees from all over the world

had 48 hours to offer their input and insight on the AXA Forum, which was devoted to the leading theme of risk research and education. In addition to providing a place to exchange views, the AXA Forum also featured employee suggestion boxes. A total of 2,200 ideas were submitted, attesting to the success of the program and the level of employee interest in this issue. And 80% of the local strategic plans included at least one idea from the AXA Forum.

For example, AXA Business Services in India selected the idea of a partnership project with several NGOs to promote education for children from the ghettos of Pune and Bangalore. In Spain, AXA launched “insurance education” for schools and parent-teacher associations, featuring a life insurance policy that enables children to continue their studies in the event of the death of one of their parents.

### → Educate and anticipate

Demonstrating the reality of our commitment to the theme of risk research and education, Group entities around the world made daily efforts to innovate. In Asia, AXA Insurance Singapore got

## 11,000 EMPLOYEES

took part in the first online AXA Forum devoted to corporate responsibility and organized in January 2010

## MORE THAN 80% OF LOCAL STRATEGIC PLANS

included at least one suggestion from employees in the area of corporate responsibility



involved in a campaign aimed at raising awareness of road safety issues, targeting employees, distributors and the broader public. AXA France introduced a financial education program in 2010 that included a series of short programs, one called “Let’s be Clear” and another called “Be Careful”, focused on preventing household accidents. In Morocco, a risk measurement website ([mesurezvosrisques.com](http://mesurezvosrisques.com)) was launched. And the European Accident-Free Night in Greece served as an awareness-raising opportunity for 250 young drivers.

### → A responsible investor strategy

Increasingly, society places higher expectations on investors. In particular, investors are expected to include more social and environmental considerations in their investment decisions, particularly with respect to sensitive sectors. Attentive to these demands, in 2007 AXA decided to phase out investments in companies that produce controversial weapons as defined under international law.

Socially responsible investment (SRI) offers an opportunity to better capture some of the long-

term threats and opportunities related to environmental, social and governance (ESG) trends and issues.

But AXA wanted to go further, and in 2010 decided to create a Group level responsible investment committee under the chairmanship of the Group’s chief investment officer. The RI committee is responsible for developing and recommending—for AXA’s executive management and the network of local chief investment officers—a global approach to responsible investment issues and for encouraging the inclusion of these issues in the management of captive assets (the Group’s insurance companies, which include the contributions paid in by policyholders and invested). The challenge is to screen sensitive sectors or businesses in a way that is consistent with the Group’s position on controversial weapons, for example, while also integrating ESG criteria into management processes. This initiative is distinct from but complementary to the work already done by AXA Investment Managers in the area of responsible investment. The responsible investment committee is making use of the RI experience that AXA IM has accumulated over several years.

### 15 ENTITIES and 3 REGIONS

are represented on the AXA corporate responsibility steering committee



### → Expertise in responsible investment management

For several years, AXA IM has been conducting extra-financial research via its proprietary "RI Search" tool, which gives portfolio managers access to the ESG ratings of the stocks in their investment universe. In 2010, this tool was upgraded to accommodate the needs of fixed-income managers, improve its capacity to identify the most salient factors for each sector, and enable comparisons of the CO<sub>2</sub> footprint of portfolios to their relevant benchmark through the development of a carbon database. Thanks to this tool, AXA IM is able to continue its effort to mainstream responsible investment, i.e., to include ESG research within traditional management while also maintaining a specific range of RI products and services.

For AXA IM's responsible investment funds, 2010 was a very dynamic year, in terms of both performances (AXA Euro Valeurs Responsables +12.5% and ranked in the 1<sup>st</sup> quartile over 1, 3 and 5 years) and net inflow (+40%, net inflow of 494 million euros). And the product range was extended

through the launch of a new fund: AXA WF Framlington Eurozone RI, a cross-border fund that replicates the AXA Euro Valeurs Responsables fund. A thematic fund of funds focused on clean tech was also launched in 2010. This savings vehicle is proposed by AXA France under the name AXA Double Garantie Environnement.

### → Local responsible investment offerings

Various entities sell a range of responsible investment products. AXA Seguros (Spain) launched a variable annuities range inspired by the AXA Double Garantie Environnement fund. Convinced that RI is an appropriate type of management expertise for employee savings and retirement savings plans, AXA Épargne Retraite Entreprises (AXA ERE) opted in 2009 to promote SRI funds with its new clients.

In light of the success it has had with this approach, AXA ERE decided in October 2010 to merge traditional investment fund vehicles with RI-managed funds. Accordingly, in 2010 AXA ERE began offering RI management to all of its clients. AXA France timed the launch of an e-learning

## +40%

increase in net inflow  
to AXA IM responsible  
investment funds  
in 2010



module on responsible investment, designed for its employees, clients and distributors, with the first Week of Responsible Investment initiated by public policymakers in France. The aim of the module is to promote RI with these audiences *via* an online learning tool.

### → Associating our suppliers in our approach

In 2010, we purchased 11 billion euros worth of products and services. Supporting our suppliers as they embark on the road to greater corporate responsibility is one of the Group's major commitments and an additional way of leveraging our own corporate responsibility strategy. Our production processes have a smaller direct impact on society than those of many of our suppliers, which is why our responsibility focuses on implementing tools that allow us to assess and support our business partners.

We pay particular attention to the social and environmental performance of those suppliers identified as at risk. With the help of an external specialist, we continued our in-depth analysis of

the social and environmental risks of 130 new suppliers in 2010.

We developed an analytical matrix that allows us to select suppliers for evaluation based on the risks associated with their business: social and environmental factors, the impact of their products and services, ethical issues and even their own supply chains. Thanks to feedback from buyers and suppliers, this matrix has been refined and will be extended to other procurement categories in the future.

In parallel, the managers' objectives include considerations of the level of social and environmental performance of their suppliers, their respect for the Group Compliance Guide and their adherence to AXA's corporate responsibility clause. This clause, wherein our suppliers promise to conduct their own business responsibly and uphold the principles of the ILO (International Labour Office), was included in 86% of all supplier agreements signed in 2010 (83% in 2009).

### 130 SUPPLIERS

were subject to an in-depth analysis of their social and environmental performance in 2010

## A CULTURE OF TRUST AND FULFILLMENT

Our human resource management policy integrates three strategic levers: leadership, competencies and engagement. To develop client trust in our brand and become the preferred company in our industry, we support a culture of trust on the inside of our organization. Accordingly, it is the involvement and fulfillment of our employees, plus their capacity for engagement in providing the best service and the best solution to our clients that build, day after day, our difference.

### → A culture based on trust

Employee involvement lies at the heart of the Group's development and success. To become the preferred employer, it is necessary to create a workplace environment founded on AXA values, where diversity, equal opportunity, employee participation, professional development and well-being are encouraged on the job.

Aware of the challenge, each year we conduct a worldwide employee survey called Scope to help us measure the level of engagement on the part of the people who work for the AXA Group. The survey allows us to measure our progress and identify the areas in which there is room for improvement. The survey findings help us to implement the desired changes, notably those that support the dissemination of a culture of collaboration, the valorization of trust and transparency in the workplace, the development of the managerial

competencies of employees and the empowerment of our teams, so that they want to rise to the new challenges, try innovative solutions and get involved in their daily work with enthusiasm. In 2010, the response rate for Scope was once again on the rise. More than 90,000 employees in fact responded to the survey, which is 83% of the target population. Our score for engagement reached 75, which, while relatively high, is unchanged versus 2009.

The areas in which we have made progress at the Group level are relationships between the employees and their managers, in particular with respect to recognition and remuneration or reward. The results of Scope are compiled and presented at various levels (Group, regions, entities and departments), providing a precious overview. Then, relevant action plans are prepared and monitored at team level.





### → Developing competencies

Being open to change, eager to learn new things and constantly on the lookout for ways to improve the way business is done are the qualities in our employees that we count on to succeed. To develop the professional competencies of every employee in the organization, training sessions by professional family are offered on a regular basis. In 2010, for example, 392,440 days of training were completed by employees, and 80.9% of our employees benefited from at least one training session. For sales personnel, the total rate is 106%.

### → Excellence and leadership

The proof-based strategy that the Group has adopted is based mainly on the empowerment of employees in keeping with the spirit of AXA values: professionalism, innovation, pragmatism, team spirit and integrity. One of the major driving principles is the commitment to building a constructive dialogue between managers and their teams. One of the year's highlights was AXA's strong development in the emerging countries, and more

specifically in Asia. To support this development, in 2009 the Group launched its Asia campus in Singapore—the first time that AXA University set down roots in the region. This centralized training and development structure is a space that offers the community of managers a chance to network, share ideas and also develop or acquire targeted competencies.

It offers around fifty training modules for managers. In 2010, 47 sessions were held, and they attracted 1,100 employees from all over Asia to the Singapore campus of AXA University.

### → An attractive compensation policy

We have developed a compensation policy that is tightly linked to the management of individual and collective performance. It is indispensable to combine a competitive wage, AXA's financial performance, internal equity and the need to align the interests of employees and shareholders.

