



XL Insurance  
Reinsurance

# Climate Report

2024





# Welcome

Welcome to AXA XL’s 2024 Climate Report. This report is aligned to the TCFD framework. We continue to keep abreast of the evolving requirements of climate-related disclosure standards across the globe to ensure compliance with all regulatory requirements in the territories in which we operate.

## Broader sustainability reporting

While the AXA XL<sup>1</sup> Climate Report provides an in-depth focus on our climate priorities and actions and enables us to meet any climate-related disclosure regulatory requirements, we also produce an [AXA XL Sustainability Report](#), which covers a broader range of sustainability topics.

The AXA XL Climate Report also aligns with the AXA Group<sup>2</sup> Climate and Biodiversity Report<sup>3</sup>.

<sup>1</sup> AXA XL” or “we, us or our” refers to a division of AXA Group providing products and services through three business groups: AXA XL Insurance, AXA XL Reinsurance and AXA XL Risk Consulting. Across all jurisdictions where it operates, AXA XL adheres to legal requirements.

<sup>2</sup> The “AXA Group”, “AXA” and the “Group” refer to AXA SA together with its direct and indirect consolidated countries and territories subsidiaries.

<sup>3</sup> AXA Group [2024 Climate and Biodiversity Report, Roadmap to a Climate Transition Plan](#) | AXA.

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# CEO message



“Insurers, as risk management experts and investors, are uniquely positioned to support our clients and society in the journey to a low-carbon society and more resilient world.

At AXA XL, we are committed to taking a leading role in working with our clients and business partners to raise awareness of climate issues, help them manage risk and develop solutions to create a more sustainable society.

As part of the AXA Group, we are dedicated to transitioning our insurance, reinsurance and investment portfolios to net zero greenhouse gas (GHG) emissions by 2050. By doing so, we can align our efforts with a maximum temperature rise of 1.5°C above preindustrial levels by 2100 and the Intergovernmental Panel on Climate Change (IPCC) transition pathways.

(Re)insurers, as risk management experts, are positioned to support businesses on the journey to a lower-carbon society and more resilient world. For example, we believe energy transition is integral in the drive toward a more sustainable global economy. Every part of the transition will require (re)insurance capital and risk expertise. In 2023, we made a significant investment to build out a team and develop capabilities in energy transition that will allow us to evolve our insurance products and services, advance thought leadership and help our clients mitigate risks on their transition journeys.

AXA XL has continued to lead the way in understanding climate risks and opportunities through our thought leadership and partnerships. In collaboration with the AXA Research Fund, we also announced a partnership with the Cambridge Centre for Risk Studies, launching the Systemic Risk Hub focusing on climate transition risk.

As part of the AXA Group, I am proud of what AXA XL has achieved over the last year. In 2023, AXA XL contributed to AXA Group's success in achieving the goals set out in the [AXA for Progress Index](#). As we look forward, we continue to demonstrate our commitment by supporting the goals, established in 2024, in the Group's new [Unlock the Future](#) strategy and the updated AXA for Progress Index goals.

Our Task Force on Climate-related Financial Disclosures (TCFD)-aligned Climate Report outlines AXA XL's approach to climate and is an important tool in providing insight and transparency around our climate-related risks and opportunities to our stakeholders.

**Scott Gunter**  
Chief Executive Officer, AXA XL

**In a world where climate change impacts are increasingly apparent, we're using our unique position to unlock a more prosperous and sustainable tomorrow by helping businesses navigate climate-related risks worldwide.**



## Our climate approach

Now in its 10th year, AXA's Future Risks Report 2023<sup>4</sup> for the first time placed climate change in the top spot of global top 10 emerging risks for both experts and the general public in every single region it surveyed. In addition to its far-reaching impacts on our society and planet, failure to mitigate climate risk could impact AXA XL's and our clients' long-term operational sustainability. However, it also represents a valuable opportunity to evolve our offerings to support a fair and just low-carbon transition.

