



XL Insurance
Reinsurance

Our Impact. Our Future.

Sustainability Report 2021

In this report





Protecting What Matters

AXA's commitment to sustainability

AXA's purpose to "Act for human progress by protecting what matters" entails sustainable value creation with the aim to protect the environment and society in an inclusive manner. AXA enables individuals and communities to move forward by protecting their basic needs: environmental protection, access to healthcare, prosperity, and quality of life.

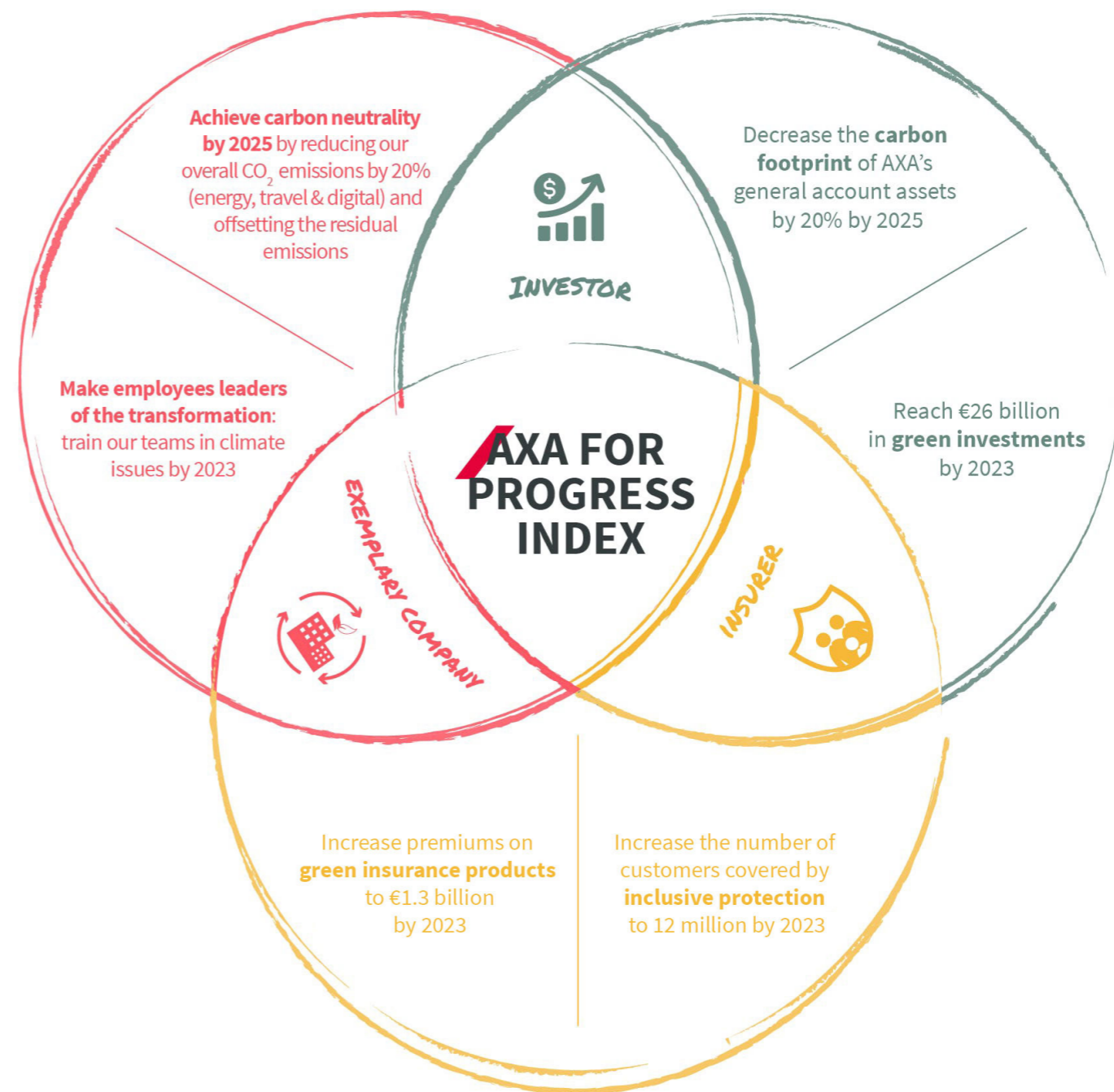
In 2021, AXA started a new strategic cycle, with the plan "Driving Progress 2023". Considering both the level of maturity reached and anticipating the acceleration of ESG topics in all the Group's activities, AXA's Management Committee decided to dedicate a pillar of its strategy, entitled "Sustain our Climate leadership position", aligned with our purpose. AXA uses various levers related to its expertise and activities to achieve its objectives in this context: investment, insurance, its partnerships and its philanthropic activities, as well as its international footprint.

The framework of the AXA Sustainability Strategy was updated accordingly, focusing on two priorities: climate change and inclusive protection.

Read more about AXA Group's Sustainability strategy [here](#).

The AXA for Progress Index

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





Incorporating ESG into our Underwriting and Investments

On October 29, 2021, in the run-up to COP 26 (the 2021 United Nations Climate Change Conference), AXA extended its commitment to fight climate change and protect biodiversity. AXA announced several new milestones in its approach to the energy sector by strengthening its existing Oil and Gas exclusions, with a specific focus on unconventional activities and new greenfield explorations.



AXA Group Energy policy

AXA’s new energy commitments are the following:

| | |
|---|--|
| <p>Firstly, AXA will stop investing in and underwriting new upstream oil greenfield exploration projects unless they are carried out by companies with the most far-reaching and credible transition plans.</p> | <ul style="list-style-type: none">■ AXA excludes all new direct investments in listed equities and corporate bonds in developed markets in Oil and Gas companies operating in upstream and/or oilfield services and/ or downstream subsectors, as well as most midstream players. AXA selects integrated Oil and Gas companies for investments based on a restrictive selection process.■ From 2023, AXA will apply the same selection process, and take into account the Science-Based Targets initiative (SBTi) framework as it becomes available, for its underwriting business of new insurance coverage on new upstream oil greenfield exploration projects. |
| <p>Secondly, AXA will significantly reduce its investment and insurance exposure to unconventional exploration and production from its business from 2022, as follows:</p> | <ul style="list-style-type: none">■ Arctic: AXA extends the scope of its Arctic investment and underwriting restrictions beyond the Arctic circle and the 70°N zone in alignment with the Arctic Monitoring and Assessment Programme (AMAP). Only businesses with Norwegian operations in the AMAP region will be maintained, given their high environmental standards and lower operational carbon footprint. AXA will strengthen the thresholds applicable to both its investments and insurance activities in this particularly fragile region, excluding new investments and underwriting coverage for Oil and Gas extraction activities carried out in the AMAP region by companies deriving more than 10% of their production from the AMAP region or producing more than 5% of the worldwide volume of AMAP-based Oil & Gas. For underwriting, exemptions may be granted if the projects are carried out by Oil and Gas companies with the most far-reaching and credible transition plans;■ Oil sands: on top of the existing restrictions in place, AXA will adopt a more stringent policy by ceasing direct investments in companies producing more than 5% of the worldwide volume of oil sands. For underwriting, current exclusions will be extended to all lines of business;■ Fracking/shale Oil and Gas: AXA will no longer directly invest in companies, nor provide any insurance coverage to activities of companies, deriving more than 30% of their production from fracking/shale Oil and Gas. |

Lastly, AXA continues to intensify its investments in green and low-carbon energies. The Group’s green investment target increases to €26 billion by 2023, compared to €24 billion announced at the end of 2020.

In addition, AXA’s coal underwriting restrictions continue to apply to power generation and mining clients developing new coal capacity or with significant coal business, as well as coal industry partners, defined as manufacturers (e.g. equipment suppliers) and infrastructure players (e.g. port terminals, dedicated railways) operating or developing coal assets, or standalone coal-related infrastructure assets. AXA is committed to a long-term exit strategy reducing exposure to the thermal coal industry to zero by 2030 in the European Union and OECD (Organisation for Economic Co-operation and Development) countries, and by 2040 in the rest of the world.

AXA Group Ecosystem Conversion & Deforestation policy

In October 2021, AXA announced a new policy on Ecosystem protection, Deforestation and Natural World Heritage Sites. It seeks to address risks related to deforestation and protected areas of key biodiversity value, and to stop supporting firms which have a negative impact on ecosystems that host critical biodiversity. Curbing deforestation conserves water resources, prevents flooding, controls soil erosion, and preserves habitats, in addition to preserving key carbon sinks. In 2013, AXA divested from “unsustainable” palm oil producers and banned illegal logging from its underwriting. AXA’s new policy builds on previous work to address other drivers of deforestation, resulting in a more comprehensive approach.

Investment

On the investment side, as an asset owner, AXA does not invest in companies in three cases:

- palm oil producers who have not achieved “sustainable palm oil” production certifications and/or have significant unresolved land rights conflicts and/or conducting illegal logging (as per AXA’s 2013 palm oil policy, which remains in place)
- companies in any sector facing “high” and “severe” controversies related to land use and biodiversity
- companies producing palm oil, soy, cattle and timber that face “significant” land use and biodiversity controversies and that are found to have a “critical” impact on deforestation

The exclusion list is updated annually unless a specific event requires earlier revision.

AXA will engage, as a shareholder on its own where necessary and via coalitions wherever possible, with a selection of companies of the following type:

- palm oil, soy, cattle, and timber producers
- traders and buyers of those commodities
- other companies on an ad hoc basis

This will be done with a view to improving practices and monitoring progress. Particular attention will be paid regarding controversies, production, and procurement practices.

Insurance

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

- illegal logging (pre-dates the policy released in October 2021 and remains in place)
- companies that are excluded by the investment policy screening are to be referred to the Group Risk Management and the critical activity will likely be banned from Construction and Property covers
- businesses that operate in “high-risk countries”(1) and commodities (soy, beef, palm oil, timber) and facing high or severe deforestation controversies(2) are also to be referred to the Group Risk Management with a view to restrict the critical activity
- traders of soy, beef, palm oil and timber operating in “high-risk countries” and facing high or severe deforestation controversies are also to be referred to the Group Risk Management and the critical activity will likely be banned from marine cargo covers

(1) Determined with support from the WWF experts. LATAM: Brazil, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, Suriname, French Guiana, Paraguay, Argentina. Congo Basin: Cameroon, Central African Republic, Democratic Republic of Congo, Republic of the Congo, Equatorial Guinea, Gabon. South-East Asia: Cambodia, China (Yunnan and Guangxi), Lao PDR, Myanmar, Thailand, Vietnam, Papua New Guinea, Indonesia, Malaysia, Brunei, Australia. (2) According to Sustainalytics’ controversies database

AXA Group Natural World Heritage Sites policy

In line with the UN PSI-UNESCO classification, AXA commits to protect Natural World Heritage Sites (WHS) by ensuring it does not support, through Property and Construction insurance underwriting, businesses in sensitive sectors that are developing activities incompatible with ecosystem preservation in these vital sites. WHS are classified by UNESCO as containing both ‘exceptional natural beauty’ and ‘the most important and significant natural habitats for conservation’. Examples include the Galapagos Islands of Ecuador and the Ivindo National Park in Gabon. They provide both key biodiversity benefits, such as fauna and flora protection, and environmental benefits, including soil stabilization, flood prevention, and carbon capture. They also contribute to economies through jobs, ecotourism, recreation, and exports.





The AXA Research Fund

The AXA Research Fund was launched in 2008 to address the most important issues facing our planet. It supports scientific progress by funding research in keys areas related to risk and helping inform public and private decision-making based on science. AXA has committed 250 million Euros to its global scientific philanthropy since its inception. The AXA Research Fund is a unique initiative in the financial sector, both through its mission and the magnitude of its level of support to science.

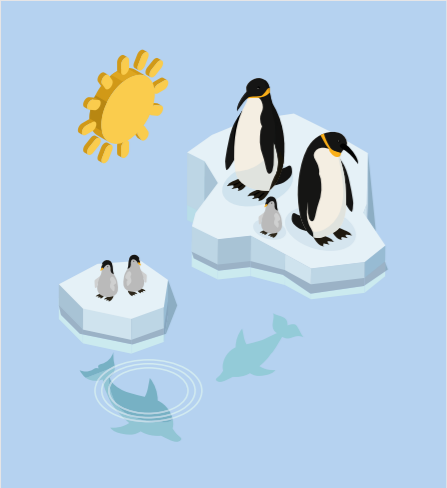
In 2021 The AXA Research Fund reiterated its investment of €1 million for research into coastal livelihoods with the Intergovernmental Oceanographic Commission of UNESCO as part of the UN Decade for Ocean Science and Sustainable Development. The Fund is also partnering with The Intergovernmental Platform on Biodiversity and Ecosystems Services (IPBES), to support the production of two reports over two years: The Nexus Assessment, which examines the links between biodiversity, climate and food, and the Transformative Change Assessment, which investigates the profound causes of biodiversity loss.