Wages are measured against the market and updated by each country depending on prevailing conditions in its domestic market. Equity is based on a system that takes into account the level of responsibility of the employee and his or her

### → In 2010, several Group entities received awards in the area of employment.

This was the case for AXA Spain, which ranked among the top employers in an independent survey by the CRF Institute. In Germany, the independent annual Great Place to Work survey ranked AXA Germany third in the category of businesses with more than 5,000 employees—two spots higher than 2009. AXA Mexico ranked among *Expansion* magazine's "great places to work" for the second year running, while AXA Greece was ranked fifth in the 2010 Best Workplace survey.



contribution in terms of competencies and performance. Individual performance is assessed on the basis of the degree to which agreed-upon measurable and qualitative objectives are met, as well as on the basis of how they are met. Last but not least, in order to ensure that the interests of employees are aligned with those of shareholders, the employee stock ownership program Shareplan was created. In 2010, 26,000 employees signed up for more than 330 million euros.

In addition, some entities have integrated environmental considerations into their profit-sharing bonus agreement. For example, the AXA France agreement contains clauses on paper consumption and the GIE, the Group's headquarters, must meet criteria of reduced emissions of CO<sub>2</sub>.

### → Mobility and skills exchange

To become the preferred company in our industry, we have to fully capitalize on our international scale by encouraging mobility and the exchange of skills between different entities and different countries. With the tool known as People In', a shared IT platform, we have embarked on a process of structuring practices, making substantial

progress in 2010. In twelve Group entities (which together account for 50,000 employees and managers), employee performance management is now handled using People In'. The scope of coverage will be enlarged in 2011 to an additional 15,000 new users. The same approach will be applied to the process of mobility.

### → Attract and retain the best profiles

Attracting and retaining the best profiles is a major challenge. This is why we are constantly working to strengthen our system for managing and developing staff. With OTR (Organization and Talent Review), we have a powerful tool for analyzing our skills pool. This measurement is based on input from our managers and is used to build a genuine talent management culture at the local level. This annual process is used to acquire a clear view of the key positions in each AXA entity, as well as of emerging talents and potential successors to managers.

Recruitment, in particular for distribution related jobs, is another major challenge for AXA. The development of distribution channels is an additional source of growth. In France, AXA hires more

## NEARLY 26,000 AXA EMPLOYEES

subscribed to Shareplan 2010, for a total of more than 330 million euros



than 1,000 new sales associates each year to offset retiring staff. Typically, new hires come in with a two-year associate of arts degree and get special training in savings and estate planning, topped up with close coaching over a long period of time. To diversify its sources of recruitment, AXA France takes part in the Train for Equal Opportunity at the Full Employment Fair in France. Since 2009, we have also been holding an international recruitment week targeting distributors. In 2010, eight countries (Germany, Spain, Italy, the United States, France, Japan, Mexico and Switzerland) took part in this event, which, by raising the visibility of AXA careers, helps to attract the best profiles.

In 2009, nearly 30% of the recruitment needs of participating entities were met, with 1,500 new hires.

### → Diversity is a strength

Promoting diversity and inclusion is first and foremost a question of creating a work environment where all employees are treated with dignity and with respect for individual differences, and where everyone has the same opportunities in every aspect of their professional life. Diversity and inclu-

sion are strongly linked to the values and culture of AXA, which are based on respect for employees, clients and the communities that surround us.

In 2009, we made strong commitments.

In 2010, a Diversity Council was set up to support and advise the executive management on its desire to capitalize on this issue as a factor of excellence and improvement in AXA's ability to compete thanks to innovation. A Diversity & Inclusion Manager, charged with rolling out policy in this area was appointed in late 2010. To feed the Diversity Board's discussion, 47 champions—most of them members of local executive committees—were appointed.

In 2011, the Group started off the year with a Forum on this theme that provided an opportunity to single out the best entity practices in six different categories: gender differences, workplace, generations, disability, ethnic origin and sexual preference.

The Group's efforts to promote diversity led to results, with the percentage of women executives going from 21.6% to 22.4% and that of women managers going from 36.9% to 38.2% between 2009 and 2010.

A survey conducted with women in 36 entities led to the identification of several kinds of obstacles

**80.9% OF ALL SALARIED EMPLOYEES** completed at least one training course in 2010, an increase of 6.7%

**38,504 EMPLOYEES** of the Group used People In', a shared performance management tool, in 2010



to their professional development in business: absence of female role models, psychological barriers, corporate culture, maintaining a positive work life balance.

We are making progress in this area through the inspiration of many strong and positive entity-level initiatives.

In 2010, AXA Belgium created the AXA Wo\_Men@Work award, which singles out an executive from outside the AXA Group who has set the example by actively promoting gender diversity among the executive ranks in his or her own company.

For several years, AXA France has been a recognized leader in the area of equal opportunity, and has promoted various initiatives supporting this aim. In 2010, these included a partnership with the Tour de France de la Diversité, extending the policy launched in 2005 with the blind resume to all applications for all jobs as a guarantee of equal treatment (30,000 applications have been processed in this way since 2009) and promoting the employability of senior workers by anticipating career path adjustments as of the age of 45, as well as through special training and coaching programs. And since 2008, AXA France has allo-

cated a specific budget for the purpose of closing the gender-driven wage gap. AXA Germany introduced a vast Gender Mentoring program in 2010. AXA Life in Japan has been focusing on the question of the role of women among its executive teams, organizing programs for female employees who occupy pre-management positions and also providing career advisory services. The company also devised a program that promotes job flexibility for senior workers, while also offering new career opportunities to young talent. When its employees reach the age of 50 or 55, the company offers them a range of options and career guidance, including the possibility of additional training and development, retirement bonuses for those who decide to retire early and the option of becoming a tied agent at this time.

AXA Mexico set up a diversity committee. As for AXA Spain, it launched a gender equality plan, in the form of a collective agreement with trade unions aimed at preventing gender-based discrimination and taking steps to promote better work life balance. The plan includes measures such as a system for reporting cases of moral or sexual harassment, parental leave and interviews devoid of irrelevant personal questions.

### → Duty of transparency

We have drafted a set of compliance guidelines that seeks to establish a shared vision of the ethical norms that should serve as inspiration to each AXA employee in the job. The guidelines cover such topics as conflict of interest, insider trading and fraud. Our goal is to build and maintain a relationship based on trust and proximity with our shareholders, both institutional and individual. The Group strives to provide information that is accurate, transparent, exhaustive and adapted to the various categories of shareholders, whose experience and expectations are different.



At AXA Switzerland, the Gender Mentoring program set up in 2009 was expanded in 2010. In addition, a diversity committee was formed.

AXA Equitable hosted an event connected with the celebration of Women's History Month in the United States.

AXA entities also promote the workplace integration of people with disabilities.

In France (where it is legal to compile such statistics), the number of employees who have disabilities increased by 19.6%, from 515 to 616 people, between 2009 and 2010.

AXA Life Japan hired 150 workers with disabilities over three years. As a result, it currently has the highest rate of hiring disabled employees in the country. AXA Germany signed an agreement with its works council, whereby workers with disabilities are eligible for special arrangements.

At AXA France, the Mission Handicap allows hundreds of employees (including the parents of disabled children) to make special work scheduling arrangements, and offers special transportation and residential services.

### → Promoting labor-management dialogue

The labor-management dialogue helps to bring the necessary stability to the execution of the Group's development strategy.

While each entity is responsible for regular dialogue with its own employees or their representatives, the European Works Council (EWC) goes beyond legal requirements in this area.

In France, for example, nine collective bargaining agreements were entered into in 2010, among them one calling for the rollout of measures to reduce stress in the workplace.

## THE POSITION OF THE CEG (COMITÉ EUROPÉEN GROUPE)

For five years, the CEG has supported the Group in its Corporate Responsibility strategy (CR). In 2010, with the change in governance, AXA integrated CR issues at the highest level of its strategy.

Via ongoing dialogue, we worked together during the year on the major themes of corporate responsibility and the critical actions rolled out. Despite the economic crisis, AXA has already proven its financial strength. We have shared the strategic orientation identified by AXA, which has given itself the means to succeed with a strategy of responsible growth. We are ready to help the Group in this quest to insure that CR is a genuine project.

### The CEG conceives of its action in CR with our priorities:

- Ensure that the Group's business related social responsibilities are followed with respect to its stakeholders and the environment, social and societal.
  - Ensure that Group employees are well informed and well trained.
  - Define the framework for assessing the impact of the Group's businesses.
  - Roll out employee health and safety risk assessment system.
  - Ensure work life balance for employees.
  - Ensure that the Group's CR commitment is respected in the area of recycled paper and in terms of supplier selection, with preference to businesses that use the fewest possible primary resources, with maximum recycling of raw materials.
- The objective being to achieve measurable energy savings for factors that have an influence on the protection of resources and climate, such as water, energy and CO<sub>2</sub> emissions, in particular by choosing office paper from sustainably managed forests.

For the corporate responsibility commission of the AXA CEG, Peter Fluegge and André-Pierre Suguier

## THE ENVIRONMENT, AN OPERATIONAL AND BUSINESS CHALLENGE

We are taking steps to reduce our direct and indirect impact on the environment. Everywhere in the world, we are making pledges and developing targeted actions aimed at reducing the environmental impact of our daily activities. We are also sensitizing our partners to ecological challenges and making efforts to practice our own insurance and investment business more responsibly, in particular through education and by offering our clients a range of green products.