As a global (re)insurance company, with clients in more than 200 countries and territories, AXA XL has the scale and capabilities needed to promote effective climate action through leading on societal-led solutions. Our mission? To establish AXA XL as the trusted risk expert in the transition to a low-carbon economy, acting as a partner to clients, brokers, regulators and colleagues and

demonstrating the value of insurance in creating a more sustainable society.

We know our biggest opportunity for impact lies in reaching our clients with products and service offerings that build resilience and contribute to their decarbonization journeys. It's why we're aiming to shift our investment, insurance and reinsurance portfolios to net zero by 2050 and working with clients to increase their knowledge of climate impacts, risks and transition planning.

Our commitment goes beyond the external solutions we invest in; we are continuously working internally to address our own footprint too, with a carbon-reduction strategy that targets the energy we use, the resources we consume and the business travel our people undertake.

<sup>4</sup> [AXA Future Risks Report 2023 | AXA](#).





# 2023-2024 highlights

## AXA Group

### New AXA Group targets

In 2024, having met its 2021 AXA for Progress Index targets, AXA Group published new targets under its new Unlock the Future strategy.

➔ [See page 11](#) for further details.



### Net zero underwriting interim targets

For the first time, AXA Group announced concrete interim targets to contribute to the global economic climate transition for its most material underwriting commercial and retail motor portfolios.

➔ [See page 12](#) for further details.

## AXA XL



### Client engagement

Following the announcement by AXA Group of interim targets in 2023, AXA XL has launched its net zero engagements with our top clients.

➔ [See page 20](#) for further details.

### Transition opportunities

In 2023, we made a significant investment to build out a team and develop capabilities in energy transition that will allow us to evolve our insurance products and services, advance thought leadership and help our clients mitigate risks on their transition journeys.

➔ [See page 14](#) for further details.



### Leading scenario analysis

AXA XL has continued to lead the way in understanding and quantifying climate risk, as we have commenced work on developing new climate litigation risk and transition risk scenario frameworks.

➔ [See page 24](#) for further details.

### Climate science

AXA XL collaborated with the National Center for Atmospheric Research (NCAR) to develop an up-to-date view of U.S. tropical cyclone-induced precipitation (TCIP).

➔ [See page 22](#) for further details.

### Thought leadership

In 2023, AXA XL, in collaboration with the AXA Research Fund, became a founding member of the Cambridge Centre for Risk Studies Systemic Risk Hub – focusing on climate transition risk.

➔ [See page 19](#) for further details.

### Education and awareness

Recognizing the ongoing requirements driven by the pace of change in the climate space, we are developing a multiyear training program for our staff, collaborating across the business to continue educating and raising awareness on climate topics.

➔ [See page 14](#) for further details.





# Business overview

## AXA XL

AXA XL is the Property and Casualty and Specialty Risk division of the AXA Group, providing insurance, reinsurance and risk management products and services for mid-sized companies through to large multinationals and (re) insurance solutions to insurance companies globally. Furthermore, through its investment activities, AXA XL is also considered an “asset owner”.

AXA XL writes more than 30 different lines of business, offering traditional and innovative insurance solutions and services in over 200 countries and territories.

## AXA Group

While AXA XL’s focus is commercial risk, the AXA Group has a broader focus. The Property and Casualty business includes the insurance of personal property (cars and homes) and liability (personal and professional) covering a range of products and services designed for individuals and business clients.

The Group also provides protection across individual and group life insurance policies, encompassing savings, retirement and other health and personal protection products. The asset management business involves investing and managing assets for the Group’s insurance companies (including AXA XL) and their clients, as well as for third parties – both retail and institutional clients.

AXA Group sets a number of governance policies and standards, which form some of the key rules we follow at AXA XL<sup>5</sup>. For more information on these policies and standards, please see the [Governance section](#).