AXA’s commitment to sustainability

In line with AXA’s purpose, at AXA XL, the Property and Casualty and Specialty Risk division of AXA, we focus on understanding and providing risk management solutions to complex issues including climate change, water security and financial resilience, which contribute to the AXA Group priorities of Climate Leadership and Inclusive Protection. This not only enables us to best serve our clients but also to help make a sustainable impact on the future.

Our focus areas



Climate Change

Climate change is one of the most significant issues of our time that will have a definitive impact on our future. According to the Intergovernmental Panel on Climate Change (IPCC), global temperatures could rise dangerously, by over 1.5°C, by 2050 if we don’t all take steps to reduce CO2 emissions.

Companies and communities face a number of climate-related risks, and at AXA XL, we’re committed to creating a more resilient future for all. We’re reducing our carbon footprint, protecting ecosystems and exploring how our business can help build a better world.



Access to Water

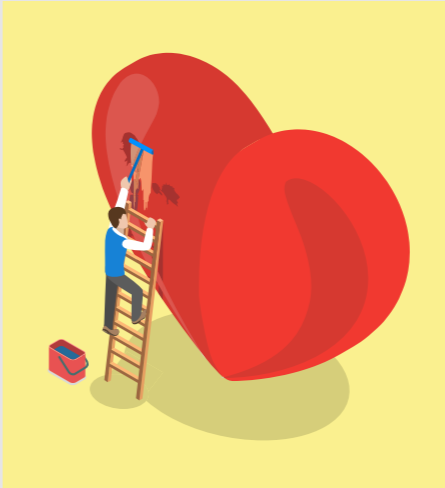
Water security affects every continent around the world, and rapidly growing urban areas will put additional pressure on available local water resources. The United Nations predicts a 40 percent shortfall in the global water supply by 2030.

Access to water is expected to be an increasing challenge, and not just in developing countries. We’re developing water resilience where it is — and will be — needed most.



Financial Resilience

Only 22 percent of unemployed people receive financial support from their government ([U.N. Sustainable Development Goals](#)). We’re in the business of making our clients financially resilient and we believe we can do the same for our local communities. By working with partner nonprofit organizations, we’re helping create opportunities for the unemployed and underemployed, so they can be better prepared for unexpected changes.



Hearts in Action

Our global philanthropy program empowers our colleagues to share their time, skills and passion, in support of causes that matter most to them, and contribute to the needs of their local communities.



Inclusion & Diversity

Our responsibility also extends to building a global workplace that involves everyone; one in which all employees are treated with dignity and respect. Our approach to Inclusion & Diversity (I&D) fosters an environment where individual differences and innovation are encouraged and valued.

This report is a summary of our work in 2021.

Climate Change

| Program | Statistic/figures |
|---------------------------|--|
| Ocean Education | <ul style="list-style-type: none"> 1.5 million children reached with AXA Ocean Education 77,600 children participated in AXA Ocean Education Live lessons |
| Other ocean achievements | <ul style="list-style-type: none"> 48 colleagues joined the AXA Ocean Ambassadors 2,619 colleagues participated in climate and ocean-related webinars, including Earth Day, World Ocean Day, Ocean Risk Initiative Learning Week event |
| Carbon Reduction Strategy | <ul style="list-style-type: none"> 25% reduction target set for AXA XL's Carbon Footprint by 2025. |

Financial Resilience

| Program | Statistic/figures |
|----------------|--|
| Legal pro bono | <ul style="list-style-type: none"> 249 hours of legal pro bono volunteering completed by AXA XL colleagues |
| Plan India | <ul style="list-style-type: none"> 408 young people enrolled, the majority female, in Plan India's vocational training program, Saksham |



Access to Water

| Program | Statistic/figures |
|------------------|---|
| WaterAid | <ul style="list-style-type: none"> 981 people in the Fatehpur district, northern India, now have access to handwashing facilities and safe drinking water across seven schools 5 accessible toilets installed in 5 schools as model facilities in the district, meaning 605 children now have access to a safe, accessible toilet 2,108 students reached with hygiene messages |
| Client Education | <ul style="list-style-type: none"> 5 Water Advisory Group meetings held in 2021 |

Hearts in Action

| Program | Statistic/figures |
|---------------------------------------|--|
| Hearts in Action Overall | <ul style="list-style-type: none"> 620+ nonprofits supported |
| Global Day of Giving | <ul style="list-style-type: none"> 3067 colleagues took part in Global Day of Giving 13,990+ hours of volunteering by AXA XL colleagues 125 nonprofits supported through GDoG |
| Regional Charity Committees | <ul style="list-style-type: none"> 200 colleagues are members of Hearts in Action committees across 28 countries |
| Regional Grant Program | <ul style="list-style-type: none"> \$770k donated through Regional Grant Program 93 grants given to nonprofits across 19 countries |
| AXA Week for Good | <ul style="list-style-type: none"> 3,458 colleagues enrolled in Week for Good activities 2 global webinars hosted with our charity partners, RedR and Plan India \$4,200+ raised for RedR, Plan India and WaterAid through double-match campaign 488 colleagues took part in plogging (picking up litter whilst jogging) |
| Matching Gifts | <ul style="list-style-type: none"> 490 colleague donations matched \$135,000+ matched by AXA XL |
| Volunteering Leave & VolunTree Heroes | <ul style="list-style-type: none"> 3,195 trees planted in 2021 through our VolunTree Heroes program |

How we contribute to the Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals aim to build a more sustainable future for people and planet by 2030. AXA XL is playing its part in making these goals a reality, in the following ways:



Goal 4

Ensure inclusive and quality education for all and promote lifelong learning (4.5)

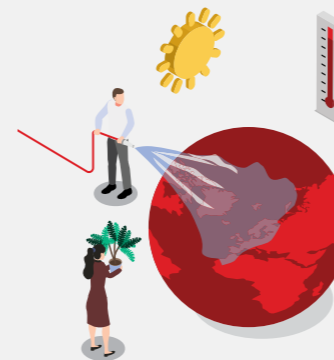
Our collaboration with Plan India facilitated training in vocational and work-readiness skills for 740 unemployed young people through intensive classroom courses. This led to paid employment offers for 498 (67%) young people including 296 (60%) girls, demonstrating our commitment to financial inclusion.



Goal 6

Ensure access to water and sanitation for all (6.1, 6.4 and 6B)

Through our project with WaterAid in North India, we have reached nearly 6,000 people with a piped water supply, and a further 2,400 people with improved sanitation facilities and hygiene training. Separately, our research with Penn State University is exploring ways drought risk can be better managed in the most vulnerable communities.



Goal 11

Make cities inclusive, safe, resilient and sustainable (11.5)

Our focus on disaster management includes preparedness, relief and long-term recovery. In 2021 our partnership with RedR enabled the delivery of climate risk assessment and ecosystem-based adaptation training in addition to Climate Change Adaptation and Disaster Risk Reduction (CCADRR), reaching more than 7,000 beneficiaries in the Philippines, Bangladesh and East Africa



Goal 13

Take urgent action to combat climate change and its impacts (13.1 and 13.3)

In 2021 our climate research with academia included identifying correlations between flood and cyclone frequency, publishing our findings on North Atlantic hurricane data to understand how we can better manage these risks in the future and assessing real-time wildfire risk in order to produce a near-term forecasting model.



Goal 14

Conserve and sustainably use the oceans, seas and marine resources (14.2)

In 2021 we launched the Coastal Risk Index (CRI), an innovative tool that maps potential flood hazards along the world's coastlines. The CRI will enable communities, investors and clients to better understand coastal hazards, and policymakers to introduce more comprehensive regulations to protect and restore natural coastal assets such as mangroves.



Goal 15

Sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss (15.1)

We're partnering with The Nature Conservancy to assist in the creation of "Blue Carbon Resilience Credits", which will fund the protection of coastal wetlands. The first seagrass offsets in the world have now been generated as a result of this project.



Climate Change

Climate Leadership is one of the five pillars of AXA Group's Driving Progress 2023 strategy. At AXA XL, we believe we have a responsibility to help clients and communities manage the impacts of a changing climate, promote greener practices; support the protection of natural assets and biodiversity, as well as reduce our own environmental footprint through science-based carbon reduction targets.

In November, we joined the 2021 United Nations Climate Change Conference (COP26) in Glasgow, Scotland, to drive action on climate change. AXA XL sponsored the Resilience Hub, a space dedicated to identifying best practices to build resilience to climate change, delivering workshops showcasing our commitments to ocean protection and water resilience.

Encouraging sustainability through our products and practices

At AXA XL, we believe helping our clients understand their future business risks is as important as addressing their current insurance challenges. This begins with a mutual commitment to sustainability principles and practices that will protect their businesses and the environment.

Providing innovative financing

In 2021, AXA XL played a key role in helping Belize reduce its debt burden and generate funding for expanded marine conservation through “Blue Bonds for Ocean Conservation,” a joint effort with the U.S. International Development Finance Corporation (DFC), The Nature Conservancy and Credit Suisse. This award-winning transaction helped Belize gain immediate relief from a high debt- service burden by buying back their existing debt at a discount, and thereby tripling the country’s budget for marine conservation programs during the next two decades.

In January 2022, AXA XL participated with other financial services companies to provide an innovative financing solution to MFX Currency Risk Solutions (MFX), a socially-oriented company that supports impact investing in emerging and developing countries. By insuring a portion of the transaction, MFX can continue to serve the highest growth impact sectors like clean energy and housing that increasingly have a need to lend in local currencies within emerging and developing economies.

Protecting more than fish in the sea

The health of our ocean is vital to the health of the planet. Billions of people depend on the ocean for their nourishment and livelihoods, and we are committed to protecting these essential ecosystems. For example, it’s estimated that one in five of the fish caught globally is caught illegally. Not only does this illegal activity cost the global economy more than \$20 billion every year, but it also increases ocean risk by damaging the sustainability of ocean biodiversity. It also threatens fragile natural habitats and the welfare and livelihoods of the often vulnerable communities that depend on them.

Illegal, unreported and unregulated (IUU) fishing has a clear effect on the sustainability of ocean fish stocks. It upsets the delicate balance of the ecosystems in which those fish exist. Illegal fishing also generates litter in the ocean and the problem of “ghost gear,” whereby abandoned, lost or otherwise discarded fishing gear (ALDFG) results in the unintentional death of other marine life.

There are many related socio-economic effects, too. Fishing makes up a large proportion of the world’s economy, and many of the people who fish for a living are in developing economies; others are migrant workers. IUU fishing is linked to human trafficking and human rights abuses, as illegal operators seek to exploit these vulnerable individuals.

In 2017, AXA signed the Oceana and United Nations Environment Programme Finance Initiative (UNEP FI) Insurance Industry Statement Against IUU Fishing which, among other things, outlines best practices for insuring fishing vessels. This agreement helps ensure that insurance companies are not unwittingly covering vessels engaged in IUU or other illegal activities.

Over the past year, AXA XL also has been working with project partners in the Ocean Risk and Resilience Action Alliance to help improve the way vessels are evaluated for insurance purposes and to ensure that criteria on IUU fishing are included in underwriting guidelines.



Investing \$1 million for a blue carbon future

Coastal wetland ecosystems lined with mangroves, seagrasses and tidal marshes along the world’s coastlines play a critical role in protecting the environment. They capture vast amounts of carbon and act as protective flood barriers when storms strike by absorbing incoming wave energy, often at lower costs than artificial infrastructures like seawalls and levees.

The carbon these wetlands sequester, known as “blue carbon”, can remain in the soil for thousands of years and is one of the longest-term natural solutions to mitigating climate change.

Research produced by AXA XL’s partner The Nature Conservancy (TNC) indicates that nature-based coastal resilience can save communities hundreds of millions of dollars when severe weather strikes, reducing flood damage by up to 29%. With 40% of the world’s population living within 100 kilometers of the coast, there are significant climate-related risks as sea-levels rise and flooding occurs.

To date we have donated \$1 million to TNC to support the development of a brand new concept: Blue Carbon Resilience Credits. These credits would, for the first time, value the combined carbon sequestration and resilience benefits provided by coastal wetland ecosystems. The development of blue carbon credits will tap into the carbon credit marketplace that has traditionally focused on terrestrial credits and enable carbon finance to support these critical habitats over the long term. The resilience credit, purchased with the blue carbon credit or separately, will quantify and invest in the added risk reduction benefits of shielding coastal communities from natural disasters, conserving and restoring our natural ecosystems to their full potential. As a result of the work, TNC is on track to generate the first seagrass offsets in the world.



An ocean’s worth of education

AXA XL has long been focused on bringing ocean literacy to the classroom. One such offering, AXA’s Arctic Live, aims to enhance “working scientifically” skills, encourage environmental stewardship and inspire future careers. In its eighth year, Arctic Live ran for 10 days in June 2021, connecting over 30,000 students internationally with the latest research on the polar regions as well as providing a broader range of students with insight into science and life in the frozen north.