The feedback from the AXA Forum held in January 2010 showed that our employees are concerned about the actions we are rolling out to reduce our impact on the environment, both at the level of operations and in terms of our core business. As a provider of services, AXA has a relatively small direct impact on the environment. Our processes of reporting and environmental management focus mainly on our consumption of energy, water, paper and CO<sub>2</sub> emissions. Within this framework, we have set targets for reducing our environmental impact between 2008 and 2012. For energy (kWh/Full Time Equivalent, FTE), a 20% reduction; for CO<sub>2</sub> (equivalent tons of CO<sub>2</sub> /FTE) emissions, a 20% reduction; for water (m<sup>3</sup>/FTE), a 15% reduction; for paper (T/FTE), a 15% reduction (2009-2012). The inclusion of this environmental approach in the local action plans of our entities in 2010 constitutes a decisive step forward. Each of them has made specific objectives, accompanied by action plans that spell out the paths to the goals. Individual entities are responsible for

deployment and for tracking their performance over the next three years.

### → We are reducing our environmental footprint

In 2010, our reporting scope was unchanged versus the prior year, with 268 sites in 41 countries, which represents 99,296 people or 79% of the Group's employees. For the period 2009-2010, our results show that we are globally in line with our principal targets for reduction by 2012:

— **3% decrease in energy consumption in 2010**, compared with 2009, for total consumption of 4,928 kWh per person. This trend attests to the pursuit of an environmental optimization strategy for AXA's IT tools (the Green IT strategy), spearheaded by AXA Tech. The Green IT program was launched to improve energy efficiency and achieve savings. In the United Kingdom, for example, it is estimated that in 2010 the automatic power cut-





off system used nights and weekends generated a savings of 150,000 British pounds and avoided the release of 1,000 tons of CO<sub>2</sub>.

AXA Switzerland reuses the energy produced by its data processing centers to heat three of its office buildings and meets some of its electricity needs using a wind turbine park.

— **6% decrease in CO<sub>2</sub> emissions in 2010**, compared with 2009. The AXA vehicle fleet (13%), business travel (28%) and energy consumption—including IT hardware—(59%) are the main sources of AXA's emissions of CO<sub>2</sub>. To gain a better understanding of the commuting habits of our employees, every year since 2007 AXA has conducted a survey on the subject. Today, the survey is carried out in 41 countries and is accessible in 20 languages. The results are unchanged compared to last year, at around 1 equivalent ton of CO<sub>2</sub> per person. The Group uses the findings to roll out actions aimed at reducing this impact.

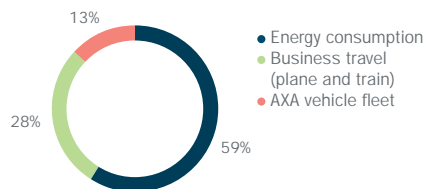
In 2010, the Group established minimum environmental guidelines for its travel: vehicle fleet and business-related travel (plane and train). The

deployment of the AXA Presence program in 2008 is also helping to cut down on business travel. In 2010, the Group had 37 teleconference rooms in 13 entities, which enabled the Group to avoid 9,000 trips (91 million kilometers and 172,000 hours of travel) and 11,000 tons of CO<sub>2</sub>. Other initiatives can be highlighted, including the measures taken by AXA Mexico to reduce their agents' vehicle fuel consumption, an effort that was recognized by the Mexican Ministry of the Environment. AXA Canada, which has adopted an active policy to upgrade its vehicle fleet, gives preference to low emission vehicles and has joined forces with a motor fleet manager that tracks the environmental impacts of its fleet and offers environmentally friendly maintenance services.

— **4% increase in water consumption in 2010** compared with 2009 (10.41 m<sup>3</sup> per person). The increase was partly attributable to the improved quality of measurements made by entities (installation of new water meters for some sites) and the inclusion of data processing centers, which use a substantial amount of water. AXA Business Services in India installed water level meters on its elevated tanks in order to prevent spillage and

**10 AXA entities launched programs in 2010 for the management of the electricity used by their IT hardware**, and seven others began to examine opportunities in this area. Some 70,000 office computers and 9,000 laptops are concerned by the energy management policy, which led to a savings of 12.9 GWh in 2009-2010

CO<sub>2</sub> emissions in equivalent tons of CO<sub>2</sub> 2010





waste. The entity is also recycling storm water. AXA UK has set up the Water Savings Group, which receives support from outside advisors to evaluate and test water savings initiatives prior to deployment in other entities.

— **12% reduction in office paper consumption and 9% reduction in commercial paper in 2010**, compared with 2009. This improvement is the result in part of the increased use of centralized printers and a reduction in paper-based marketing campaigns. In addition, AXA is taking steps to increase the use of paper from recycled sources or from sustainably managed forests. In 2010, 48% of all paper used was from recycled or sustainably managed sources (52% of office paper and 47% of marketing and distribution paper are recycled).

AXA France received an award from the WWF for its paper management and consumption policy. In particular, the company prints its sales literature on certified paper, encourages online training (“eco-printing option”), has reduced the number of printers and has integrated paper consumption reduction targets in its profit-sharing agreement.

### → Rewarding the ecologically sound behaviors of our clients

Our commitment to the environment also consists of encouraging our clients to reduce their environmental footprint by proposing a range of services and products that support behavior changes.

In 2010, the development of property-casualty insurance products with environmental added value was listed as part of the strategy of the Global P&C business line (personal and commercial lines). The Renault-Nissan alliance, after conducting a Pan-European competitive bidding process, chose AXA as the assistance provider for its first range of electric cars in ten European countries. AXA Assistance has been preparing for many years for this market to open, associating its vehicle servicing partners and adapting its support platforms, namely through targeted training for staff. In Belgium, AXA Bank offers its retail banking clients an interest reduction of 1.5% on loans for geothermal energy, solar panel installations and roof and wall insulation.

### AXA SEGUROS PORTUGAL

Has extended its document digitalization to all its lines of business, as well as finished digitalizing its archive project, which helped to **reduce its consumption of paper by 25% per FTE**



In the Life & Savings segment, since September 2010 AXA France has been offering the AXA Double Garantie Environnement fund. The management of this fund is based on a dynamic allocation between low risk assets that guarantee returns and more risky assets that encourage green investments. In Spain, AXA also rolled out a product called ECO Fondo Doble Garantia in October 2010, which works along the same lines.

every business and sector of activity. The 2010 CDP Europe report indicates that in spite of uncertainties surrounding the economic recovery and the evolution of climate change policies, European businesses are nonetheless pursuing their efforts to fight climate change.

→ Partner of the Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent organization that collects key data on climate change from 3,000 companies around the globe and constitutes the world's largest corporate greenhouse gas emissions database.

In 2010, we once again supported the Europe 300 report of the CDP. The aim of this report is to help plan and encourage investments in low carbon technologies.

As a reminder, the long-term objective of the European Union is to reduce carbon emissions by 80% to 95% by 2050. This process impacts



To beef up its climate change commitment, **AXA in 2010 signed the Manifesto for Energy Efficiency in Building issued by the World Business Council for Sustainable Development (WBCSD)**, a consortium which brings together more than 200 major corporations from around the world

## A NATURAL COMMITMENT WITHIN SOCIETY

The volunteer activities of our employees, undertaken within the framework of AXA Hearts in Action for many years, attest to our commitment to the broader community. Today, our philanthropic effort is aligned with our core business, and is focused on the theme of risk research and education. To promote this aim, we develop partnerships, invest in research, share our professional expertise and promote a knowledge-based society.

### → 83 new projects supported by the AXA Research Fund

The AXA Research Fund was created to encourage research focused on understanding and preventing the risks that threaten the environment, human life and socioeconomic activities. The Fund focuses its efforts on supporting innovative and cutting edge cross-disciplinary projects, particularly those projects that might encounter difficulty getting financial assistance elsewhere. In 2010, the AXA Research Fund set its sights on expanding its scope beyond Europe. The first project grant in Asia was awarded to the National University of Singapore, where research conducted on the genetic predisposition to risk-taking will receive 517,000 euros in funding over a three-year period. In addition to development in Asia, the Fund is also attracting talent from elsewhere to Europe, in particular with the creation of an endowed chair at the École Polytechnique in cardiovascular cellular

engineering, which will facilitate engineers to make progress in the area of medical systems designed to prevent cardiovascular diseases. For the first time, atherosclerosis will be looked at from a cross-disciplinary perspective that combines biology and engineering. Today, 20% of the devices used to repair cardiovascular damage (notably stents) go wrong within a year from implementation.

The creation of the AXA-Polytechnique Chair for cardiovascular cellular engineering supports this form of research at a time when few European engineers are working on subjects related to biology. Its goal is to attract future engineers into the field of biology and create a master's program designed to teach the fundamental interfaces between biology and engineering. This project has brought the internationally renowned American researcher, Professor Abdul Barakat, to Europe.

In yet another domain, AXA's desire to support research that seeks to further our understanding of decision-making processes resulted in an



endowment grant to HEC Paris. Israeli professor Itzhak Gilboa was chosen as the recipient of this funding, which seeks to develop academic research as well as workshops and conferences bringing together researchers from different disciplines. It will allow HEC Paris to reinforce its research on decision-making and strengthen leadership training for its students.

Lastly, the Fund endowed a permanent Chair at the University of Strasbourg. The work will focus on furthering advances made in the area of research into supra-molecular chemistry that was initiated by Professor Jean-Marie Lehn, winner of the Nobel Prize for Chemistry in 1987. In particular, this chair will develop medical science applications for supra-molecular chemistry and will help to find new therapeutic solutions for the treatment of illnesses related to aging.

To further encourage excellence in research, the AXA Research Fund identified six very promising young biologists who had already published their work in the best international scientific reviews. Each of them received an *AXA-Académie des sciences* award.