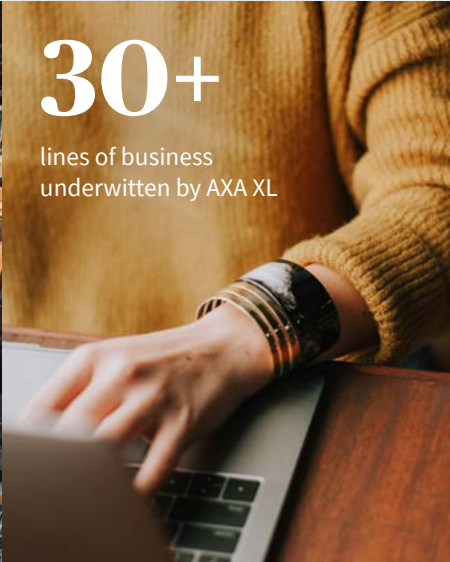
## Our products and services

### Insurance

- Alternative Distribution
- Captives
- Casualty
- Construction
- Cyber
- Delegated Authorities & Programs
- Environmental
- Excess & Surplus
- Global Programs
- Professional Liability
- Property
- Risk Consulting
- Specialty Risk Management
- Structured Risk Solutions
- Wholesale Insurance

### Reinsurance

- Casualty
- Property
- Specialty Risk Management



<sup>5</sup> AXA XL adheres to local laws and regulations in the jurisdictions in which it operates.





# Strategy

Our strategy guides our approach to delivering on our climate ambitions. It sets out how we align with and contribute to AXA Group strategic goals, encompassing the risks and opportunities we face as a business and how we will respond to them.

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# Climate-related risks and opportunities

To develop an effective climate strategy, we must first understand the risks and opportunities climate change presents for AXA XL. The climate-related risks insurers are exposed to are complex; however, there are three risk areas we believe currently, and may in the future, have a significantly material impact on our business: physical risk, liability risk and transition risk.

## Physical risk



Physical risk refers to the direct impacts of climate change on persons and property, such as those arising from rising temperatures, increasingly frequent and severe extreme weather events, fires, rising sea levels and changes in exposure to vector-borne diseases.

## Liability risk



Liability risk refers to the risk of those seeking compensation for climate change-related losses or damage, including legal proceedings seeking damages for contribution to climate change or for inaccurate or insufficient disclosure around material financial or operational risks. There is an increasing risk of other forms of climate-related litigation, in particular claims by shareholders and other stakeholders for so-called “greenwashing” actions, misrepresentation, misleading conduct, mis-selling, fraud, breaches of fundamental human rights, breaches of fiduciary duties and breaches of disclosure obligations in listing rules or other corporate regimes, or for having deficient controls or processes in place.

## Transition risk



Transition risk refers to risks that stem from a change in the behaviors and strategies of industrial actors, market participants and customers in response to climate change and the implementation of climate-related policy or regulatory and technological developments, including as a result of cross-sectoral structural changes from the transition toward a low-carbon economy.





## Climate risks and their implications for AXA XL

At AXA XL, we are committed to proactively identifying, assessing, mitigating and monitoring the risk of climate change to all areas of our business. For further details on our exploration of climate risks to AXA XL, please see the [Scenario analysis section](#) of this report.

### 1 Physical risk

For (re)insurers, physical risks may significantly impact business and the industry more broadly, including with respect to risk perception, pricing and modeling assumptions, as well as the need for new insurance products. They may also impact the volume and frequency of claims. Physical risk has a direct impact on undertakings, both through the impairments in value associated with assets held by (re)insurers and through changes in the frequency and cost of these risks on the liability side of the balance sheet. Our property lines of business could be exposed to the physical risks of climate change, such as increasingly severe weather events, especially in particular geographies.