Although produced remotely due to travel restrictions imposed by the COVID-19 pandemic, Arctic Live 2021 featured 22 live sessions and speakers from the British Antarctic Survey, Plymouth Marine Laboratory, Mediterranean Institute of Oceanography, and Universitat de Barcelona. The lessons were developed to align with specific age-based curricula and included some delivered to French- and Spanish-language audiences. In all, students joined from 15 countries in North America and Europe.

In total, AXA XL’s Ocean Education program reached 1.5 million students in 2021, we also officially launched our partnership with UNESCO to drive ocean literacy as part of the United Nations Decade of Ocean Science with the support of a government tool kit, which will help policymakers incorporate the ocean into national and local education curricula.

In total, AXA XL’s Ocean Education program reached more than 1.5 million students in 2021, and in a survey of teachers using the classroom materials, more than 90 percent of respondents agreed or strongly agreed that the program improved students’ knowledge about the ocean; improved their desire to learn more about the ocean; and increased the ability to teach effectively about the ocean.

We also welcomed 50 new AXA XL colleagues as Ocean Ambassadors, who shared our education resources with schools, spoke at public events before more than 11,000 attendees, joined our webinars throughout the year, and participated in World Ocean Day activities. Our network of ambassadors volunteer their time and expertise to help increase ocean awareness and highlight AXA XL’s leadership in addressing ocean risks and climate change, while building resilience in vulnerable communities.

We also continued the final phase of our Ocean Risk Scholarships program, which sponsors ocean science doctorate students, and supported several students in publishing their research, including thought-provoking papers on ocean acidification in the Arctic and predicting iceberg risk.

Continuing our work on climate research

In 2021, we continued our commitment to climate research and the impact it has on insurance, people and property. Through our science team, we supported various projects with academia and our industry to capture climate variability and trends to increase resilience to the perils, and to bring the academic work closer to existing risk models. Our research highlights include the following:

- Our partnership with the University of Quebec in Montreal, entering its third year, seeks to find correlations in global flood and cyclone frequency to better understand trends both historically and predictively into the future.
- We published our work with the University of Exeter to re-imagine risk from North Atlantic hurricanes using historical re-forecast data.
- We also engaged with the The Leverhulme Centre for Wildfires, Environment and Society in London to assess real-time wildfire risk and produce a model which can “nowcast” (near-term forecast) wildfire risk. The Leverhulme Centre is transforming the scientific and practical understanding of wildfire as an intersection of social, ecological and physical processes, and becoming the go-to-place for wildfire research and expertise worldwide.

Researching natural disaster recovery

Natural catastrophes have played a prominent role throughout history, and each one has something to teach us. For instance, we’ve learned to use dams and levees to control flooding and how buildings are built to better withstand earthquakes, fires, storms and flooding. However, engineering solutions can only go so far, and natural disasters continue to exact a fearsome and escalating toll on environments, communities and economies. Annual global losses from catastrophes rose from an average of \$27 billion in 1970-80 to nearly \$200 billion in 2010-19.

While there is an ever-growing body of knowledge and data about preparing for and responding to various natural disasters, what we’ve learned about the recovery phase following them is mostly anecdotal. That was the background for extensive research into the socioeconomic impacts of natural disasters conducted over the past three years by the Centre for Risk Studies at Cambridge Judge Business School (CCRS). Through a collaboration with AXA XL, the research sought to better understand how insurance influences the pace and quality of recovery and how it has the potential to build resilience.



Assessments of natural disasters inevitably focus on the relevant severity; however, severity is only one aspect of a disaster. Individual events can better be understood as a mosaic that includes the scope, severity and duration of the event; the impacts on property and the environment in the affected area; and the political, economic and social context within the country/region.

The Cambridge Centre for Risk Studies Disaster Recovery Hub, developed in partnership with AXA XL, builds on years of data collection and research. It explores the socioeconomic dynamics of numerous global natural disaster events to understand and quantify disaster recovery and support disaster risk reduction. Using a catalogue of more than 100 major disaster case studies from across the globe helps assess the impact insurance has played and can play in the complex process of economic recovery from a catastrophe. This valuable tool allows our clients to focus on gaps that can impede the speed and quality of recovery and, in an increasingly connected world, have long-term effects on the international economy, financial markets and global corporations.

Mapping coastal risk

The ocean is changing faster than at any other time in history. The combined impacts of climate change and expanding coastal development have meant that coastal communities are facing increased ocean-related threats. Studies predict that rising seas and more dangerous storm surges could cost coastal urban areas more than \$1 trillion annually by 2050, and that coastal flooding will increase in almost all regions of the world by mid-century. As a result, coastal communities need to build resilience to our changing climate. Marine ecosystems, such as coral reefs and mangroves play a significant role in reducing flooding and storm surge hazard to coastal communities. These ecosystems also provide essential co-benefits, such as sequestering carbon, reducing coastal erosion, sustaining biodiversity, and supporting local industries and the livelihoods of many millions of people who depend on them.

Despite their critical role in protecting seaside communities, coastal ecosystems are undervalued and largely unaccounted for in insurance risk models and disaster risk reduction strategies. To help us better understand the impact of harming these environments, AXA XL in 2021 launched the Coastal Risk Index (CRI), an innovative tool that maps potential flood hazards along the world’s coastlines. The CRI shows flooding in current coastal conditions, as well as projections to 2030 and 2050 in various climate change scenarios.

We’ve worked closely with science partners at IHE Delft in the Netherlands and the University of California-Santa Cruz to develop the data in the CRI, which integrates a new methodology that allows us to quantify the importance of mangroves and coral reefs in reducing flooding and protecting vulnerable communities. We have also collaborated with teams across AXA XL, AXA Research Fund, AXA Climate, and AXA Group Risk Management – building robust insights for:

- Communities to understand coastal hazards and make strategic investments in long-term solutions
- Investors and private and public sector clients to better understand and manage their exposure to coastal flooding
- Policymakers to assess current and future flood risk, leading to more comprehensive regulations to protect and restore natural coastal assets

Investing in community disaster management

AXA XL understands the importance of building resilience to natural disasters and is committed to doing our part to help support vulnerable communities at risk of disasters.

To do this, AXA XL supports nonprofit organizations focused on reducing the impacts of these natural, and sometimes man-made, large-scale disasters. We support projects across the disaster management cycle, from preparedness to relief and long-term recovery.



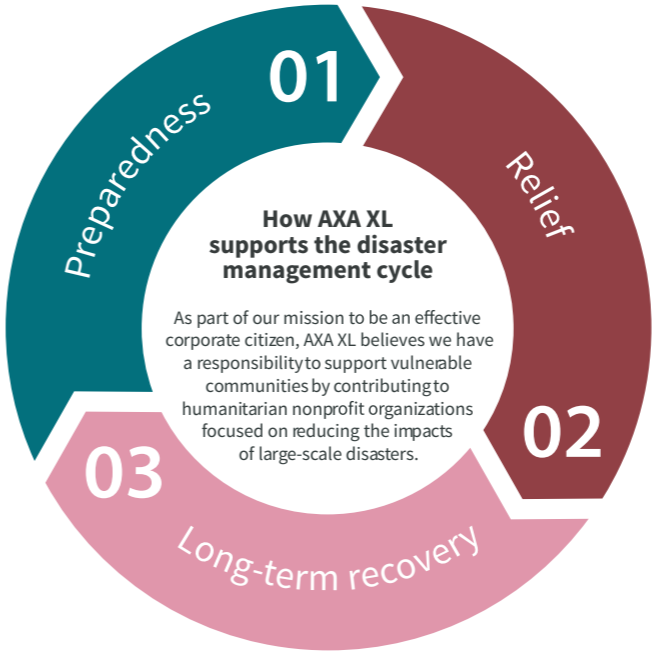
Preparedness

The nature of AXA XL’s business is to help clients prepare for and mitigate risk, and we believe we can do the same for at-risk communities.



Long-term recovery

AXA XL also considers communities displaced as a result of disasters and the support they need to re-build their lives, their livelihood and their wellbeing.



Relief

AXA XL supports disaster relief efforts for natural disasters and certain large scale humanitarian crises. We respond where there is an urgent call for swift international humanitarian assistance. Our disaster relief nonprofit partners are the American Red Cross and Save the Children (UK). Both organisations aim to alleviate human suffering in the face of emergencies by providing care, shelter, and essential items such as food and hygiene kits.

Preparedness

Since 2019, disaster preparedness charity RedR UK has been offering an innovative training program on Climate Change Adaptation and Disaster Risk Reduction (CCADRR) in climate-vulnerable countries with funding from AXA XL. The participants are from NGOs, governments, private organisations and community-based organisations, which are on the frontlines for disaster management. In 2021, 113 participants from the Philippines, Bangladesh and East Africa received the six-week course which aims to equip participants with the knowledge and skills to respond to – and advocate for – improved action around climate change adaptation and disaster risk reduction. In 2021 RedR UK also developed and delivered a series of shorter, advanced modules to build skills in specific areas such as climate risk assessments and ecosystem-based adaptation. A total of 214 participants completed the advanced topics. The programs received consistently positive feedback with over 99% of participants rating the course ‘excellent’ or ‘good’.

We have continued to see a big impact of the program, with participants putting their new knowledge and skills into practice, from mapping climate hazards in the Philippines to natural resource management in South Sudan. Advocacy and ensuring the cascading of participants’ knowledge continue to be important elements of the project, with participants encouraged to share their learning with their communities and colleagues. Many kept in touch with RedR UK and each other after the end of their course, participating in a knowledge sharing forum, impact workshop, case studies and surveys. As a result of this wider dissemination, RedR UK estimate that a total of 7138 people were reached indirectly during 2021.

Relief

AXA XL supports relief efforts for natural disasters. In 2021, we responded with financial aid to the American Red Cross after Hurricane Ida struck the southeast coast of Louisiana with 150 mile-per-hour winds, making it the fifth strongest hurricane to ever hit the U.S. mainland.

We also donated to the relief efforts when deadly tornadoes cut a swath through a 250-mile area of southern and midwestern U.S. states in December 2021, leaving roads devastated, thousands of homes severely damaged and many households seeking refuge. We also supported the disaster response to a 7.2 magnitude earthquake in Haiti, contributing to Save the Children UK. The quake injured more than 12,000 people, left more than 30,000 people without a roof over their heads, and nearly 700,000 people in need of humanitarian assistance.

We also responded with financial assistance for those affected by the COVID-19 pandemic. When a devastating second wave engulfed India in April and May 2021, new cases soared to over 400,000 at the peak and many hospitals ran out of medical supplies and beds to care for the victims. Our contribution to Save the Children UK’s emergency fund helped support health clinics and health workers with equipment and families with cash, food and other essentials like hand sanitizer.

Long-term recovery

The UN reports that more people are displaced now than in the aftermath of WW2, and that the global displaced population is larger than the entire population of the UK. Each month people migrate to the UK either for safety as a result of disasters, conflict, or disease or as a result of extreme poverty. The global pandemic caused delays in people moving through the UK system to seek asylum, resulting in a sharp rise in the number of people left without basic information, support, or access to healthcare.

The British Red Cross is the UK’s largest independent provider of services for refugees, asylum seekers, vulnerable migrants, and survivors of trafficking. Every year this service supports over 40,000 vulnerable migrants at every step of their journey, from arrival, to gaining refugee status, to integrating into the community. At centres across the country their dedicated staff and volunteers offer a safe place to seek practical, emotional, and social support to re-empower asylum seekers and refugees with the tools they need to thrive in our communities.



Progressing our Carbon Reduction Strategy

Our carbon reduction strategy, launched in 2020, outlines AXA XL’s overarching decarbonization goal: to reduce our carbon emissions by 25% by 2025, as well as the objectives we’ve established to drive progress toward that goal and the roadmap we will follow. The goals set by AXA XL are defined as “science-based,” meaning that they were developed in line with the scale of reductions required to keep global warming well below 2 degrees Celsius above pre-industrial levels, as well as pursuing efforts to limit warming to 1.5 degrees Celsius.

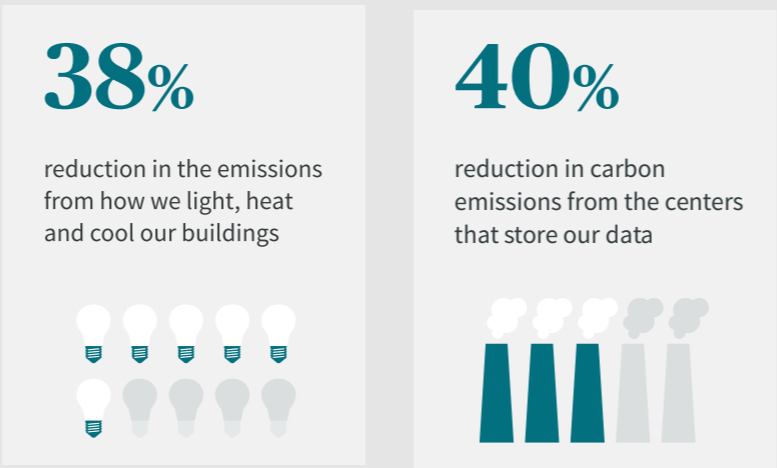
To this end, we’ve identified three main pillars within our direct environmental impact: the energy we use, the movement of our people and the resources we consume. Within each pillar, we have established sub-targets for the main impact areas – the four sub-targets established under pillars 1 and 2 are absolute greenhouse gas reduction targets. The sub-targets established under pillar 3 focus on resource consumption (on an intensity basis) to reflect their environmental importance.