### → AXA Hearts in Action, committed employees

For twenty years, all over the world, AXA employees have, under the auspices of AXA Hearts in Action, invested their time in solidarity initiatives related to illness and disability, children in distress, the elderly, extreme poverty, social exclusion and protection of the environment.

In 2010, 23,400 employees took part in these various initiatives, helping more than 1,000 associations. In China, for example, employees devote their free time to "Hands On Shanghai", a charitable organization that helps immigrant children assimilate into Chinese society. Each month, fifteen AXA-Minmetals employees serve as big brothers or sisters to these children, taking them on cultural, fun or educational outings. In Portugal, around a hundred volunteers participated in the second edition of "Hearts without Borders", a program that allows employees to commit time and skills to local organizations of their choice involved with children in distress, elderly or disabled people.

## APPLICANTS FOR AXA RESEARCH FUND GRANTS

more than doubled in 2010 versus 2009

## 83 NEW PROJECTS IN FUNDAMENTAL RESEARCH

conducted in 16 countries by researchers from 28 different nationalities, were financed in 2010 by the AXA Research Fund for a total of 13.8 million euros



### → A partnership with the NGO CARE

To accelerate the dynamic around our leading Corporate Responsibility theme—risk research and education—we chose to reinforce, at the Group level, our action and commitment in the field. In 2010, AXA stepped up this effort by joining forces with CARE (Cooperative for Assistance and Relief Everywhere, Inc.), an internationally renowned non-governmental organization that fights poverty around the globe. After completing a rigorous assessment process, AXA chose this partnership as the ideal way to develop ambitious actions tied in with our core business.

Two projects have been identified and will be launched in 2011. The first one concerns natural disaster prevention. This issue, which is part of a broader program sponsored by the European Union, has not received much in the way of private financing up to now. The partnership between AXA and CARE will focus on actions in the Philippines and in Vietnam. The second one supports a research program on changing rainfall patterns. It aims at raising awareness among vulnerable populations, helping them take the climate changes that affect

them into account and develop new agricultural methods, or relocate villages to new areas. With the support of AXA, CARE will be developing this type of program starting in 2011 in India and Thailand.

### → Preventing road accidents

Our commitment to preventing risks also extends to road safety initiatives. In February 2011, the Group was one of the signatories of the European Road Safety Charter in Brussels. This participatory platform mobilizes businesses, community organizations, research institutions and public policymakers. It seeks to encourage the community and businesses to participate actively in the effort to reduce the rate of road accidents in Europe. In 2009, more than 35,000 people lost their lives on the roadways of the European Union. It is estimated that, for each death, four people are left with lasting disabilities and ten are seriously injured. Beyond the human trauma, these statistics have an economic cost of around 130 billion euros.

Throughout Europe, Group entities are investing in either awareness training or in building preven-

## 23,400

employees took part  
in AXA Hearts in Action  
initiatives in 2010





tion into products and services. In 2010, efforts were pursued in Belgium to develop a formula adapted on the basis of initiatives already rolled out in Italy with “patto con I giovani” (pact with youth) and in Switzerland with the Crash Recorder. In all, 500 young drivers aged 18 to 22 agreed to install and use an on-board computer called the G-Box for six months. It measures driving behavior. The best drivers are offered a 20% reduction on their car insurance premium. In 2010, two participants out of three qualified for the discount. In Italy, this rebate could be as high as 35%.

To clarify the use of relief funds, an analytic grid was developed for the humanitarian organizations that work with AXA as partners in that type of event. This grid includes selection criteria such as good governance or proven efficiency in the field. A list of NGOs that provide emergency relief has been drawn up for the contribution of Group funding and a pool of potential partners will be shared with entities.

**→ Effective intervention in the event of a humanitarian disaster**


To ensure more effective delivery of relief in the event of a humanitarian disaster, in 2010 AXA formulated rules of intervention and action guidelines. Three intervention scenarios were defined on the basis of the magnitude of the event and the extent to which the population concerned is insured. The new rules were applied for the first time when an earthquake struck Haiti in February 2010. In the case of Haiti, the Group matched employee donations to AXA Hearts in Action.



**THE EUROPEAN CHARTER**  
for road safety was signed by AXA  
in Brussels in February 2011

**30.1 MILLION EUROS**  
invested by the Group  
and its entities in philanthropy

## PRINCIPAL CORPORATE RESPONSIBILITY ACTIONS OF THE GROUP

GROUP COMMITMENT FOR 2012, BY STAKEHOLDER	STATUS
<b>SHAREHOLDERS</b>	
→ Create a Group Corporate Responsibility Committee	
→ Conduct a periodic review of the corporate responsibility (CR) strategy by the Group Management Committee and integrate CR into the Group's strategic planning process	
→ Create a Chief Corporate Responsibility Officers (CCRO) network within local and regional executive committees	
<b>EMPLOYEES</b>	
→ Achieve gender balance at every level in the organization and well as locally	
→ Include Corporate Responsibility in the AXA University curriculum offering	
→ Involve employees in a global online forum discussion devoted to Corporate Responsibility	
<b>CLIENTS</b>	
→ Apply "clear communications" standards at in entity level	
→ Integrate ESG (environmental, social and governance) considerations into the product development process	
→ Develop a Group strategy for micro-insurance	

## DESCRIPTION

A Corporate Responsibility Committee composed of heads of professional families at the Group level meets quarterly since the first quarter of 2010. In addition, a Responsible Investment Committee was created under the chairmanship of the Group Chief Investment Officer.

As of 2010, a half-yearly review of the CR strategy is conducted by the Group Management Committee, and a new indicator tracking the local entities' CR maturity is now included in local action plans and target letters. In addition, the monitoring of the Group CR strategy is now formally included in the Board of Directors' mandate. An annual review is conducted.

The CCROs, members of the Executive Committee of their entity, met 10 times in 2010, including once in person for the Group's first CR seminar. In 2010, the CCROs coordinated the development of their local CR strategy, as part of the broader Group strategic planning process.

The Group diversity and inclusion policy was validated by the Executive Committee, followed by the appointment of a Group Chief Diversity and Inclusion officer. The topic, including a global focus on gender balance, is dealt with by all entities and remains a priority for managers.

The GSMP leadership program, which targets young managers, includes solidarity initiatives in its curriculum. The procurement family includes CR in its curriculum for new hires and in the supplier audit training program. CR is also part of the "claims college" professional family, in particular as part of the management of services related to major bodily injury claims. A pilot program is currently under consideration for the risk management professional family and its extension to other families is planned later on.

In January 2010, the AXA Forum on Corporate Responsibility brought together more than 10,000 employees, who posted 9,000 comments and submitted 2,200 ideas; more than 80% of local action plans included at least one of these ideas.

The application of "clear communications" standards is currently in place for the Group's major entities. All new documents for clients will be drafted in accordance with these recommendations and a tracking process will be rolled out by the Group in 2011 to ensure compliance with these recommendations. Discussion on the issue is underway for emerging countries.

ESG issues are currently part of the Group's product development and approval process; the automatic inclusion of a CR component in savings products is currently being analyzed; the development of property-casualty insurance products with environmental added value is part of the Global P&C business line's strategy (personal and commercial lines).

A Group strategy targeting the emerging countries was approved, and a tool box has been developed to help entities launch a range of micro-insurance products.

Principal corporate responsibility actions of the Group (cont'd)

● ● ● GROUP COMMITMENT FOR 2012, BY STAKEHOLDER

STATUS

**SUPPLIERS**

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



**ENVIRONMENT**

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



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



→ Draw up Group environmental guidelines applicable to business travel and company car fleets



**COMMUNITY**

→ Launch initiatives at Group level in the area of risk research and education



→ Support fundamental research on risks via the AXA Research Fund



→ Launch a Corporate Responsibility Week



→ Encourage employees to get involved in community initiatives



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## DESCRIPTION

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The AXA CR clause was included in 86% of new contracts in 2010. AXA expects to reach the target of 90% in 2012. Since 2008, 280 suppliers have been assessed on the basis of CR criteria, including 130 this year. 25% of these suppliers were reassessed and saw their score improve, thanks to support from Group procurement professionals.

In 2010 and compared to 2009, energy consumption per employee decreased by 3% and CO<sub>2</sub> emissions fell by 6%. Water consumption rose by 4%, due in part to an improvement in entity reporting.

In 2010 and compared to 2009, office paper and marketing and distribution paper consumption decreased by 12% and 9%, respectively, per employee. The percentage of paper from recycled or "responsible" sources increased in 2010, by 32% to 48%.

In 2010, the human resources, procurement and corporate responsibility departments worked together to devise new environmental principles pertaining to Group vehicle fleets and business travel. The key aim of these principles is to reduce AXA's CO<sub>2</sub> emissions related to travel.

A global partnership with CARE, a global NGO, on research and education in the area of risks related to natural disasters was launched early 2011.

In 2010, the Fund supported 83 new projects related to understanding and preventing risks, conducted by independent researchers of 28 nationalities working in 16 different countries for a total of 13.8 million euros.

As an extension of the 2010 AXA Forum, a week will be dedicated to CR in June 2011. Its objective is to ensure that CR becomes a lasting concern for the organization, to promote initiatives carried out since the Forum and to rally employees around AXA's chosen theme—risk research and education.

In 2010, around 23,400 employees (21,000 in 2009) participated in actions sponsored by AXA Hearts in Action, the Group's employee volunteer program. The first report on the global actions carried out under this program was published in 2010.