### 2 Liability risk

The potential exists for increased underlying liability risk for policyholders, including potential increases in underlying claims for alleged contributions to climate change, alleged inaccurate or insufficient disclosures and “greenwashing”, which creates the potential for increased claim submissions under Casualty and Professional (Directors and Officers, Errors and Omissions) policies<sup>6</sup>.

### 3 Transition risk

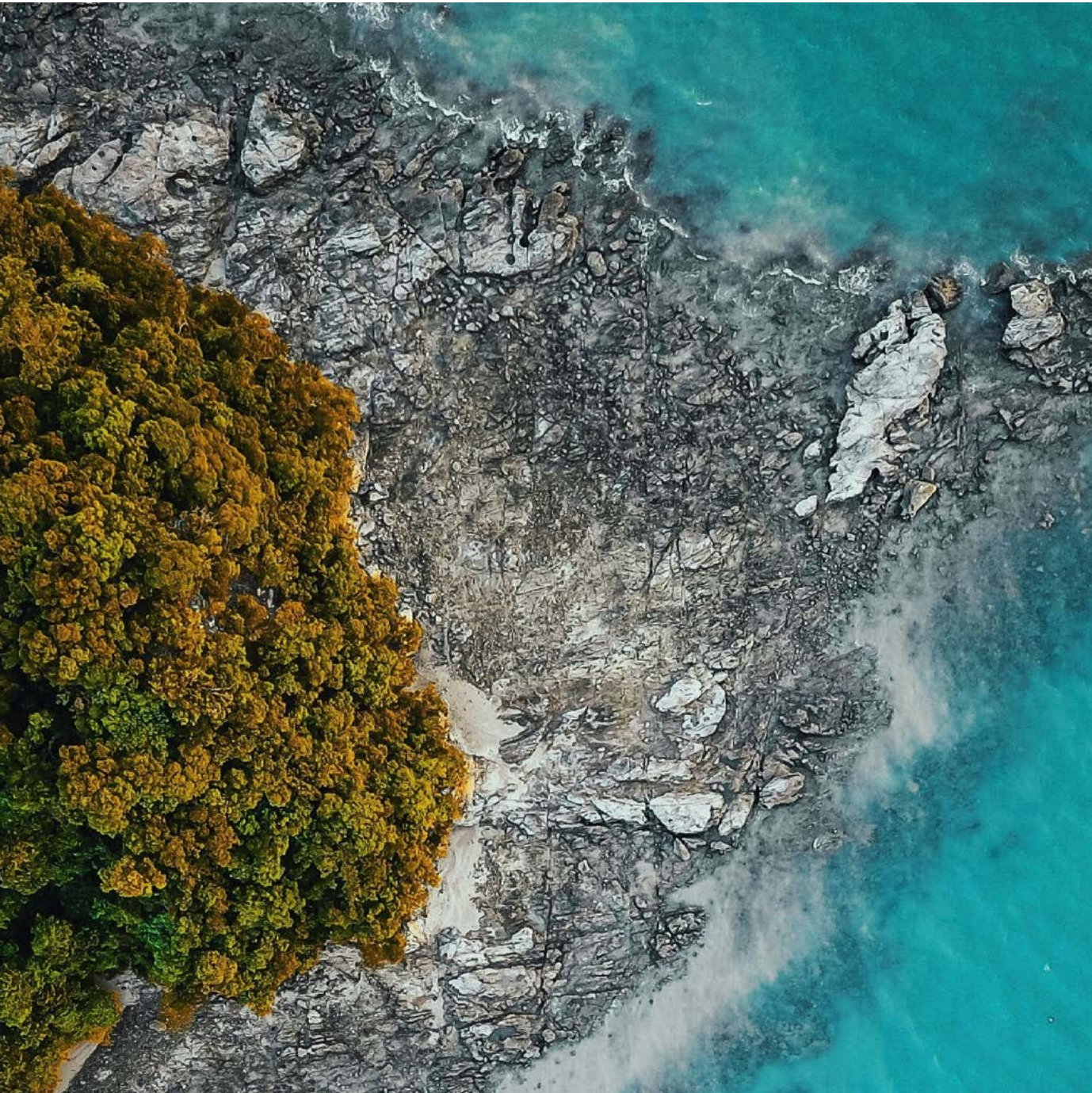
Transition risk may have an impact on (re)insurance products, underwriting and investments. It can impair the value of investments held by (re)insurers in high-carbon industries and those not aligned with the transition to a low-carbon economy. Transition to a low-carbon economy, and its associated societal shifts, has implications for insurers in terms of market demand for specific products, pricing of risks and ultimately insurability of certain risks. Transition risk has the potential to impact many of AXA XL’s lines of business. Our clients’ exposure to transition risk is likely to correlate significantly with the industry sector in which they operate. For example, our clients related to energy production are more likely to have to make substantial changes as part of the global transition. New technologies required to support the transition could also create new risks that could impact our underwriting results and ability to support the transition.