In 2021, we split our company targets by region and developed a carbon reduction modelling tool (with training) for regional stakeholders who are now responsible for building a customized roadmap to achieve local goals by 2025. The tool allows each region to input various carbon-reducing initiatives, such as cutting business travel or increasing the use of renewable energy, to achieve a specific goal, so users can easily see how efforts will translate to carbon savings.

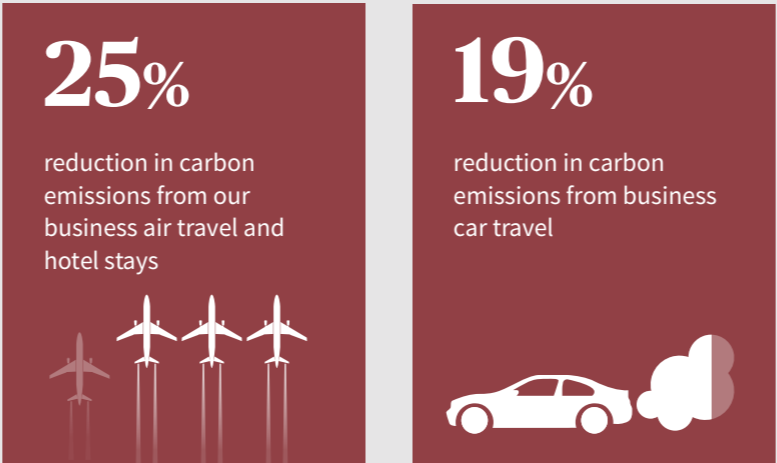
We’ve introduced or developed the following actions over 2021:

- Modified our travel policy to restrict the class of air travel permitted, depending on the length of the journey. Lower-class levels of air travel produce lower emissions.
- Began installation of motion sensor water taps and sensor lighting to reduce water waste and unnecessary electricity consumption
- Continued to roll out energy-efficient LED lighting to more offices
- Began negotiations with building managers to transition to renewable energy as soon as possible across many of our sites, with some offices able to introduce green tariffs
- Transitioning our auto fleet to electric vehicles (EVs) globally
- Stocked our London office with compostable cutlery and packaging options (alongside our reusable cutlery) for take-away use
- Updated our food menus in staff dining areas to better match the new hybrid work models that create less predictable numbers of employees in the office, translating to less food waste

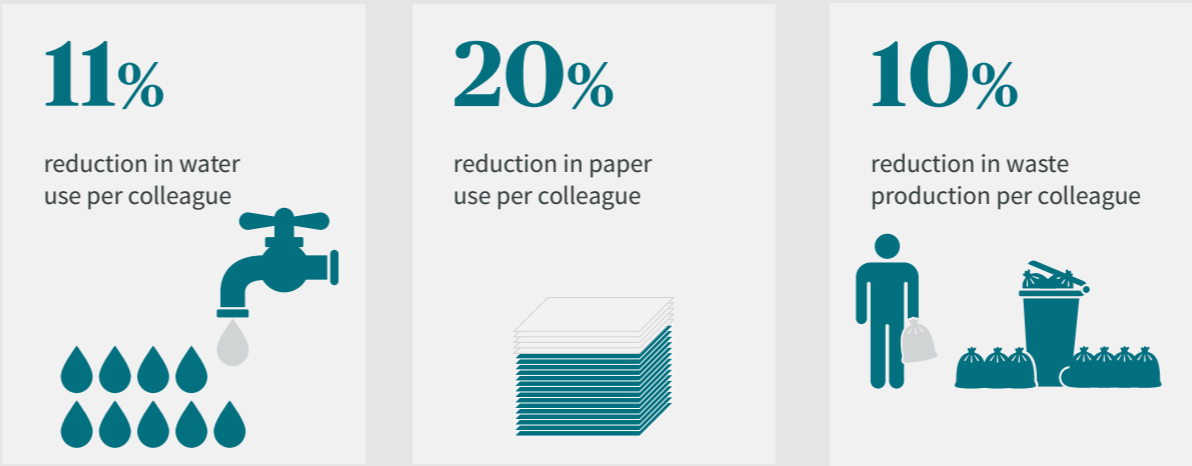
1. The energy we use



2. The movement of our people



3. The resources we consume



Our carbon tax on air travel

Air travel is consistently the biggest contributor to our carbon footprint, so since January 2020 a “green contribution” charge of US\$100 per tonne of CO2 emissions has been applied to each AXA XL traveler’s corporate budget for all business flights. This funds internal initiatives across AXA XL to reduce our environmental footprint, as well as the purchase of carbon credits to offset our travel emissions.

In 2021, the Green Contribution funded the development of a carbon reduction modelling tool and training for regional users. After users input a set of carbon reduction initiatives (for example, switching to renewable energy), the tool will calculate the carbon savings and determine whether the initiatives collectively will achieve their set regional goals.

In 2022, we are exploring installing water meters at our London office to improve understanding and reporting on water usage; installing a bike repair station at our Paris office to encourage colleagues to cycle to work; and funding a paper reduction campaign in our Dublin office which will fund tree planting through The Nature Conservancy for any reduction in paper usage.



Our 2021 Carbon Footprint

| | | | | | |
|------|--|--|---|---|---|
| |  |  |  |  |  |
| 2021 | <div>Total emissions</div> <div>22,850 tCO₂e</div> <div>(Δ 26%)</div> | <div>Travel emissions</div> <div>1,851 tCO₂e</div> <div>(▽ 61%)</div> | <div>Energy consumption</div> <div>31,029 MWh</div> <div>(Δ 17%)</div> | <div>Business travel</div> <div>8,6 million km</div> <div>(▽ 70%)</div> | <div>Headcount</div> <div>7,339 FTE</div> <div>(▽ 6%)</div> |
| 2020 | <div>Total emissions</div> <div>18,122 tCO₂e</div> <div>(▽ 60%)</div> | <div>Travel emissions</div> <div>6,125 tCO₂e</div> <div>(▽ 82%)</div> | <div>Energy consumption</div> <div>26,409 MWh</div> <div>(▽ 17%)</div> | <div>Business travel</div> <div>28,3 million km</div> <div>(▽ 77%)</div> | <div>Headcount</div> <div>7,816 FTE</div> <div>(▽ 6%)</div> |
| 2019 | <div>Total emissions</div> <div>45,509 tCO₂e</div> <div>(▽ 16%)</div> | <div>Travel emissions</div> <div>34,301 tCO₂e</div> <div>(▽ 10%)</div> | <div>Energy consumption</div> <div>31,694 MWh</div> <div>(▽ 28%)</div> | <div>Business travel</div> <div>125,6 million km</div> <div>(▽ 5%)</div> | <div>Headcount</div> <div>8,327 FTE</div> <div>(Δ 1%)</div> |
| 2018 | <div>Total emissions</div> <div>54,568 tCO₂e</div> <div>(▽ 8.1%)</div> | <div>Travel emissions</div> <div>37,983 tCO₂e</div> <div>(▽ 11.2%)</div> | <div>Energy consumption</div> <div>44,458 MWh</div> <div>(▽ 15.8%)</div> | <div>Business travel</div> <div>118,9 million km</div> <div>(▽ 15.8%)</div> | <div>Headcount</div> <div>8,259 FTE</div> <div>(Δ 7.6%)</div> |

We calculate our annual carbon footprint using a full year of collected data (January–December) and report on this the following year. For this report, we are including detail related to our 2021 footprint. AXA XL has a clearly defined internal protocol, which is reviewed annually to ensure that any business changes are noted for the reporting period. We report annually and publicly on our carbon footprint through our annual Sustainability report, the ClimateWise Principles, and other climate change related disclosures.

For our 2021 footprint, AXA XL experienced an increase in total carbon emissions from 2020 as colleagues returned to the office and onsite energy consumption increased. To address this in future years, AXA XL will review offices with high energy intensities to identify opportunities for reductions and engage more with landlords on sustainability, including renewable energy purchasing and data collection.

Waste volumes have also increased in 2021, in part due to office refurbishments, and we plan to investigate opportunities to divert this waste from landfill in future refurbishments.

However, there were continued reductions in business and air travel, total water consumption, and paper usage. AXA XL aims to continue making progress on these metrics by encouraging virtual meetings, installing water meters to improve data quality and to address locations with high water use, as well as shifting towards a paperless workplace.

In 2021, AXA XL also incorporated remote working data estimations within our scope 3 emissions reporting, using a standard from our third-party environmental reporting partner, Ecometrica. AXA XL continues to refine this methodology and review our operations to ensure a comprehensive view of our emissions.

Avieco was commissioned to independently verify 100% of our greenhouse gas (GHG) emissions to a limited level of assurance, as defined by the standard ISO 14064 — part 3. An agreed materiality threshold of 5% at emissions source, and/or global emissions level was applied.

We continue to offset our carbon footprint through the purchase of carbon credits with The Nature Conservancy.

Engaging our colleagues

Achieving our Carbon Reduction Strategy will take big little steps from everyone at AXA XL. We’re proud to have colleagues around the world dedicated to incorporating sustainability into their personal and professional lives, which aligns with our work as a company to reduce our climate and environmental footprint.



“Climate can connect all the way back to 4,000 years ago. I didn’t think that it was possible to know that our history can determine our lifestyle and we can affect the future.”

Virtual participant,
2021 Youth Climate Summit Bermuda

Activating our Green Committees

Colleagues around the world are encouraged to join, or set up, Green Committees, which are made up of environmentally minded peers who help drive green behaviors and initiatives locally. As part of our overall carbon reduction strategy, our Green Committees operate in Bermuda, Dublin, London, India, the United States and Zurich.

Spotlight on our United States Green Committee

In 2021, our United States committee demonstrated their commitment by:

- Creating a resource for employees in the United States to learn about and get involved in AXA’s global efforts promoting green businesses and curbing the impacts of climate change.
- Launching our AXA One Earth guest speaker series where leading NGOs such as Al Gore’s Climate Reality Project and innovative green companies including e-recycler Terracycle spoke to employees about grassroot efforts to slow climate change and promote customized recycling solutions.
- Eliminating plastic water bottles in the New York City office and working to remove all plastic utensils in offices across the United States.
- Launching a “Think before you Print” poster campaign to reduce paper use.

Empowering the next generation of climate leaders

The Bermuda Underwater Exploration Institute (BUEI) has been educating and inspiring the community on ocean-focused environmentalism and marine history for nearly 25 years. Its vision is to ensure our oceans are “understood, appreciated and protected” through hands-on experiences, education and exploration. BUEI is also the national operator of the Eco-Schools Bermuda program, recognized by the United Nations for its dedication to sustainable development education.

As a “transformational founding partner,” AXA XL is committed to supporting BUEI’s efforts to engage people of all ages in meaningful discussion about climate change and the need to act swiftly to save our marine environments. As part of that involvement, in 2021 we sponsored Bermuda’s first Youth Climate Summit (YCS) to prepare and empower students ages 13-22 to address climate issues on a local level. Nearly 200 Bermuda youth interacted with local and global experts, leaders and activists in the fields of environmental conservation, sustainability and climate justice, including speakers from AXA XL’s local leadership team. The week-long event culminated with students launching their own initiatives in partnership with local NGOs, the foundation of a year of youth-led initiatives intended to safeguard these delicate ecosystems.

Making every day earth day

For Earth Day 2021, the Sustainability Team ran a campaign to highlight AXA XL’s commitments to address climate change and restore biodiversity. Highlights of the day included raising donations for The Nature Conservancy; a panel discussion on the company’s various climate and biodiversity efforts; and external education programs for which employees could volunteer. We also published the Restore Our Earth Guide, a collection of tips submitted by our employees to reduce their carbon footprint and live a “green” lifestyle.



“Replace incandescent lights with LEDs. They are much brighter and use less energy.”

Christian Dierks,
APAC & Europe

“Try reusable water bottles instead of single-use plastic bottles which contribute to excessive waste and pollution.”

Camille Bonnet,
APAC & Europe



“Plant trees and plants. It not only helps the environment, it’s also therapy for the individual taking care of them.”

Surabhi Kapur,
APAC & Europe

“Companies across the world should consider allowing employees who are able, to work from home, reducing emissions, traffic noise, and fuel consumption from commuting into the office.”