# IV.

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## OUR INDICATORS

Exercising our duty of transparency

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- 96 — HR data
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- 107 — Statutory auditors' report
- 109 — Correspondence table
- 110 — Glossary
- 112 — Calendar

# 2010 HR DATA FOR THE AXA GROUP

In 2010, the Group's total workforce was unchanged versus 2009 in an economic environment that remained very challenging. On December 31, 2010, AXA counted more than 214,000 employees, including 127,000 salaried workers with open-ended contracts and 87,000 distributors.

→ Overall, the Group hired more than 27,000 employees in 2010. The number of employees whose contracts were converted into FTE (Full Time Equivalent) increased by 1.5%. The global turnover rate improved, falling by 12.7% (from 24.8% in 2009 to 21.6% in 2010). The rate of turnover is attributable mainly to the resignation of salaried sales staff in the Asia-Pacific region. In Europe, the rate of voluntary turnover for salaried sales staff was 8.3% in 2010.

→ The total number of departures decreased by 6% and was similar to the level observed in 2008.

→ The average age of the AXA workforce is unchanged at 39.6 years and the average length of service for salaried employees was once again around 10.3 years. These two averages are higher for Europe (41.8 years of age/13.6 years of service) and for the Americas (39.1 years of age/7.6 years of service) than for the emerging countries. For the Asia-Pacific and African regions the figures are, respectively, 35.3 years/4.3 years and 34.8 years/6.6 years.

→ The percentage of female workers increased between 2009 and 2010 for every employment category: executives (from 21.6% in 2009 to 22.4% in 2010), managers (from 36.9% to 38.2%) and all employees (from 49.6% to 50.5%).

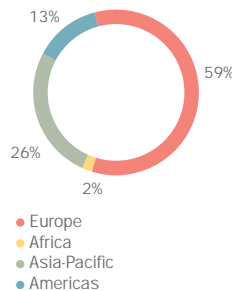
→ The average number of hours worked per week at AXA was 36 hours in 2010 and the average number of days worked was 229 days per year. The average percentage of additional hours worked by expert and by employee per day was up slightly: 1.6% in 2009 versus 1.9% in 2010. The percentage of non-sales staff working part-time increased from 11.3% in 2009 to 12.5% in 2010.

→ The number of disabled workers increased as well (in countries where these statistics can be compiled as well as in other subsidiaries). For the French entities, the total increased by 19.6%. In Japan, AXA Life Japan launched a local initiative that led to an increase in the percentage of disabled workers it employs, recruiting 150 people with disabilities over three years. As a result, the entity has the highest percentage of disabled workers among its workforce in the country. In Germany, an agreement was reached with the company works council to offer special arrangements to workers with disabilities.

→ AXA's commitment to skills development remains high, with 81% of its employees having completed at least one training course during the year (compared with 76% in 2009). The average duration of training per employee decreased slightly, from 3.6 days per employee in 2009 to 3.0 days in 2010. The main reason for the decline was although sales staff received more types of training, they were of shorter duration than in the previous year.

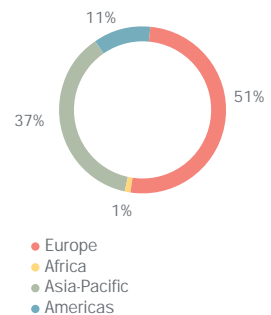
**Total workforce:**  
**127,153**

(sales and non-sales staff)



**Total workforce:**  
**214,391**

(including exclusive distributors)



## WORKFORCE

Headcounts as of December 31 <sup>st</sup> (number of persons)	2009 <sup>(1)</sup>	Evolution	2010
Headcount of salaried workforce (non sales and sales force, open-ended and fixed-term contract)	133,529 emp. <sup>(2)</sup>		132,429 emp.
Headcount of salaried workforce (non sales and sales force, open-ended contract only)	128,054 emp.	-0.7%	127,153 emp.
— Proportion of men	50.4%		49.5%
— Proportion of women	49.6%		50.5%
Headcount of non sales force (open-ended contract only)	103,804 emp.	-1.1%	102,666 emp.
Executives	3,349 emp.	3.6 %	3,470 emp.
— Proportion of men	78.6%		77.8%
— Proportion of women	21.6%		22.4%
Managers	17,852 emp.	-3.0%	17,321 emp.
— Proportion of men	63.4%		61.9%
— Proportion of women	36.9%		38.2%
Experts & staff	82,603 emp.	-0.9%	81,875 emp.
— Proportion of men	43.0%		43.0%
— Proportion of women	57.0%		57.0%
Headcount of sales force (open-ended contract only)	24,250 emp.	1.0%	24,487 emp.
— Proportion of men	62.4%		58.5%
— Proportion of women	37.6%		41.5%
Headcount of salaried workforce (non sales and sales force, fixed-term contract only)	5,475 emp.		5,276 emp.
— Non sales force	4,167 emp.		4,563 emp.
— Sales force	1,308 emp.		713 emp.
<b>Full time equivalents</b> (FTE's, headcount converted into full-time) <sup>(3)</sup>	<b>2009<sup>(1)</sup></b>	<b>Evolution</b>	<b>2010</b>
Average FTE of salaried workforce (non sales and sales force, open-ended contract only)	120,824.8 fte	1.5%	122,671.8 fte
Average FTE of non sales force	97,045.0 fte	1.5%	98,472.6 fte

— Average FTE of executives	2,996.4 fte		3,411.9 fte
— Average FTE of managers	16,297.1 fte		17,076.9 fte
— Average FTE of experts & staff	77,751.5 fte		77,983.8 fte
<i>Average FTE of sales force</i>	23,779.8 fte	1.8%	24,199.2 fte
Average FTE of temporary employees/interim (non-salaried)	2,532.0 fte	30.5%	3,303.6 fte
Average FTE of trainees <sup>(4)</sup> (non-salaried)	662.6 fte	6.7%	707.1 fte

### Profile of AXA employees

	2009 <sup>(1)</sup>	Evolution	2010
<b>Average age of salaried workforce (non sales and sales force, open-ended contract only)</b>	39.7 yrs	-0.2%	39.6 yrs
— Non sales force	40.2 yrs		40.1 yrs
— Sales force	37.7 yrs		37.9 yrs
<b>Average length of service (non sales and sales force, open-ended contract only)</b>	10.2 yrs	1.1%	10.3 yrs
— Non sales force	11.3 yrs		11.4 yrs
— Sales force	5.6 yrs		5.8 yrs
Number of employees with disabilities (non sales and sales force, open-ended and fixed-term contract) – concerns entities listed in France only	515 emp.	19.6%	616 emp.

### WORKFORCE DYNAMICS

Movements	2009 <sup>(1)</sup>	Evolution	2010
<b>Movements of salaried workforce (non sales and sales force, open-ended contract only)</b>			
Total net job evolution (non sales and sales force entries versus non sales and sales force departures)	-5,195 jobs	38.8%	-3,177 jobs <sup>(2)</sup>
— Entries	27,081 emp.	0.3%	27,154 emp.
— Departures	32,276 emp.	-6.0%	30,331 emp.
<b>Movements of non sales force</b>			
Net job evolution (non sales force entries versus non sales force departures)	-1,886 jobs	15.9%	-1,585 jobs
Entries	11,013 emp.	21.8%	13,418 emp.
— Number of external recruitments	9,654 emp.		11,216 emp.

— Number of fixed-term contract transformed into open-ended contract	1,047 emp.		1,390 emp.
— Number of re-hires in the company	<i>New indicator</i>		510 emp.
— Number of entries following mergers and acquisitions	312 emp.		302 emp.
Departures	12,899 emp.	16.3 %	15,003 emp.
— Number of resignations	6,890 emp.		8,041 emp.
— Number of economic layoffs	3,377 emp.		1,617 emp.
— Number of individual layoffs	1,303 emp.		1,516 emp.
— Number of other departures <sup>(5)</sup>	1,329 emp.		1,497 emp.
— Number of departures due to external transfers <sup>(6)</sup>	<i>New indicator</i>		2,332 emp.
<b>Movements of sales force</b>			
Net job evolution (sales force entries versus sales force departures)	-3,309 jobs	51.9%	-1,592 jobs
Entries	16,068 emp.	-14.5%	13,736 emp.
— Number of external recruitments	15,844 emp.		13,247 emp.
— Number of fixed-term contract transformed into open-ended contract	216 emp.		323 emp.
— Number of re-hires in the company	<i>New indicator</i>		138 emp.
— Number of entries following mergers and acquisitions	8 emp.		28 emp.
Departures	19,377 emp.	-20.9%	15,328 emp.
— Number of resignations	13,362 emp.		12,156 emp.
— Number of economic layoffs	3,729 emp.		727 emp.
— Number of individual layoffs	2,079 emp.		2,106 emp.
— Number of other departures <sup>(5)</sup>	207 emp.		207 emp.
— Number of departures due to external transfers <sup>(6)</sup>	<i>New indicator</i>		132 emp.
<b>Movements of salaried workforce (non sales and sales force, fixed-term contract only)</b>			
<i>Movements of non sales force</i>			
Net job evolution	412 jobs	322.1%	1,739 jobs
— Number of external recruitments	4,273 emp.		5,677 emp.
— Number of ends of fixed-term contracts	3,861 emp.		3,938 emp.
<i>Movements of sales force</i>			
Net job evolution	203 jobs	-26.6%	149 jobs
— Number of external recruitments	1,004 emp.		606 emp.
— Number of ends of fixed-term contracts	801 emp.		457 emp.