### 4 Operational risk

Beyond our lines of business, AXA XL is also subject to each of these types of risks in its own operations. In particular, our offices and premises are sensitive to physical risk however, we are also susceptible to both transition and liability risks due to the nature of our business. Transition risk for AXA XL could take the form of issues with resource availability and supply chain disruption; liability or reputational risks could present themselves in relation to our action or inaction in responding to climate issues.

<sup>6</sup> Casualty and Professional insurers have various coverage defenses, which are not discussed in this report.





## Climate opportunities

While climate change brings many risks for business, the transition to a low-carbon economy also provides various opportunities. For example, it presents an opportunity to advance insurance products and services that support the transition and/or encourage climate change resilience and adaptation. As an investor, this also creates opportunities to invest in companies aligned with the low-carbon transition.

## Time horizons

While assessing climate change impacts over a short time horizon and local spatial scale is highly complex, without effective, coordinated action, society will face long-term climate-related challenges. We have conducted various assessments, considering time horizons such as 2050 and 2100, as well as time horizons set by regulators in climate stress tests. Our assessments have also considered developing and evolving regulatory guidance in this area.

Our long-term projections serve as useful indicators of how climate may change in the future on a continental scale and beyond. However, from an annual underwriting, business and capital planning perspective, high-resolution climate and weather results are required, and at shorter time horizons.

Since first-party property risks are most often priced and written annually, by subscribing to the most current modeling technology, we can reflect and manage the risk of potential changes in frequency and severity of weather events in the present day.

According to the Paris Agreement, society needs to reach net zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C. But transition to a low-carbon economy could follow a number of different pathways, dependent on factors such as governmental policies and legislation and broader political and socioeconomic considerations.





# Climate strategy

As an insurer, long-term investor and company, AXA Group has long considered its overarching purpose to be acting for human progress by protecting what matters. In this regard, AXA Group's overall sustainability strategy aims to fulfill two main goals: act against climate change and develop health and protection activities as an inclusive insurer<sup>7</sup>. To align with AXA Group, AXA XL is working toward transitioning our insurance, reinsurance and investment portfolios to net zero GHG emissions by 2050.

In 2024, AXA Group unveiled its new three-pillar strategic plan, [Unlock the Future](#). This strategy, "Expanding AXA's role in society", focuses on the role the Group will play in supporting major transitions and protecting people from new risks, showing how insurance can contribute to human progress. The new strategic guidelines involve pursuing current actions to fight climate change and biodiversity loss and mobilizing to help society adapt to the already visible effects of global warming. At the same time, AXA is reinforcing its efforts to provide inclusive insurance, aware that vulnerable populations need effective protection more than ever.

## Establishing climate goals

In 2021, AXA Group launched its [AXA for Progress Index](#), a set of climate and sustainability-related commitments translated into targets and shared across the Group to further embed sustainable development into business activities. This index plays a crucial role under the Group's broader strategic framework, ensuring alignment with [Unlock the Future](#).