Janet Shipes,
Americas

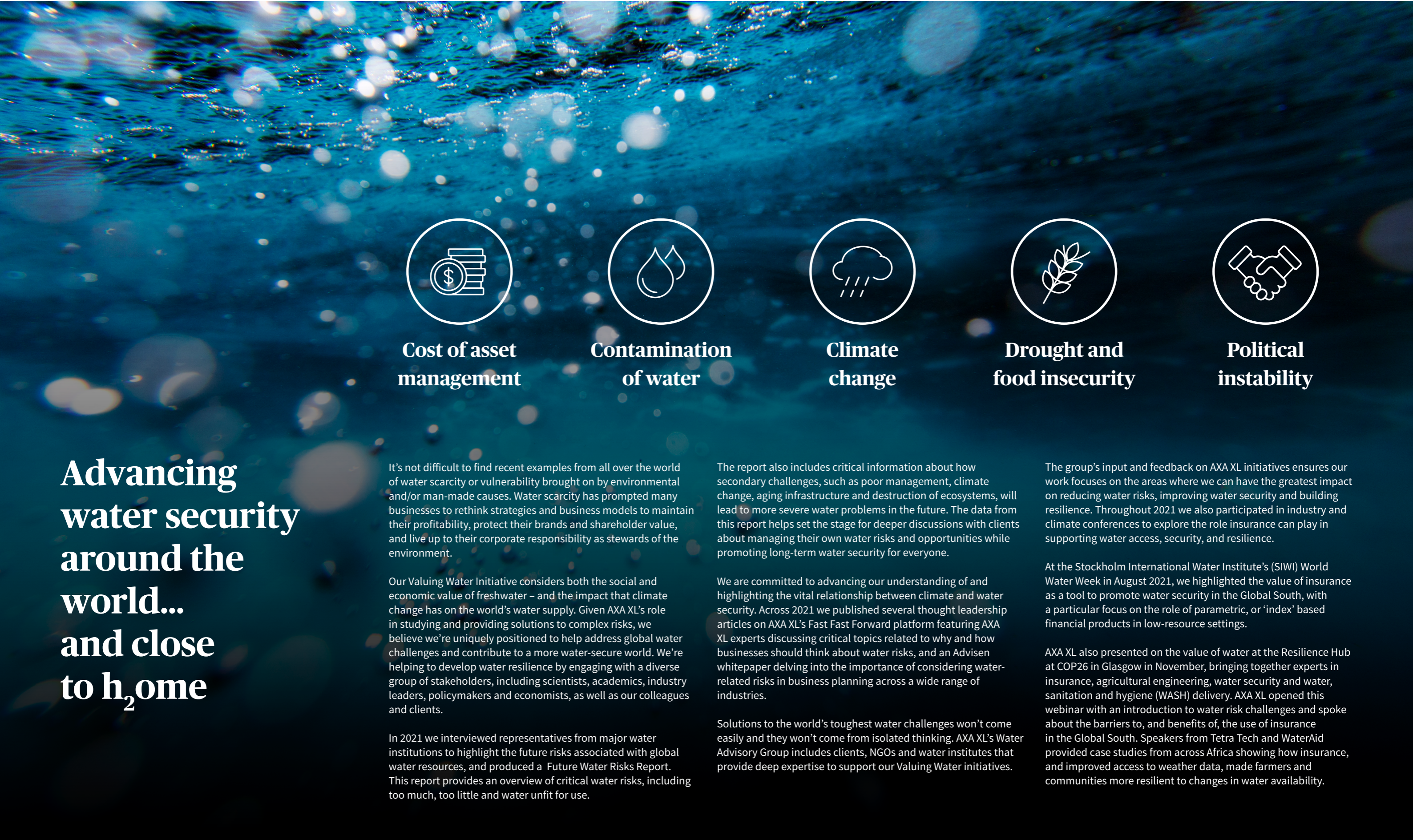




Access to Water

While Earth is mostly made of water, about 97 percent is salt water, making fresh water one of our planet's most precious resources. Whether for drinking, hygiene or food and energy production, water availability affects people, personal and commercial property, and business operations worldwide.

Today, more than 3 billion people are routinely affected by water shortages, and droughts, floods and unpredictable weather. Surveys by the World Economic Forum and other global institutions have consistently cited water crises – and shortages – among the top risks to society. And, The United Nations predicts a 40 percent shortfall in the global water supply by 2030.



Cost of asset management



Contamination of water



Climate change



Drought and food insecurity



Political instability

Advancing water security around the world... and close to h₂ome

It's not difficult to find recent examples from all over the world of water scarcity or vulnerability brought on by environmental and/or man-made causes. Water scarcity has prompted many businesses to rethink strategies and business models to maintain their profitability, protect their brands and shareholder value, and live up to their corporate responsibility as stewards of the environment.

Our Valuing Water Initiative considers both the social and economic value of freshwater – and the impact that climate change has on the world's water supply. Given AXA XL's role in studying and providing solutions to complex risks, we believe we're uniquely positioned to help address global water challenges and contribute to a more water-secure world. We're helping to develop water resilience by engaging with a diverse group of stakeholders, including scientists, academics, industry leaders, policymakers and economists, as well as our colleagues and clients.

In 2021 we interviewed representatives from major water institutions to highlight the future risks associated with global water resources, and produced a Future Water Risks Report. This report provides an overview of critical water risks, including too much, too little and water unfit for use.

The report also includes critical information about how secondary challenges, such as poor management, climate change, aging infrastructure and destruction of ecosystems, will lead to more severe water problems in the future. The data from this report helps set the stage for deeper discussions with clients about managing their own water risks and opportunities while promoting long-term water security for everyone.

We are committed to advancing our understanding of and highlighting the vital relationship between climate and water security. Across 2021 we published several thought leadership articles on AXA XL's Fast Forward platform featuring AXA XL experts discussing critical topics related to why and how businesses should think about water risks, and an Advisen whitepaper delving into the importance of considering water-related risks in business planning across a wide range of industries.

Solutions to the world's toughest water challenges won't come easily and they won't come from isolated thinking. AXA XL's Water Advisory Group includes clients, NGOs and water institutes that provide deep expertise to support our Valuing Water initiatives.

The group's input and feedback on AXA XL initiatives ensures our work focuses on the areas where we can have the greatest impact on reducing water risks, improving water security and building resilience. Throughout 2021 we also participated in industry and climate conferences to explore the role insurance can play in supporting water access, security, and resilience.

At the Stockholm International Water Institute's (SIWI) World Water Week in August 2021, we highlighted the value of insurance as a tool to promote water security in the Global South, with a particular focus on the role of parametric, or 'index' based financial products in low-resource settings.

AXA XL also presented on the value of water at the Resilience Hub at COP26 in Glasgow in November, bringing together experts in insurance, agricultural engineering, water security and water, sanitation and hygiene (WASH) delivery. AXA XL opened this webinar with an introduction to water risk challenges and spoke about the barriers to, and benefits of, the use of insurance in the Global South. Speakers from Tetra Tech and WaterAid provided case studies from across Africa showing how insurance, and improved access to weather data, made farmers and communities more resilient to changes in water availability.



Solving water scarcity in India

To help bring water solutions to some of the world’s neediest, AXA XL is funding a three-year partnership with the international nonprofit WaterAid to bring clean drinking water, improved hygiene and decent sanitation to more than 10,000 people in Fatehpur, a rural water-scarce district in Northern India.

WaterAid has so far worked with state & local governments to provide almost 6,000 people in Fatehpur with clean drinking water by supporting the installation of piped water supply systems. Where piped water is not available, rainwater harvesting, hand pumps, dug wells and community ponds are built or restored. WaterAid trains community groups and local governments on this infrastructure, to manage their own long-term water security through repairs, maintenance, water conservation methods, proper cleaning techniques and water-quality testing.

The project also focuses on schools in the district, installing handwashing facilities, accessible toilets and menstrual hygiene disposal mechanisms to ensure schools are a safe and hygienic place for children and subsequently improving education through the reduction of school days lost to illness. Over 2,400 students have been reached through these interventions.

COVID-19 hygiene promotion campaigns continued in 2021; mobile phones, WhatsApp groups and the public address system were used to raise community awareness on hygiene practices alongside the use of ‘Soap Banks’ to provide soap to Families who can’t afford it.

WaterAid ensures women and young people are also involved in community management and decision making related to water. For International Women’s Day, 5 women from the project community were commended by the District Magistrate in Fatehpur for their work on water conversation, water quality testing and community menstrual hygiene management counselling sessions. Varsha Maurya, one of the women recognized by the district, joined a community meeting organized by WaterAid in 2019 and has been championing water quality and testing in her village ever since. She hopes to start a career in water, sanitation and hygiene and go to other villages to help communities learn about water safety and security.

Access to clean drinking water, sanitation facilities and hygiene promotion not only significantly improves peoples’ health, but also their overall quality of life. Children can stay in education; women can wash and go to the toilet in safety and with dignity; and people have the time and resources to find jobs, learn new skills and run successful businesses, helping them to break free from poverty.

Building resilience through research

AXA XL is funding research to explore ways drought risk can be better managed in the most vulnerable communities. The study, conducted by Pennsylvania State University, involves using a set of livelihood-specific weather indices to calculate risk – and develop resilience programs.

We believe the ability to know which livelihoods and geographies are most affected by multi-year weather patterns will allow increased monitoring, or ‘red flagging’ of vulnerable communities before disaster strikes. Together with experts at the Pennsylvania State University, we are assessing whether reviewing humanitarian perceptions of the factors and processes linking hazards, losses, and impacts can provide the knowledge needed for more effective weather risk management design, reducing the need for costly fieldwork campaigns.

Specifically, the Pennsylvania State University teamed up a remote sensing expert (Dr Helen Greatrex) with a cultural anthropologist (Dr Tatiana Gumucio) to assess how humanitarian interviews and systematic literature review can be used and reformatted in a way that is useful for satellite based index design.

“There are hundreds of weather risk management products available for disaster forecasting and response, but often they are not tailored to the specific needs of the humanitarian sector, or to the specific context of an individual place, making it hard to know which one to trust. We have also seen that poorly designed weather risk management products often lead to low uptake and lost customer trust. If marginalized voices are left out of the design process, this could even lead to accidental increases in inequality and maladaptation. In our project we are first exploring the causal chain from weather hazard to human disasters, and then will use satellites to illustrate those stories. We hope this leads to bespoke index-based products, which directly support humanitarian decision making.”

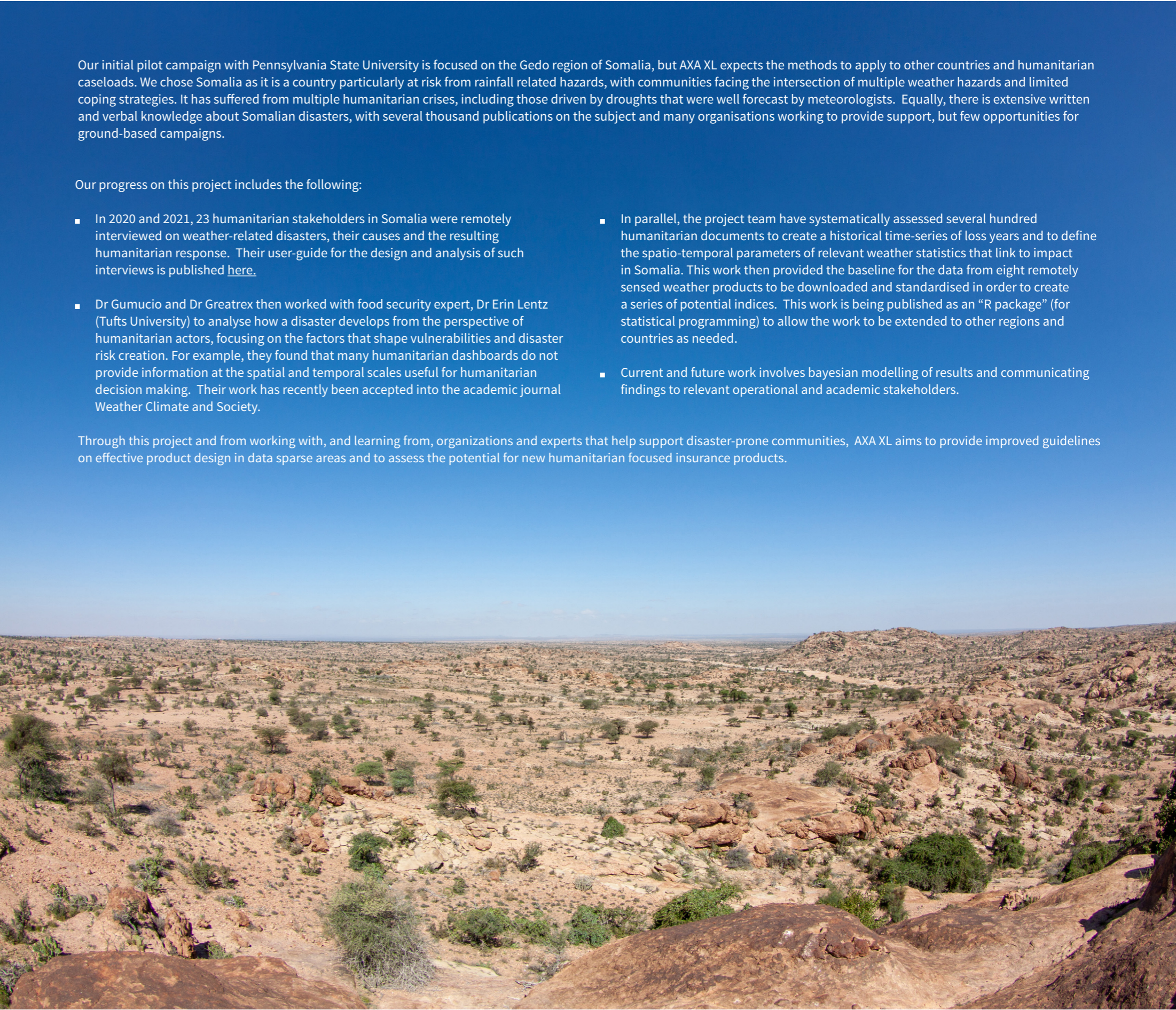
Dr. Helen Greatrex,
Assistant Professor in Remote Sensing and Geospatial Analysis and the Drought Risk Project’s Principle Investigator