Mobility	2009 <sup>(1)</sup>	Evolution	2010
<b>Internal mobility rate (non sales and sales force, open-ended contract only)</b>	<b>12.1%</b>	<b>-3.7%</b>	<b>11.7%</b>
<i>Internal mobility of non sales force</i>	13.6%		13.5%
— Number of job changes	11,479 emp.		11,806 emp.
— Number of mobilities (from sales to non sales force)	<i>New indicator</i>		164 emp.
— Number of inter-company departures	2,753 emp.		1,868 emp.
<i>Internal mobility of sales force</i>	5.9%		6.1%
— Number of job changes	1,258 emp.		1,114 emp.
— Number of mobilities (from non sales to sales force)	<i>New indicator</i>		291 emp.
— Number of inter-company departures	216 emp.		122 emp.
<b>Employee turnover</b>	<b>2009<sup>(1)</sup></b>	<b>Evolution</b>	<b>2010</b>
<b>Total turnover rate of salaried workforce (non sales and sales force, open-ended contract only)</b>	<b>24.8%</b>	<b>-12.7%</b>	<b>21.6%</b>
— Involuntary turnover rate (layoffs)	8.1%		4.6%
— Voluntary turnover rate (resignations)	15.6%		15.7%
— Turnover rate linked to other reasons of departures <sup>(5)</sup>	1.2%		1.3%
<i>Total turnover rate of non sales force</i>	12.3%	0.0%	12.3%
— Involuntary turnover rate (layoffs)	4.4%		3.0%
— Voluntary turnover rate (resignations)	6.5%		7.8%
— Turnover rate linked to other reasons of departures <sup>(5)</sup>	1.3%		1.4%
<i>Total turnover rate of sales force*</i>	77.6%	-22.7%	59.9%
— Involuntary turnover rate (layoffs)	23.2%		11.2%
— Voluntary turnover rate (resignations)	53.5%		47.9%
— Turnover rate linked to other reasons of departures <sup>(5)</sup>	0.8%		0.8%

\* This rate of turnover is related to our growth in the Asia-Pacific region and primarily reflects the resignation of sales associates in this region. In Europe, the rate of voluntary turnover for sales staff was 8.3% in 2010.

## COMPENSATION

## Compensation of salaried workforce

	2009 <sup>(1)</sup>	Evolution	2010
<b>Total annual gross payroll of salaried workforce<sup>(7)</sup> (non sales and sales force, open-ended contract only)</b>	<b>6,715,457 K€</b>	<b>5.4%<sup>(8)</sup></b>	<b>7,076,976 K€</b>
— Proportion of fixed pay (related to wages)	84.1%		82.8%
— Proportion of variable pay (related to wages)	15.9%		17.2%
<i>Compensation of non sales force</i>			
— Proportion of fixed pay (related to wages)	87.3%		86.4%
— Proportion of variable pay (related to wages)	12.7%		13.8%
<i>Compensation of sales force</i>			
— Proportion of fixed pay (related to wages)	61.8%		56.4%
— Proportion of variable pay (related to wages)	38.2%		43.6%

## TRAINING

## Number of training days provided

	2009 <sup>(1)</sup>	Evolution	2010
<b>Total number of trainings provided (non sales and sales force, open-ended contract only)</b>	<b>468,246 days</b>	<b>-16.2%</b>	<b>392,440 days</b>
<i>Total number of trainings days of non sales force</i>	<i>223,747 days</i>	<i>6.6%</i>	<i>238,551 days</i>
— Proportion of managerial trainings	13.7%		16.0%
— Proportion of technical trainings	45.7%		45.6%
— Proportion of other trainings	40.6%		38.4%
<i>Total number of training days of sales force</i>	<i>244,499 days</i>	<i>-37.1%</i>	<i>153,889 days</i>
— Proportion of managerial trainings	2.3%		3.8%
— Proportion of technical trainings	78.0%		68.6%
— Proportion of other trainings	19.7%		27.5%



<b>Training attendees<sup>(9)</sup></b> (non sales and sales force, open-ended contract only)	<b>2009<sup>(1)</sup></b>	<b>Evolution</b>	<b>2010</b>
Percentage of salaried workforce having received at least one training course	75.8%	6.7%	80.9%
Average number of training days per salaried workforce	3.6 days		3.0 days
Percentage of non sales force having received at least one training course	76.6%	6.0%	81.2%
Average number of training days per non sales force employee	2.3 days		2.4 days
Percentage of sales force having received at least one training course	101.4%	4.7%	106.1%
Average number of training days per sales force employee	10.1 days		6.3 days
<b>LABOUR RELATIONS</b>			
<b>Working time</b> (non sales and sales force, part-time and full-time, open-ended contract only)	<b>2009<sup>(1)</sup></b>		<b>2010</b>
Average number of working days per year	228 days		229 days
Average number of working hours per week	37 hrs		36 hrs
Average percentage of overtime hours by expert & staff and by day	1.61%		1.91%
Percentage of part-time non sales force	11.3%		12.5%
Percentage of part-time sales force	<i>New indicator</i>		2.7%
<b>Absenteeism</b> (non sales and sales force, open-ended contract only)	<b>2009<sup>(1)</sup></b>		<b>2010</b>
<b>Total absenteeism rate</b>	<b>4.5%</b>		<b>4.6%</b>
— Proportion of absences due to sickness	71.4%		71.4%
— Proportion of short term sick absences <sup>(10)</sup>	79.4%		78.5%
— Proportion of long term sick absences <sup>(11)</sup>	20.6%		21.5%

— Proportion of absences due to work related accident	1.9%	2.3%
— Proportion of absences due to maternity	26.8%	26.3%
<i>Total absenteeism rate (non sales force)</i>	5.1%	5.1%
— Proportion of absences due to sickness	72.3%	72.9%
Proportion of short term sick absences <sup>(10)</sup>	78.4%	77.3%
Proportion of long term sick absences <sup>(11)</sup>	21.6%	22.7%
— Proportion of absences due to work related accident	1.7%	1.9%
— Proportion of absences due to maternity	26.0%	25.2%
<i>Total absenteeism rate (sales force)</i>	2.3%	2.5%
— Proportion of absences due to sickness	63.5%	59.4%
Proportion of short term sick absences <sup>(10)</sup>	88.7%	90.0%
Proportion of long term sick absences <sup>(11)</sup>	11.3%	10.0%
— Proportion of absences due to work related accident	3.3%	5.4%
— Proportion of absences due to maternity	33.2%	35.2%

(1) 2009 data is LFL (Like For Like).

(2) United Kingdom mentioned in their perimeter an error in their 2009 figures of 915 employees. Korea reports in 2010, 798 employees in automatically and indefinitely renewable fixed-term contracts as open-ended contracts (formerly counted as fixed-term contract).

(3) AllianceBernstein mentioned an error in their 2009 reporting as, while figures have been captured for headcount, no figure were captured for FTEs.

(4) Trainees for whom the company has signed an agreement with a university/college or other regulated establishment. It excludes apprenticeship, summer temporary staff and VIE.

(5) Retirement, pre-retirement, death and termination of employment for permanent disability.

(6) Salaried workforce that has left AXA because of an activity/job transfer to an external company. It includes all situations where employees keep their job but are no longer in contract with AXA.

(7) The total annual gross payroll includes the individual fixed pay, the individual variable pay, employer's social contributions and collective profit sharing (if any). It excludes equity based compensation (stock options, performance units, performance shares, AXA Miles).

(8) This evolution does not take into account the side effects of FOREX (FOReign EXchanges).

(9) This average does include leavers who received a training during the calendar year. Therefore, turnover has to be taken into account.

(10) Sick absences with a total duration of less than one year.

(11) Sick absences with a total duration of more than one year.

# ENVIRONMENTAL DATA 2010

## THE AXA GROUP

AXA Group 2010 environmental indicators <sup>(1)</sup>	Unit	2008	2009	2010
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	121,990	121,108	122,671
Net internal area (sites)	m <sup>2</sup>	2,487,602	2,330,602	2,398,745
<b>Power (sites)</b>				
Power consumption <sup>(2)</sup>	Kwh	627,987,507	617,473,679	604,498,594
<b>KPI: Power consumption per person</b>	<b>Kwh/FTE</b>	<b>5,148</b>	<b>5,099</b>	<b>4,928</b>
<i>Evolution 2009 - 2010</i>				-3%
<b>Transportation</b>				
Business travel: airplane and train <sup>(3)</sup>	Km	352,931,708	257,875,862	297,992,347
Business travel: AXA vehicle fleet	Km	393,466,688	333,923,046	304,203,026
Home/workplace commute (round trip) <sup>(4)</sup>	Km	1,258,507,154	1,219,253,316	1,287,660,394
<b>CO<sub>2</sub> emissions<sup>(5)</sup></b>				
CO <sub>2</sub> emissions resulting from onsite power consumption	T eq. CO <sub>2</sub>	225,833	216,542	200,646
CO <sub>2</sub> emissions resulting from business travel: airplane and train	T eq. CO <sub>2</sub>	116,907	78,691	92,646
CO <sub>2</sub> emissions resulting from business travel: AXA vehicle fleet <sup>(6)</sup>	T eq. CO <sub>2</sub>	77,513	60,461	45,055
<b>KPI: CO<sub>2</sub> emissions resulting from onsite power consumption and business travel (airplane, train, AXA vehicle fleet) per person</b>	<b>T eq. CO<sub>2</sub>/FTE</b>	<b>3.44</b>	<b>2.94</b>	<b>2.76</b>
<i>Evolution 2009 - 2010</i>				-6%
CO <sub>2</sub> emissions resulting from home/workplace commute <sup>(7)</sup>	T eq. CO <sub>2</sub>	133,773	123,830	121,620
<b>Water</b>				
Water consumption <sup>(8)</sup>	m <sup>3</sup>	1,263,816	1,215,053	1,276,738
<b>KPI: Water consumption per person</b>	<b>m<sup>3</sup>/FTE</b>	<b>10.36</b>	<b>10.03</b>	<b>10.41</b>