In 2023, AXA XL successfully delivered<sup>8</sup> on the AXA for Progress Index 2021–2023 ambitions; in 2024, to continue the journey with new targets, the Group presented a new series of AXA for Progress Index targets for 2024–2026.

## Goals and targets

As part of AXA Group, AXA XL aligns with the Group-level climate strategy and contributes to Group-level targets. The Group's goals resonate strongly with what we do at AXA XL. We partner with many of the world's leading companies to advance our own mission "to be your trusted expert and global partner in complex risk, protecting what matters to our customers, our colleagues and society".

To complement Group strategy, we have created our own sustainability strategy, including climate-specific goals. We have also created an AXA XL Climate Ambition, which sets out how we will contribute to Group goals and AXA XL's climate-related strategic priorities.

The themes of *decarbonization* and *supporting the transition* to a low-carbon economy run through all these strategies and ambitions. Our sustainability strategy focuses AXA XL's emissions as a company as well as the societal implications of a low-carbon transition. Our Climate Ambition emphasizes protecting our customers through robust risk management, empowering our colleagues and customers through education, and growing through low-carbon transition opportunities.

There are additional Group and AXA XL sustainability goals other than those represented here; for the purpose of this report, we have only included those that are relevant to climate and to AXA XL as a business.

On the following page, we further outline how these strategies and targets align and support each other.








<sup>7</sup> [2024 Climate and Biodiversity Report, Roadmap to a Climate Transition Plan | AXA](#).

<sup>8</sup> See the [Climate targets and performance](#) section of this report.



Amplifying impact through AXA Group and AXA XL commitments

AXA Group targets and mitigation activity			AXA XL sustainability strategy		AXA XL climate strategy ambition
 As a company	Decarbonization	Supporting the transition and a resilient society	Supporting the Group through our Roots of Resilience strategy		Contributing to Group goals and AXA XL's own strategic priorities
	Contribute to net zero for AXA Group's own operations <sup>9</sup> by 2030 <sup>10</sup>	Upskill AXA Group's employees on climate adaptation by 2026 <sup>11</sup>	#Goal 10: 25% reduction in our operational carbon footprint by 2025	#Goal 11: Publish our net zero roadmap and updated carbon-reduction goals by 2026	<b>Protect</b>  We recognize we have a responsibility to protect our customers and the climate. We aim to protect our customers by ensuring we have a robust risk management and governance structure in place. Through exploring areas of scenario testing, we investigate the potential impacts a changing climate could have on our business, continually working to react and set our strategy appropriately.
			#Goal 12: Demonstrate the importance of societal-led climate solutions by 2026		
 As an insurer	We are striving to transition our insurance, reinsurance and investment portfolios to net zero GHG emissions by 2050	<b>Reduce the absolute Insurance-Associated emissions</b> for AXA's largest corporate clients by 30% <sup>12</sup> by 2030	#Goal 9: 7% revenue increase from green products <sup>17</sup> and services by 2024		<b>Empower, Educate, Engage</b>  To support the shift toward decarbonizing our insurance portfolio and transition insurance, we are implementing initiatives to educate our employees and customers. Training our colleagues, senior leaders and boards to understand climate-related risks and opportunities is an ongoing strategic focus. This allows our colleagues to actively engage with clients to ensure we understand the problems they are trying to solve as society and the economy grapples with changing physical, transition and liability risks.
		<b>Reduce the carbon intensity, expressed as Insurance-Associated emissions per premium</b> , for all other corporate clients within AXA's largest markets by 20% <sup>13</sup> by 2030			
	 As an investor		<b>Support transition underwriting</b> to reach €6bn <sup>14</sup> for P&C GWP cumulative 2024–2026		
		<b>Deliver 9,000+<sup>15</sup> climate adaptation solutions and services<sup>16</sup></b> to companies by 2026			
		<b>Reduce the carbon intensity of AXA Group's investments portfolio</b> (General Account assets) by 50% by 2030	<b>Support transition financing</b> with €5bn <sup>18</sup> per year in investments		
		Invest to improve the resilience of communities			

Reducing by 50% AXA Group energy Scope 1 and 2, car fleet and business travel-related GHG emissions between 2019 and 2030, and offsetting the remaining emissions in the scope with high-quality carbon credits.