Our initial pilot campaign with Pennsylvania State University is focused on the Gedo region of Somalia, but AXA XL expects the methods to apply to other countries and humanitarian caseloads. We chose Somalia as it is a country particularly at risk from rainfall related hazards, with communities facing the intersection of multiple weather hazards and limited coping strategies. It has suffered from multiple humanitarian crises, including those driven by droughts that were well forecast by meteorologists. Equally, there is extensive written and verbal knowledge about Somali disasters, with several thousand publications on the subject and many organisations working to provide support, but few opportunities for ground-based campaigns.

Our progress on this project includes the following:

- In 2020 and 2021, 23 humanitarian stakeholders in Somalia were remotely interviewed on weather-related disasters, their causes and the resulting humanitarian response. Their user-guide for the design and analysis of such interviews is published [here](#).
- Dr Gumucio and Dr Greatrex then worked with food security expert, Dr Erin Lentz (Tufts University) to analyse how a disaster develops from the perspective of humanitarian actors, focusing on the factors that shape vulnerabilities and disaster risk creation. For example, they found that many humanitarian dashboards do not provide information at the spatial and temporal scales useful for humanitarian decision making. Their work has recently been accepted into the academic journal Weather Climate and Society.
- In parallel, the project team have systematically assessed several hundred humanitarian documents to create a historical time-series of loss years and to define the spatio-temporal parameters of relevant weather statistics that link to impact in Somalia. This work then provided the baseline for the data from eight remotely sensed weather products to be downloaded and standardised in order to create a series of potential indices. This work is being published as an “R package” (for statistical programming) to allow the work to be extended to other regions and countries as needed.
- Current and future work involves bayesian modelling of results and communicating findings to relevant operational and academic stakeholders.

Through this project and from working with, and learning from, organizations and experts that help support disaster-prone communities, AXA XL aims to provide improved guidelines on effective product design in data sparse areas and to assess the potential for new humanitarian focused insurance products.



Supporting water supply projects through our Underwriting

AXA XL’s Political Risk, Credit & Bond (PRCB) team reinsured on a facultative basis the African Trade Insurance Agency (ATI), a pan African Multilateral Insurer, in its support of the Government of Angola’s BITA Water Supply Project.

In 2021, in a landmark social development water project in Angola, PRCB’s UK & Lloyd’s team provided comprehensive non-payment facultative reinsurance cover to ATI in support of a World Bank partially guaranteed facility to the Government of Angola for the expansion and improvement of water supply service in the urban and peri-urban belts of Luanda.

The BITA Water Project consists of production, transmission and distribution investments to serve 2 million people and is expected to have overall positive environmental and social impacts by improving the health and environmental conditions of the beneficiaries.

The BITA water project was pursued by the Government of Angola as a national priority investment to develop substantial new water production and supported by the World Bank in its provision of a first loss guarantee facility.

ATI were instrumental in the structuring of the financing between the Government of Angola, the World Bank and lenders.

AXA XL’s facultative reinsurance of ATI’s 2nd loss insurance above the World Bank’s 1st loss guarantee was provided to lenders to cover principal and interest debt service payments due from the Government of Angola to ensure the financial close of this social development project.



Celebrating World Water Day

At AXA XL, our colleagues share a passion for the environment and using what they learn, in turn, to help our clients understand the risks associated to climate change. To celebrate United Nations World Water Day in March 2021, hundreds of our employees participated in organized activities under the theme of ‘valuing water’. These events ignited new conversations and inspired personal commitments to advance our sustainability agenda.

We shared updates and stories about how AXA XL is supporting clients to boost their water resilience and AXA XL and WaterAid’s water, sanitation and hygiene efforts in India. Colleagues were also invited to join a webinar titled “Why the climate crisis is a water crisis”, take a quiz about their own water footprint and participate in the #Water2Me photo competition, which encouraged photo submissions showing what water means to them. World Water Day pledges included donations to WaterAid, which raised more than \$3,000 for the organization.



Financial Resilience

We're in the business of making our clients financially resilient. Through our strategic partnerships with local communities and nonprofits, we're also helping individuals who are unemployed and underemployed better prepare for their financial future. Following two years of a global pandemic that added strain to vulnerable households, the ability to increase financial resiliency, especially for the most vulnerable in our society, is imperative. We're committed to strengthening financial literacy and enhancing financial resilience among families, especially those that live just above the federal poverty line and below a basic cost-of-living threshold.

We're also helping individuals who are unemployed and underemployed be better prepared for future unknowns.

Building capacity to tackle youth and adult homelessness

In 2021, AXA XL continued its partnership with Reinstitute (formerly the Rapid Results Institute), a US-based nonprofit that unleashes the power of frontline teams to create transformative impact on a variety of complex societal issues. Through its “100 Day Challenge” program, Reinstitute works to inspire intense collaboration, rapid innovation, and disciplined execution in pursuit of remarkably ambitious 100 Day goals. The Reinstitute team has pioneered this work with local governments and communities focused on addressing youth and adult homelessness, as well as wider projects to support agencies working in a variety of sectors including criminal justice and healthcare.

A team of high-potential colleagues from across AXA XL supported four counties (“Communities”) in California in their 100-days journeys through co-facilitating workshops with Reinstitute coaches and supporting the Community 100 Day teams. Each of these teams included representatives from the various organizations and agencies serving youth and adults experiencing homelessness in the county. The focus of the teams was to connect members of the community experiencing homelessness to safe and stable housing. As a result of COVID-19, Reinstitute adapted how they engaged their communities, and so AXA XL colleagues supported Reinstitute in producing their first-ever 100% virtual “100 Day Challenges”. While directly supporting Reinstitute’s work, the AXA XL team also launched their own internal 100 Day Challenges, applying the skills and knowledge to address business challenges and contribute to process improvement and innovation.

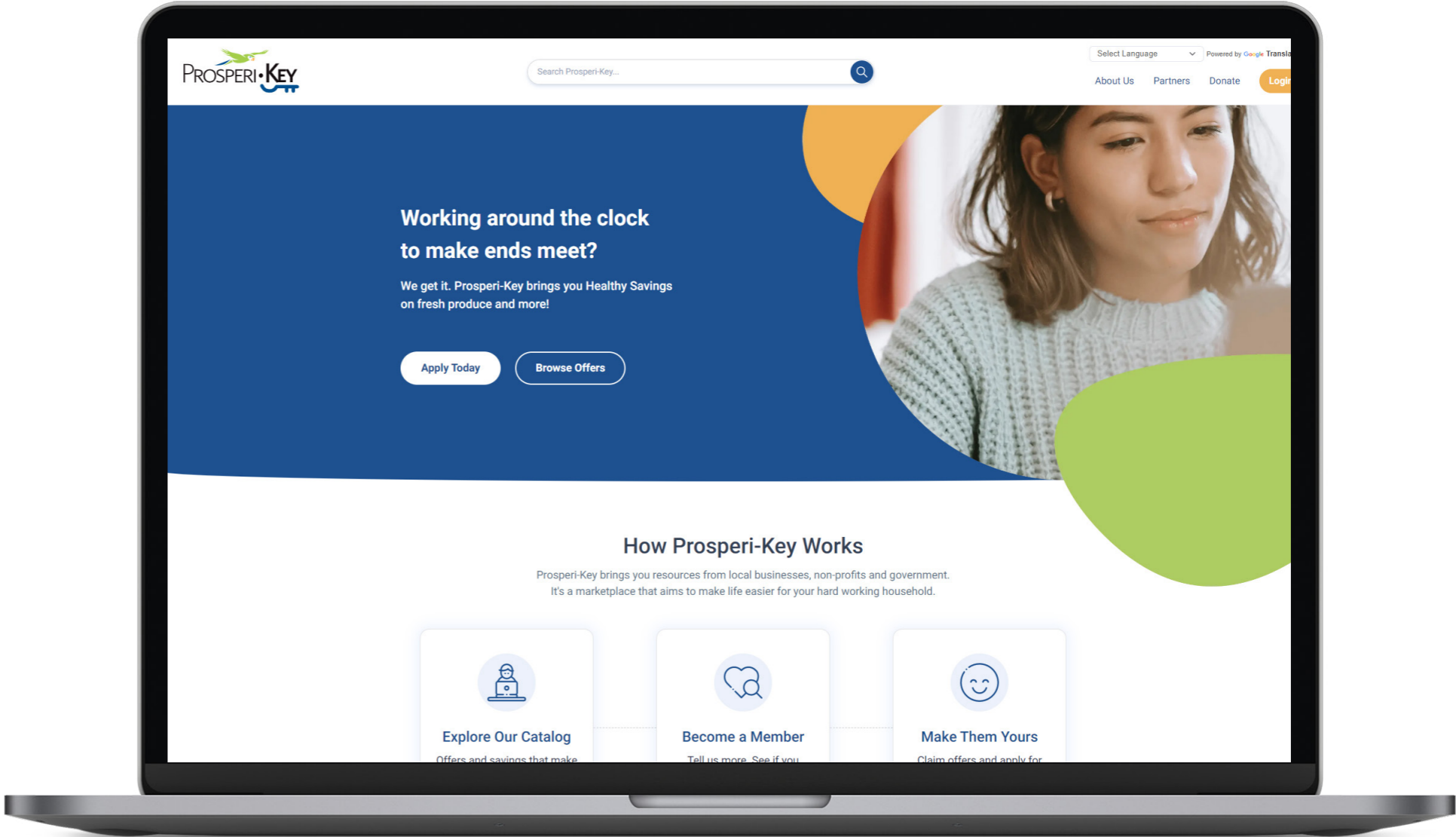


Fighting for financial security

AXA XL continued to be a proud partner of United Way of Western Connecticut’s (UWWC) ALICE® project. UWWC fights for the health, education and financial stability of every member of the local community, with a particular focus on supporting the growing number of hard-working households that do not earn enough to afford basic necessities.

Low wages, tight household budgets and a limited ability to set aside savings all too often means members of our community are one emergency away from financial crisis. These households are Asset Limited, Income Constrained, Employed — or “ALICE”. AXA XL’s support in 2021 enabled the launch of a digital platform called Prosperi-Key, which offers an array of resources for these individuals to access information, advice, career opportunities, special offers and education tools.

The national platform, accessible through a mobile device in multiple languages, will blend online and in-person access to healthcare, educational and workforce opportunities. In addition to financial support to enable the development of the platform, we are working with United Way to create a set of short videos which will be accessible through the platform. The videos will give support on a number of career topics, including networking skills, mental resilience and how to build an effective online presence.



Case studies

Supporting Scholarship - building careers in Bermuda

The AXA XL Scholarship is a four-year full local scholarship open to students who are Bermudian or hold Permanent Resident Certificate status and are working toward a degree in (re)insurance industry related studies.

Since its inception in 1990, the scholarship has been awarded to approximately 40 students. In addition to funding, recipients of the scholarship are offered employment at AXA XL during their summer and winter breaks. Upon completion of their studies, AXA XL Scholars are encouraged to return to Bermuda to share their knowledge and fresh perspectives, as well as take advantage of career building opportunities both in Bermuda and abroad. Many have continued to build successful careers within AXA XL and the industry.



Opening job opportunities to India’s youth

India has a large youth population, and this presents challenges for young people to secure sustainable employment. Youth unemployment – that is to say those aged 15 – 24 years – has been increasing steadily, without taking into account the effects of the pandemic.