<i>Evolution 2009 - 2010</i>				+4%
<b>Paper<sup>(9)</sup></b>				
Office paper consumption	T	N/A	5,995	5,269
<b>KPI: Office paper consumption per person</b>	<b>kg/FTE</b>	<b>N/A</b>	<b>49</b>	<b>43</b>
<i>Evolution compared to 2009</i>				-12%
Marketing and distribution paper consumption	T	N/A	15,574	14,188
<b>KPI: Marketing and distribution paper consumption per customer<sup>(10)</sup></b>	<b>kg/customer</b>	<b>N/A</b>	<b>0.17</b>	<b>0.15</b>
<i>Evolution 2009 - 2010</i>				-9%
Percentage of paper recycled and/or guaranteeing sustainable management: office, marketing and distribution	%	49	32	48

**Stable reporting perimeter compared to 2009, representing the 41 most significant countries where the AXA Group is present. Key Performance Indicators (KPIs) highlighted in bold.**

(1) In 2010, environmental indicators were collected for sites representing 96,645 FTEs (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 122,671 salaried FTEs working at the AXA Group as of 31/12/2010. In 2009, this process took place on the basis of data collected from 99,296 FTEs, extrapolated to 121,108 FTEs.

(2) Includes electricity, natural gas, fuel, steam and other sources of energy and covers 96,570 FTEs.

(3) This data has been collected from 97,313 FTEs. In 2010, entities increased their business travel due to the rebounding economy and increased market prospecting, as well as travel to and from Australia, in relation with AXA's 2010 transactions in this market.

(4) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. This data has been collected from 24,185 FTEs. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(5) As in 2008 and 2009, emissions factors specific to each country have been used for electricity, train, air and road travel. These factors are based on standards established by ADEME (Agence de l'Environnement et de la Maîtrise de l'Energie - France) and the Greenhouse Gas Protocol.

(6) The AXA vehicle fleet covers 93,795 FTEs. In 2010, the data collection method for vehicle fleet was modified. Data is now collected and classified by the average grams of CO<sub>2</sub> emitted per kilometer - to have a more precise evaluation of these emissions - rather than by type of motor, which explains some of 2010 emissions decrease. In addition, some entities have reduced the size of their vehicle fleet and integrated some lower emitting vehicles.

(7) Does not include company cars, to avoid double counting with the AXA vehicle fleet data. Of note in 2010, we modified the emission factors for personal cars, which explains a slight decrease in CO<sub>2</sub> emissions although the mileage has increased compared to 2009.

(8) This data has been collected from 83,092 FTEs. Some sites in Asia and America are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation. However, some of these entities are starting to better track their water consumption with the installation of water meters, such as AXA Canada and some data centers.

(9) Office paper indicator covers 95,366 FTEs, whilst marketing and distribution covers 92,240 FTEs. For marketing and distribution paper data for 2009 was updated due to an extrapolation error.

(10) The Group had 92,800,000 customers in 2010 and 94,350,000 in 2009.

# SRI RATINGS

AXA's social, societal, environmental and governance performance is rated by a number of specialists, including investors, brokers and rating agencies that focus specifically on the socially responsible investment (SRI) market. AXA is ranked above the average for its industry and is included in the three major global ethical indices:

- DJSI STOXX and DJSI World (based on SAM research);
- FTSE4GOOD (based on EIRIS<sup>1)</sup> research);
- ASPI Eurozone (based on Vigeo research).

AXA's current ratings, which are subject to change, are set forth below:

Agency	Theme	AXA rating
SAM (2010)	General score	70% (sector avg.: 46%)
	Economy	80% (sector avg.: 61%)
	Social	60% (sector avg.: 37%)
	Environment	73% (sector avg.: 41%)
	"Sustainability Yearbook" category	Bronze
Vigeo <sup>(2)</sup> (2010)	Human resources	51% (rating: +)
	Human rights	55% (rating: +)
	Community involvement	42% (rating: +)
	Environment	57% (rating: +)
	Business behaviour	55% (rating: +)
	Corporate governance	56% (rating: =)

1) EIRIS does not publish public ratings.

2) Definition of Vigeo ratings:

- least advanced companies in the sector;
- companies that fall below the average for their sector;
- = companies that are within the average for their sector;
- + active companies;
- ++ the most committed companies in the sector.

# REVIEW REPORT

## FROM ONE OF THE STATUTORY AUDITORS

on a selection of environmental and social indicators published in the AXA 2010 Activity and Corporate Responsibility Report.

Further to your request and in our capacity as the Statutory Auditor of AXA, we have carried out work for the purpose of enabling us to express moderate assurance on a selection of environmental and social indicators published in AXA's 2010 Activity and Corporate Responsibility Report.

The following environmental indicators were selected for the purposes of review:

→ General data:

- Number of people on reporting site
- Usable surface area (occupied and vacant)

→ Power:

- Total power consumption
- KPI: total power consumption per person on reporting site

→ Transportation:

- Business travel (plane and train)
- Motor fleet: kilometres travelled by all types of vehicles in AXA's motor fleet (vehicles categorized according to their CO<sub>2</sub> emissions)

→ Estimated CO<sub>2</sub> emissions:

- Indicator: estimated CO<sub>2</sub> emissions resulting from power
- Indicator: estimated CO<sub>2</sub> emissions resulting from business travel by plane and train
- Indicator: estimated CO<sub>2</sub> emissions resulting from AXA's vehicle fleet
- On-site estimated CO<sub>2</sub> emissions excluding daily commute

- KPI: total estimated CO<sub>2</sub> emissions per person on reporting site excluding daily commute

→ Water:

- Water consumption
- KPI: water consumption per person on reporting site

→ Consumables:

- Total paper consumption for office use
- KPI: amount of office paper consumed per person on reporting sites
- Total paper consumption for marketing and distribution
- Percentage of recycled paper and/or paper from sustainably managed forests

The following social indicators were selected for the purposes of review:

→ Workforces:

- Average FTE (Full Time Equivalent) of temporary non salaried staff
- Total number of salaried non-sales force as of 31<sup>st</sup> December
- Total number of salaried sales force as of 31<sup>st</sup> December

→ Training:

- Average number of training days per salaried non-sales force

→ Workforce dynamics:

- Total number of salaried non-sales force external recruitments with open-ended contract
- Number of promotions of salaried non-sales force
- Total individual dismissals of

salaried non-sales force—under open-ended contract

- Voluntary turnover of salaried non-sales force
- Internal mobility rate of salaried non-sales force
- Total number of salaried nonsales force departures (open-ended contract only)

→ Compensation:

- Total compensation

→ Labour relations:

- Total absenteeism rate salaried workforce

These environmental and social indicators are prepared under the responsibility of the AXA Group Communication and Corporate Responsibility Department as well as the AXA Group Organisation Development – HR Business Analysis Department in accordance with the Group's 2010 environmental reporting protocol and the Group's 2010 social reporting protocol used by AXA entities and available from the two departments listed above. Our responsibility is to express our conclusion on these indicators based on our work.

### Nature and scope of our work

We performed our work in accordance with the professional standards applicable in France. We carried out the procedures described below to obtain moderate assurance that no irregularities exist with regard to the selected

environmental indicators. We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

- We reviewed the reporting procedures used by the Group in the light of their relevance, reliability, objectivity and understandability.

- At Group-level, we performed analytical procedures and verified, on a test basis, that the data used to produce the environmental and social indicators had been correctly calculated and consolidated. This work involved, in particular, interviews with the persons from the AXA Group Communication and Corporate Responsibility Department as well as from the Organisation Development—HR Business Analysis Department responsible for compiling and applying the procedures and consolidating the data.

- We selected a sample of entities, as follows:

→ For the environmental data:

- AXA Seguros Spain
- AXA Winterthur Switzerland
- AXA IM France
- AXA Tech France
- AXA Equitable USA
- AXA Germany

→ For the social data :

- AXA Seguros Spain
- AXA France
- AXA Polska SA
- AXA Hungary
- AXA Assicurazioni Spa (Italy)
- AXA Equitable USA
- AXA Germany

This selection was made on the basis of quantitative and qualitative criteria applied to the indicators.

- With regard to the selected entities:

- we checked that the procedures had been properly understood and

correctly implemented on the basis of interviews with the persons responsible for preparing the data;

- we performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents.

The contribution of these entities to the Group's consolidated indicators represents between 25% and 40% of each one of the environmental indicator, and 31% of the workforces of the Group for the social indicators.

We were assisted in our work by our teams specializing in sustainable development.

### Conclusion

Based on our work, no material irregularities came to light causing us to believe that the environmental and social indicators reviewed do not comply, in all material respects, with the Group's 2010 environmental and social reporting protocol.