<sup>10</sup> Variation of AXA Group carbon emissions (scope: energy, car fleet, business travel and IT equipment and services) between FY2019 and FY2025. Historical numbers have been restated compared to past publications. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>11</sup> Share of permanent employees within the SDR (Social Data Reporting) scope who have been trained in climate issues, completing the AXA Climate Academy or with a similar local initiative, excluding new joiners and long absences (according to local management rules). Refer to Section 4.2 “Employer Responsibility” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>12</sup> Scope: commercial lines portfolio of AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL; Unit: absolute Insurance-Associated Emissions (IAE); Timeframe: 2021–2030.

<sup>13</sup> Scope: commercial lines portfolio of AXA XL, AXA France and AXA Germany; Unit: Insurance Associated Emissions (IAE)/Gross Written Premium (GWP); Timeframe 2021–2030.

<sup>14</sup> Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL; Unit: Gross Written Premiums (GWP); Timeframe: cumulative 2024–2026.

<sup>15</sup> Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL; Timeframe: cumulative 2024–2026. Corporate accounts to be defined by each entity.

<sup>16</sup> These include (i) training/education, (ii) risk assessment/awareness, (iii) gap analysis, (iv) prevention/adaptation solution and/or (v) crisis management/remediation response.

<sup>17</sup> Green products are defined by AXA as Property and Casualty insurance coverage and services, which have a positive impact on the environment by contributing to at least one of the following four objectives: climate change mitigation, climate change adaptation, transition to a circular economy and/or limitation of biodiversity loss and pollution. For more information, read AXA's [Green Business Program memo](#).

<sup>18</sup> Scope: corporate and sovereign bonds, real estate and private assets.

<sup>9</sup> Reducing by 50% AXA Group energy Scope 1 and 2, car fleet and business travel-related GHG emissions between 2019 and 2030, and offsetting the remaining emissions in the scope with high-quality carbon credits.

<sup>10</sup> Variation of AXA Group carbon emissions (scope: energy, car fleet, business travel and IT equipment and services) between FY2019 and FY2025. Historical numbers have been restated compared to past publications. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

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<sup>13</sup> Scope: commercial lines portfolio of AXA XL, AXA France and AXA Germany; Unit: Insurance Associated Emissions (IAE)/Gross Written Premium (GWP); Timeframe 2021–2030.

<sup>14</sup> Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL; Unit: Gross Written Premiums (GWP); Timeframe: cumulative 2024–2026.

<sup>15</sup> Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL; Timeframe: cumulative 2024–2026.

<sup>16</sup> These include (i) training/education, (ii) risk assessment/awareness, (iii) gap analysis, (iv) prevention/adaptation solution and/or (v) crisis management/remediation response.

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<sup>18</sup> Scope: corporate and sovereign bonds, real estate and private assets.

<sup>19</sup> In accordance with local laws and regulations.





## Targeting our strategy

To put our climate strategy into action, we target efforts across three key areas:

### Underwriting

We believe we can influence climate mitigation and adaptation through our underwriting practices and products.



By promoting underwriting of products to support the transition while also engaging with our clients on their transition plans, we are aiming to transition our underwriting portfolios to net zero by 2050.

➔ [See pages 14–16.](#)

### Investment

When it comes to investing, we're prioritizing the planet as well as investment returns.



By aligning our actions with the AXA Group Responsible Investment strategy, we're targeting more environmentally positive investment decisions. At the same time, we're leveraging our resources to invest in advancing community resiliency and impact.