In 2021 we continued our support for Plan India’s (“Plan”) “Saksham” (meaning “capable” in Hindi) program, providing the opportunity for young people to gain skills in retail, healthcare or mobile phone repair – three areas where Plan see opportunities for young people to secure work. Plan has also established relationships with a range of local employers in these sectors, helping young people gain permanent opportunities on completion of the program. In addition to the vocational training, Plan also covers general employability training to help the young people develop the soft skills needed to gain and maintain employment. Our funding has been enabling two centres in the Delhi district to operate, with places for 800 young people per year, of which Plan aim to recruit 60% girls.

The extended pandemic impacts in India inevitably resulted in Plan having to close the in-person centers for a period of time. Instead, the Saksham team refocused their efforts on virtual delivery of vocational and work-readiness training to these young adults. As a result of our collaboration with Plan, 740 unemployed young people were trained in vocational and work-readiness skills through intensive classroom-based and virtual courses in 2021. We demonstrated our commitment to financial inclusion by securing paid employment offers for 498 (67 per cent) participants which included 296 (60 per cent) girls. Additionally, AXA XL colleagues participated in 46 virtual volunteer sessions with the young people, focusing on a range of topics, including job readiness, computer literacy and life skills.



Offering pro bono legal services

In 2021, we continued our offering of pro bono legal services to worthy local causes, as AXA XL colleagues accumulated nearly 250 hours of volunteer work. From helping small businesses apply for COVID-19 financial support to representing immigrants seeking U.S. citizenship, these projects allow nonprofits to tap into the expertise of our employees who are familiar with many of the obstacles and resources of the legal system. Since the program began, we have worked on a total of 60 projects, with an estimated in-kind contribution equivalent to more than \$550,000.



250 hrs
of volunteer work

AXA XL

Naturalization Clinic 2021 with My Sisters’ Place

My Sisters’ Place (MSP) is a community services provider based in Westchester County which aims to end domestic violence and human trafficking. The Immigration Law Team within MSP’s Center for Legal Services works with survivors of domestic violence and human trafficking to obtain legal immigration status. Legal status in the U.S. is critical for survivors as they seek to establish safety and independence in their lives. The final step in the immigration system is applying for citizenship, a process called naturalization. This is often the happiest and most rewarding stage for MSP’s clients because it means that they no longer need to fear deportation and are awarded the protections and rights given to all U.S. citizens. For many clients, this is the point in their lives when they are finally able to put much of their past trauma behind them and look forward to the life they have built here.

In February 2021, ten AXA XL volunteers supported a Naturalization Clinic held by My Sisters’ Place, drafting forms, collecting supporting documentation, and preparing four clients for the naturalization process. AXA XL attorneys donated a total of 160 pro bono hours to MSP during their work on these cases. Three of the clients supported have since passed their naturalization interviews and attended their oath ceremonies.

“Thanks to the hard work of the attorneys who participated in this clinic, our clients are now U.S. citizens, and have closed the final chapter of their immigration journey. The time and dedication of our pro bono attorneys is an invaluable asset to the work we do at MSP and makes a real difference in the lives of our clients.”

Javeria Ahmed,
Associate Attorney, My Sister’s Place





Hearts in Action

At AXA XL, we demonstrate our commitment to the communities in which we live and work through many volunteering and giving initiatives. AXA Hearts in Action is a collection of these initiatives designed to help colleagues support causes that matter most to them and contribute to their local neighborhoods' needs.

Matching gifts

Our Matching Gifts program offers employees the opportunity to apply for company funds to match their personal contributions to an eligible nonprofit organization of their choice, up to a total of \$800 per employee per year. In 2021, approximately 500 AXA XL employees used the program, resulting in more than \$135,000 in matched funds donated to 400 nonprofits around the world.



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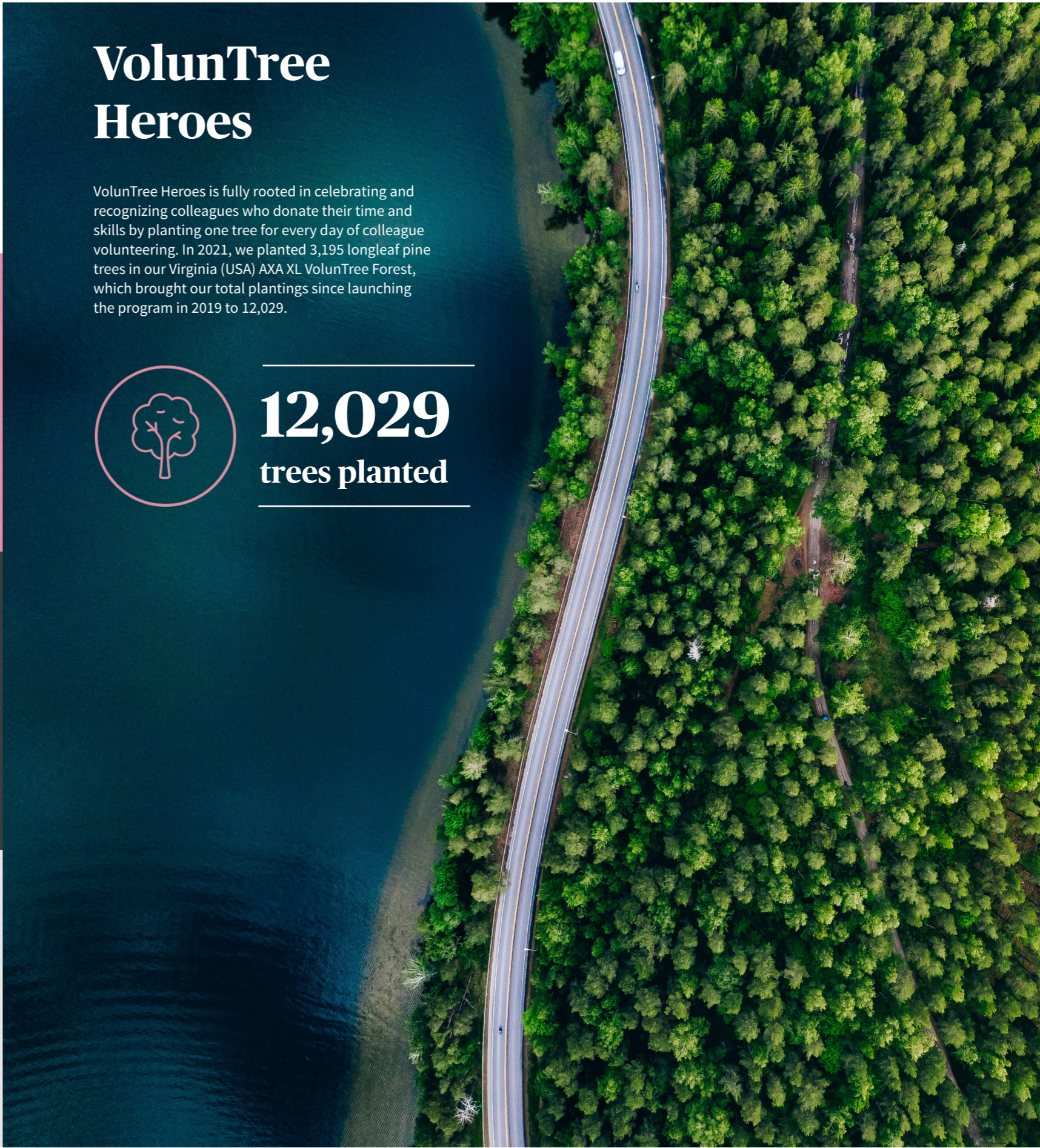
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VolunTree Heroes

VolunTree Heroes is fully rooted in celebrating and recognizing colleagues who donate their time and skills by planting one tree for every day of colleague volunteering. In 2021, we planted 3,195 longleaf pine trees in our Virginia (USA) AXA XL VolunTree Forest, which brought our total plantings since launching the program in 2019 to 12,029.



12,029
trees planted





Once again in September 2021, AXA XL colleagues participated in the annual AXA Week for Good, an AXA wide initiative where we bring our colleagues together to take actions to help serve society and protect our planet.

Throughout the week there were varied opportunities for our colleagues to get involved. We hosted two global webinars with our charity partners: Climate change adaptation and disaster risk reduction with RedR and Changing lives and livelihood- A first step towards economic independence with Plan. We also provided updates on some of our key sustainability programs via blogs and email, and we ran a fundraising campaign where colleagues could apply to have their charity donations double matched by AXA XL. Individual offices also celebrated AXA Week for Good by doing local events and fundraising.

Despite many offices still being under local COVID restrictions, more than 3,400 colleagues participated in the culmination of the weeklong celebration, Global Day of Giving (GDoG), our annual volunteering day. GDoG provides the opportunity for colleagues to give back to the communities in which they live and work, by donating a day of their time. Many colleagues also used the opportunity to see their co-workers face-to-face for the first time in 18 months – a result of COVID restrictions. Volunteering projects included cooking meals for the homeless, conservation at local parks and restoring a kindergarten after it was flooded. There was also the opportunity to take part in virtual or individual volunteering, and projects included writing letters to the elderly and online wildlife tracking. A few offices joined up with other AXA entities to complete a “Plogging” activity in their shared city. In total, just shy of 13,000 hours were donated to nonprofit organizations around the world.



“The group’s wonderful personalities on the day were a breath of fresh air and greatly appreciated. The support of your company provides a massive boost to the park and the result of this task is already being well received within the local community.”

Victoria Park, London

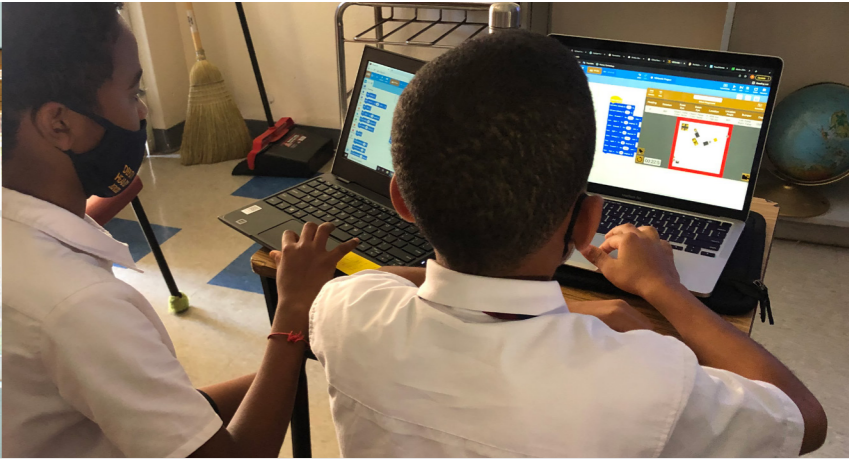
“I want to offer my heartfelt thanks to you and your fine team for another terrific volunteer day of service here at our special place. The incredible employees from your AXA XL division made a real difference in helping us clean up from the significant damage caused by tropical storm Ida. We are so very grateful for their collective efforts and your individual support in organizing everything to be so successful. It has truly been my pleasure collaborating with you in accomplishing so much together over so many years. Please pass along our sincere appreciation to everyone involved on your end and have a terrific weekend!”

Paradise Farm Camps, Exton

Photo credit: Justin Lambert

XL Foundation Bermuda

The XL Foundation Ltd was formed in 1997 to disburse funds generated from the investment portfolio of the X.L. Charitable Trust — a trust established to improve the quality of life in Bermuda, especially for those in need. In 2021, the Foundation continued to carry out its commitment to the Bermuda community by contributing to local charities and their clients most heavily impacted by the COVID-19 pandemic.