Neuilly-sur-Seine, March 4, 2011

*One of the Statutory Auditors*  
PricewaterhouseCoopers Audit

**Michel Laforce**

*Partner in charge of the Sustainable Development*  
Department of PricewaterhouseCoopers Advisory

**Sylvain Lambert**



# CORRESPONDENCE TABLE



The table below facilitates the identification of sustainability information contained in the 2010 Activity and Corporate Responsibility Report and, more comprehensively, on AXA's corporate website [www.axa.com/en/responsibility](http://www.axa.com/en/responsibility), according to the themes covered by the French New Economic Regulations act (NRE - version revised in 2011 and applicable in 2012), the ten principles of the UN Global Compact (UNGC) and the Global Reporting Initiative (GRI, version 3.0, including "Financial Services Sector Supplement").

<b>GRI V3 / FSSS</b>	<b>NRE "2012"</b>	<b>UNGC</b>	<b>www.axa.com section</b> URLs may be modified as the www.axa.com website evolves	<b>2010 Activity and Corporate Responsibility Report</b>
<b>Economic performance indicators, strategy</b>				
FS6, EC1, EC9			<a href="http://www.axa.com/en/group/profile/figures">www.axa.com/en/group/profile/figures</a> <a href="http://www.axa.com/en/responsibility/sri">www.axa.com/en/responsibility/sri</a>	p. 20-25: Key figures, p. 70-75: Corporate responsibility strategy, p. 90-93: CR dashboard, p. 106: SRI Ratings
<b>Product responsibility</b>				
FS1, FS2, FS3, FS5, FS10, FS12, EC2, EN26, FS14, FS15, FS16, PR6	Env. D	GC1, GC2, GC8, GC9	<a href="http://www.axa.com/en/responsibility/customers/property-casualty">www.axa.com/en/responsibility/customers/property-casualty</a> <a href="http://www.axa.com/en/responsibility/customers/asset-management">www.axa.com/en/responsibility/customers/asset-management</a>	p. 41: Product innovation (Life & Savings) p. 52: Risk prevention, p. 53: Claims management, p. 54-56: "Green" products p. 72: Micro-insurance, p. 72-73: Risk prevention, p. 73-74: Responsible investment, p. 84-85: "Green" products Products: Booklet 1 (Longevity) Booklet 2 (Climate change) and Booklet 3 (Responsible investment)
<b>Employees</b>				
LA1, LA2, LA4, LA5, LA7, LA10, LA11, LA12, LA13	Social A, Social B, Social C, Social D, Social E, Social F	GC3, GC6	<a href="http://www.axa.com/en/responsibility/employees">www.axa.com/en/responsibility/employees</a> <a href="http://www.axa.com/en/group/profile/people">www.axa.com/en/group/profile/people</a> <a href="http://www.axa.com/en/responsibility/sri">www.axa.com/en/responsibility/sri</a>	p. 72: Employee engagement p. 77-81: Human resources strategy p. 90-91: CR dashboard p. 96-103: Social data
<b>Clients</b>				
PR5, FS15			<a href="http://www.axa.com/en/responsibility/customers">www.axa.com/en/responsibility/customers</a>	p. 90-91: CR dashboard
<b>Suppliers, human rights</b>				
HR2, FS9	Societal C, Societal D	GC1, GC2, GC4, GC5, GC7, GC8, GC9	<a href="http://www.axa.com/en/responsibility/suppliers">www.axa.com/en/responsibility/suppliers</a> <a href="http://www.axa.com/en/responsibility/strategy-commitments">www.axa.com/en/responsibility/strategy-commitments</a> <a href="http://www.axa.com/en/responsibility/shareholders/responsible-investment">www.axa.com/en/responsibility/shareholders/responsible-investment</a>	p. 75: Responsible procurement policy p. 92-93: CR dashboard
<b>Environment</b>				
EN3, EN4, EN5, EN6, EN7, EN8, EN16, EN18, EN22, EN29	Env. A, Env. B, Env. C, Env. D	GC7, GC8	<a href="http://www.axa.com/en/responsibility/environment">www.axa.com/en/responsibility/environment</a> <a href="http://www.axa.com/en/responsibility/customers/property-casualty">www.axa.com/en/responsibility/customers/property-casualty</a>	p. 82-85: Environmental policy p. 92-93: CR dashboard p. 104-105: Environmental data
<b>Community, philanthropy</b>				
EC1, EC9, S01	Societal B		<a href="http://www.axa.com/en/responsibility/community">www.axa.com/en/responsibility/community</a>	p. 16, 19: Highlights p. 86-89: Community involvement p. 92-93: CR dashboard Research: Booklet 1 (Longevity), Booklet 2 (Climate change) and Booklet 3 (Responsible investment)
<b>Compliance, ethics and governance</b>				
S03, S04	Societal D	GC 10	<a href="http://www.axa.com/en/responsibility/shareholders/business-ethics">www.axa.com/en/responsibility/shareholders/business-ethics</a>	p. 10-12: Governance
<b>Verification / Certification of environmental and social data</b>				
FS9	Certif. A, Certif. B			p. 107-108: Certification and audit

## GLOSSARY

### — *Adjusted earnings*

Adjusted earnings are the net result of the company before the impact of certain items, such as one-off transactions and goodwill amortization, is taken into account.

### — *Balance sheet*

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

### — *Combined ratio*

The combined ratio is an indicator that measures the profitability of the property and casualty business line, excluding financial results. It is the ratio of losses and administrative costs to the total premiums collected that year. If the combined ratio is greater than 100%, the losses and administrative costs exceeded the premiums collected: the insurer lost money on that business line (before investment earnings). If the ratio is less than 100%, the line is profitable; and the lower the ratio, the more money the insurer makes.

### — *Dividend*

A dividend is a payment to the shareholders who provided equity capital. It is generally deducted from the profits earned during the last fiscal year.

At AXA, it is calculated based on adjusted earnings. The proposed dividend amount per share is put to a vote at the Shareholders’ Meeting.

### — *Impairment*

Impairment is when an asset (such as shares, real estate or bonds) loses value over the course of a fiscal year.

Accounting regulations require that the asset’s impairment be deducted from the company’s profits (for example, if a share was worth 100 euros on January 1 but only 75 euros on December 31, the insurer must deduct 25 euros from its earnings).

### — *Net income*

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

### — *Net inflows*

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

- For life, premiums collected on all contracts
- For property and casualty, the number of new contracts
- For asset management, the savings collected from customers throughout the year

The “outflows” are:

- For life, contract surrenders, reimbursements and benefits paid
- For property and casualty, cancellation of contracts
- For asset management, the savings withdrawn by customers throughout the year

### — *New business (APE—Annual Premium Equivalent)*

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

This approach gives a more accurate picture of life insurance sales than gross revenues, which take into account premiums for contracts opened in previous years and do not distinguish between regular and single premiums.

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### — *Realized capital gain/loss*

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

### — *Revenues*

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

### — *Shareholders' equity*

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

### — *Solvency*

An insurance company's solvency is its ability to meet its commitments.

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

In the insurance industry, company solvency is regulated. Oversight authorities make sure that insurers have enough resources to meet their commitments to their insured customers and thus withstand the risks.

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

Another standard is being drafted —Solvency II. It will allow a more realistic approach to the risks actually taken on by an insurer, and notably will take into account an insurer's capacity to measure and control its risks. It should

thus help create greater comparability among the various insurance companies' solvency—and thus their strength.

This standard, whose principle was adopted through a directive passed by the European Parliament in April 2009, should take effect in 2012.

### — *Underlying earnings*

Underlying earnings are an indicator that allows analysis of the Group's earning power, excluding volatility related to movements in the financial markets or extraordinary transactions.

Specifically, underlying earnings are adjusted earnings excluding any capital gain or loss from the company's investment portfolio.

## EVENTS AND RELEASES 2011

Annual meeting of the shareholders	April 27
Dividend payout date <sup>(1)</sup>	May 4
Release of first quarter 2011 business indicators	May 5
Half-year 2011 earnings release	August 4
2011 business indicators for the first nine months 2011	October 27
Actionaria Exhibition in Paris	November 18-19

(1) Board recommendation, subject to shareholder approval on April 27, 2011.

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## DEDICATED TEAMS

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#### Individual shareholders relations

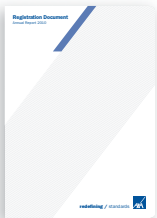
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We would like to thank the AXA Group employees who participated in the photo reportage for this document—in Bristol, Brussels, Casablanca, Lisbon, London, Nanterre, New York, Paris and Tokyo.

## FIND OUT MORE ABOUT THE AXA GROUP

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



### 2010 Annual Report—*Document de référence*

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



### Shareholder's Guide

Updated annually, this practical guide offers responses to your questions about the Group, its stock or the information system that has been set up for AXA shareholders. It contains a brief description of all our dedicated services.



### Longevity Notebook

The first issue of the AXA Notebooks is devoted to longevity and presents the most important data on increasing life expectancy, its challenges and its mechanics. It is part of the Group's effort to share its expertise and expand the debate to encompass a positive vision of this major evolution of our society.



You will find an accessible version of this report online  
<http://annualreport.axa.com>  
that can be read by browsers for the visually impaired.

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Head of Communications and Corporate Responsibility – External Communication

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# NOTES

2010

2010



## ACTIVITY AND CORPORATE RESPONSIBILITY REPORT

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*Interview with Henri de Castries, Chairman & CEO*



*A unitary form of governance for greater efficiency. Norbert Dentressangle, Vice-Chairman of the Board of Directors*

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