Nonprofit local organizations which received the Foundation’s financial support included:

- **AGE Concern Bermuda** – which focuses on providing advocacy, education and information on issues that affect older adults living in Bermuda. During 2021, the organization continued to address the needs of Bermuda’s aging population. In addition to managing a hardship fund and delivering its regular client services, the organization provides much-needed long-term care training to family caregivers and official long-term care providers e.g. senior care facilities, registered nurses, nursing assistants and other support staff.
- **Family Centre’s Youth Leadership Academy** – which is a three-phase, five-year leadership training program targeting at-risk youth who have usually experienced loss, trauma and/or neglect and are unlikely to participate in other youth development programs. Given the impact of the pandemic on families, particularly the wellbeing of children, the organization has seen an unprecedented demand for its services.
- **Habitat for Humanity of Bermuda** – to support the completion of the Transformational Living Centre for Families. The organization converted a former rest home into housing for mothers who are homeless or living on marginal income to safely stay with their children.
- **“home”** – a new charity established in 2021 with the mission to end homelessness in Bermuda. The organization is focused on ensuring that “everyone has a safe, stable and sustainable place to live and that new cases of homelessness are prevented”. The pandemic has exacerbated the issue of homelessness and housing insecurity in Bermuda. The organization’s case managers support homeless or recently homeless and housing insecure individuals in developing their skills to gain access to needed medical, behavioral health, housing, employment, social, educational, and other services essential to meeting basic human needs.
- **PRIDE Bermuda’s Prevention Programs** – which provide substance abuse preventative education to Bermuda’s youth. Recognizing that students have been impacted in many ways, including socially and emotionally throughout the pandemic, the organization continued to offer its Social Emotional Learning programs: Promoting Alternative Thinking Strategies and LifeSkills Training. The programs provide essential tools to help children cope with stress and anxiety at home and at school after a trauma or crisis such as the COVID-19 pandemic.
- **Bermuda Hospitals Charitable Foundation** – to support the COVID-19 vaccination clinic at King Edward VII Memorial Hospital, the island’s only medical hospital. While vaccines were given at no cost to individuals in Bermuda throughout 2020 and 2021, there were increasing costs to the hospital for the nurses, administrators and equipment needed to handle patient intake and administer the vaccine as the clinic operated to support the Government’s national vaccination program.
- **Bermuda Institute of Ocean Sciences’ Ocean Academy** – which offers a suite of educational programs that provide students aged eight to 22 and their teachers with high quality STEM (science, technology, engineering and math) training focused on the marine environment. Despite the ongoing challenges of the pandemic, the organization, adhering to COVID-19 safety protocols, was able to provide access to in-person inquiry-based learning, STEM resources and career-focused training in 2021.
- **CONNECTECH Coding** – focuses on promoting, sustaining and enhancing technology skills and education for Bermuda’s youth. The pandemic has exposed the technology education gap between private and public schools in Bermuda. With a belief that quality technology education should be accessible to all students, the organization provides programs that give public school students access to current technology trends, the ability to learn advanced technology applications, and introduces them to technology-related career opportunities.

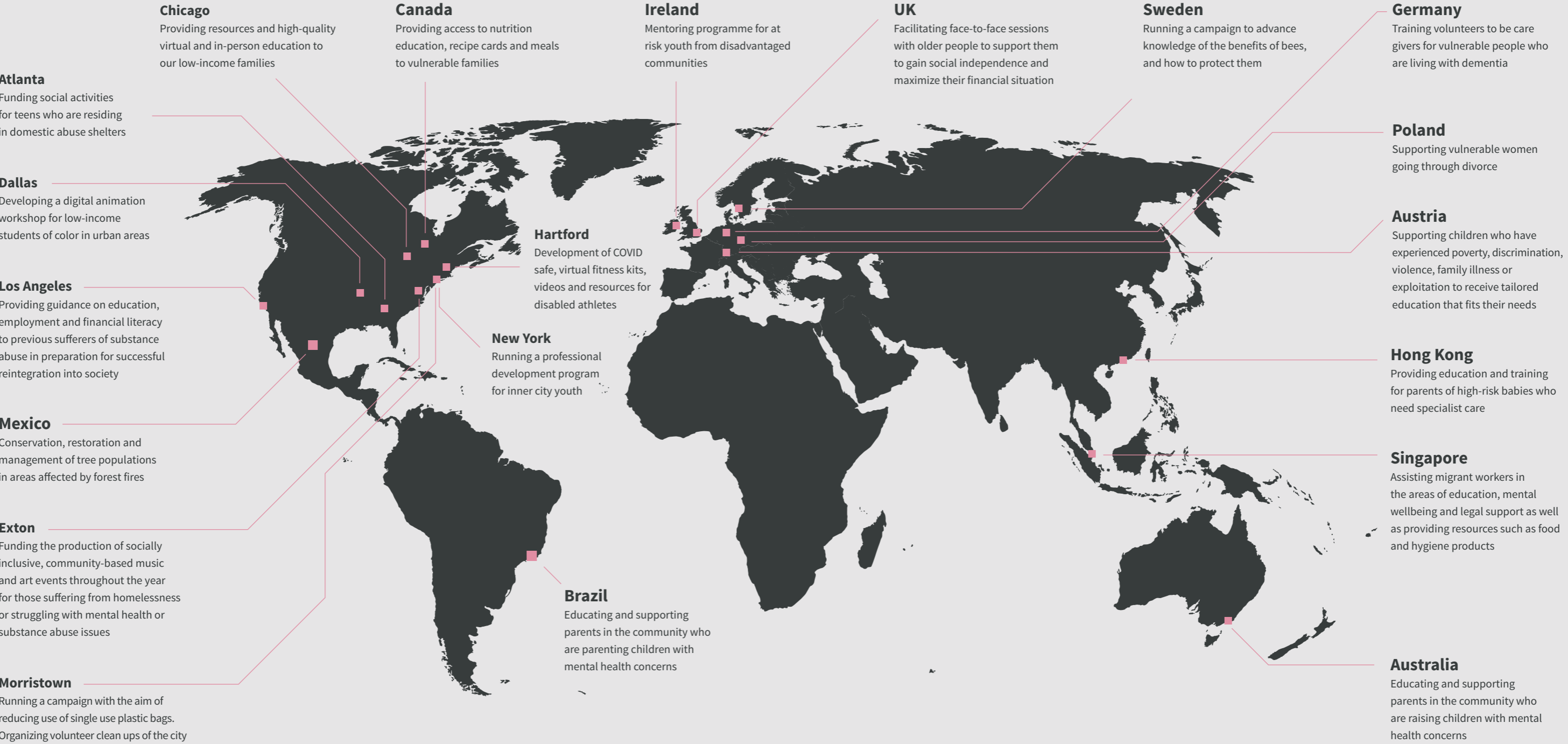
Regional Grant Programme

Across AXA XL’s global footprint we have 32 colleague-led charity committees, called AXA Hearts in Action Committees, made up of over 200 employees. These committees are responsible for charitable giving at a local level, including grant-giving, fundraising, awareness-raising and donation drives.

Our Regional Grant Program, in partnership with Charities Aid Foundation (CAF), awards charitable grants to nonprofit organizations and schools operating in countries where AXA XL has a presence. In 2021, our committees awarded grants totalling approximately \$750,000 to over 90 nonprofits across three focus

areas- social inclusion, health and environment. Grants were also awarded to nonprofits’ projects that were related to COVID-19 recovery and relief.

Here are some examples of the diverse range of projects we supported in 2021:





Inclusion & Diversity

AXA XL is committed to creating a global workplace that works for everyone, with a culture built on Inclusion and Diversity (I&D). We treat our colleagues with dignity and respect and embrace individual differences and points of view. We strive to create a place where employees feel a sense of belonging and innovative ideas are celebrated.

A diverse workforce helps our company effectively understand and meet distinct market and client needs globally and locally and, ultimately, improves our organization for our colleagues, our clients, and our communities.

In our fast-changing global insurance industry, with a highly diversified customer base, I&D must be integrated into every aspect of our business strategy. Ultimately, our ability to remain competitive and meet the needs of a diverse clientele will depend on attracting, developing and retaining talent with diverse backgrounds.

Our I&D efforts aim to help make AXA XL the most inspiring place to work. We will achieve this through three focus areas:

- **Drive an inclusive culture:** Create a global workplace that works for everyone, with a culture that values all individuals, backgrounds and ideas, and where every colleague feels safe, valued and respected.
- **Diversify our workforce:** Increase the representation of women in leadership, achieving 50 percent by 2023, and focus on underrepresented populations by region, positioning AXA XL as an employer of choice for all talent.
- **Support our marketplace and communities:** Support our communities while visibly and thoughtfully championing equity around the globe.

Key initiatives to date



Fostering dignity and respect:

We launched our global Dignity at Work policy to protect against harassment and discrimination and ensure everyone feels safe, valued and respected and can bring their full selves to work every day. In support of this, all colleagues are required to complete annual training to promote awareness of inclusive behaviors and channels available for reporting concerns.



Developing historically underrepresented talent:

Our Empower initiative provides tailored development support and senior leader visibility and sponsorship to high-potential colleagues from historically underrepresented groups with the goal of accelerating their career advancement. In 2021, 103 employees participated in this initiative from across the organization.

Established metrics and accountability:

We established and cascaded I&D goals focused on increasing the representation of women in senior leadership and compliance with the Diverse Slate Policy to every leadership team member, holding them directly accountable for reaching these goals.



Attracting diverse talent:

Our Diverse Slate Policy strives to achieve gender diversity by requiring that women comprise at least half of the final interview slate for any open position globally. This approach applies to roles being filled by both internal and external candidates, and compliance is tracked companywide. In 2021, this policy helped increase the number of women hired across the organization.



Engaging colleagues in driving change:

Our Business Resource Groups (BRGs) are colleague-led initiatives with executive sponsorship that drive our people strategy forward. We have five global BRGs with a total of 27 chapters around the world: LEAD (gender), PRIDE (LGBTQ+), RISE (race/ethnicity), EnAble (disability), and Inclusion committees. By participating in these BRGs, colleagues develop professionally, expand their networks, gain visibility with senior leaders, and experience stretch opportunities they might not have in their day-to-day positions.

BRGs are critical to fostering a culture where everyone feels respected, valued, heard and have equal opportunity to be successful. To ensure we are achieving these goals, we track colleague engagement in BRGs through our company-wide pulse surveys. In December 2021, 31 percent of all AXA XL colleagues were actively involved in a BRG and, notably, these employees scored higher in every engagement category in the pulse survey compared to colleagues not involved in a BRG.



Narrowing pay gaps

U.K. Gender Pay Gap Report 2021

Effective April 2017, the U.K. government passed legislation requiring companies to report on certain key statistics relating to gender pay. Employers with 250 or more employees must publish and report specific figures about their gender pay gap. AXA XL U.K.’s 2021 mean gender pay gap was 27.1 percent and the median gender pay gap was 33.7 percent. The company’s **2021 UK gender pay gap** report is available to download. The report outlines a series of steps intended to close the gender pay gap.

U.K. Ethnicity Pay Gap Report 2021

With a mission to create a culture of “Know You Can” that is inclusive of all colleagues and further demonstrates our commitment to I&D, we were pleased to publish our first U.K. ethnicity pay gap report in 2021. Our reporting is based on the same data and methodology as our U.K. gender pay gap study, but analyzed specifically for our U.K. workforce based on self-reported ethnicity data. Download our **2021 UK ethnicity pay gap** report for more information.

U.K. Women in Finance Charter

In 2018, AXA XL signed the **Women in Finance Charter**, a pledge to work towards gender balance across financial services in the United Kingdom. At that time, we had 32 percent representation of women in senior management roles with a target of 35 percent by 2023. As of September 2021, we’re pleased to report we exceeded our goal and reached 40 percent. Although this achievement was reached well ahead of schedule, we remain focused on taking appropriate actions to continue to improve this representation.



To learn more about how AXA XL is accelerating its progress in I&D, read “[Powering AXA XL’s Inclusion and Diversity Journey](#)”

Workplace conduct

Our commitment to ethical and compliant conduct is detailed in AXA Group’s Compliance and Ethics Code (“Code”) as well as AXA XL’s Code Supplement on which the following sections elaborate. AXA XL’s employee handbook and policies summarizes the organization’s commitments to providing an equal employment opportunity working environment with which all employees must comply and providing a workplace that is free from discrimination, including any form of harassment. This is consistent with the AXA Group’s global standards.

AXA XL’s colleagues, together with colleagues from across the AXA Group, are invited to participate in an annual engagement survey. AXA XL believes it is important to understand what colleagues perceive and experience. The results of the survey assist senior management to understand strengths and identify areas for improvement with the aim of achieving a culture that engages and motivates all colleagues to bring their best to work.

The foundation of AXA XL’s human resources (HR) efforts is an ongoing commitment to instilling AXA XL’s commitments and values in all people-related activities and processes. HR is a strategic partner to oversee AXA XL’s HR risks. HR provides clear frameworks and business partnering to help managers be accountable for making the right people-related decisions, sets the standards and tone for those decisions and intervenes when the standards and corporate values are not followed and there is a risk to AXA XL. A culture of high performance remains essential for AXA XL’s success.



Respect for human rights

AXA XL complies with the requirements of the U.K. Modern Slavery Act 2015, publishing an annual Slavery and Human Trafficking Statement (“MSA Statement”).

The MSA Statement can be viewed [here](#).

The MSA Statement sets out the steps that AXA XL takes to combat and prevent all forms of modern slavery in its business and supply chain. The MSA notes the policies AXA XL has in place, how it manages the modern slavery and human trafficking risk in its operations and the due diligence processes it undertakes.

The MSA Statement references AXA Group’s Compliance and Ethics Code (“Code”), which is communicated to all employees. The Code and the AXA XL Code Supplement provide guidance on compliance with applicable rules and ethical standards, as well as on acting with integrity. AXA XL’s employees complete an online acknowledgement form annually to confirm compliance with the Code and the Code Supplement.

Committing to sustainable procurement

AXA XL’s commitment to acting responsibly is evident in our responsible procurement guidelines, which are defined and implemented in a collaborative effort with the sustainability team and key stakeholders across AXA XL and AXA Group. These guidelines are embedded in the AXA XL procurement process and include a Sustainability clause incorporated into our contracts with our vendors globally.