➔ [See pages 17–18.](#)

### Operations

We're taking ownership of our climate impact, addressing our operational footprint to support wider action for the planet.



By reducing emissions, enhancing measurement capabilities, bringing greater rigor to risk management and engaging our colleagues through training, we're striving for greater sustainability as a company and greater protection for our clients.

➔ [See page 19.](#)



# Underwriting strategy

For mid-sized to multinational clients, [AXA XL insurance](#) offers more than 30 lines of business across a broad range of industries. Additionally, [AXA XL reinsurance](#) is one of the world's largest P&C reinsurers operating in all major global reinsurance markets. We take pride in our relationship-driven underwriting, forward-thinking science and data use, tangible climate change strategies and commitment to being there for the long haul.

## Decarbonization

In 2023, AXA Group announced its commitment to decarbonize its underwriting portfolio to net zero emissions by 2050. To drive progress against this aim, they have also set interim goals<sup>9</sup>.

While these are still relatively new targets, since they were announced, AXA XL has taken various steps to support progress against them, including:

- Incorporated AXA XL net zero underwriting objectives (track decarbonization, launch client engagement and deliver approach to measure the carbon intensity) as a division-wide common goal.
- Performed the first iteration of emissions reporting to AXA Group based on full year 2023 figures.
- Launched our engagement process for our top clients – mobilizing internal teams to initiate conversations with clients around the risks and problems they are trying to solve on their transition journeys. We have been working with our colleagues to ensure they are appropriately trained for these conversations.



## Client engagement

AXA XL engaged with a large industrial conglomerate, focusing our initial conversation on their net zero targets, their progress against these targets and their areas of focus. The discussion also created opportunities for the client to understand AXA Group and AXA XL's climate strategy.

Through that first conversation, we were able to better understand the new technologies our client was investing in, as well as other key pillars of their transition journey. Hydrogen and battery recycling were highlighted as key focus areas and, as a result, we could

leverage AXA XL's global reach and capabilities to provide knowledge and expertise to support their investments now and into the future. This demonstrates the value of engagement, but also the importance of putting the client first – listening to our clients and solving these problems together.

<sup>9</sup> [AXA Net Zero strategy for investment & underwriting | AXA](#)





## Green Business<sup>10</sup> and transition insurance

As part of Unlock the Future, AXA Group reaffirmed its determination to protect the environment and fight climate change, in line with its dedication to supporting society’s shift toward a low-carbon, less resource-intensive economy through the following goals:

- Deploying products and services to support people and communities in climate change adaptation, achieving more than 9,000 of such engagements cumulatively between 2024 to 2026
- Increasing the number of customers covered by inclusive insurance to reach >20 million by 2026
- Introducing a transition insurance objective to reach €6 billion gross written premium cumulatively between 2024 to 2026

In support of the transition to a more sustainable and less carbon-intensive economy, the Group is proactively encouraging the development of new products and services<sup>11</sup>.

At AXA XL, some of our green products include the following:

- Green Building Materials Expense supplemental coverage: We offer supplemental coverage to help clients protect their businesses against losses and with remediation expenses and legal defense expenses in the face of sudden or gradual pollution. As well as providing financial help to clean up pollution incidents, such as fuel oil spills, Green Building coverage offers clients the option to use more sustainable materials in any subsequent property restoration.
- AXA XL’s North America Construction business has developed tailored Builders Risk insurance programs to address clients’ mass timber project risks. Mass timber, which includes cross-laminated timber (CLT) is gaining popularity in North America. It is also considered a more sustainable building material; according to the Wood Council, replacing steel with mass timber would reduce carbon dioxide emissions by 15% to 20%. The process of manufacturing timber uses substantially less fossil fuel energy per unit volume than steel, concrete or aluminum, meaning that timber has a lower carbon footprint.

- In addition, AXA XL’s Structured Risk Solutions team continues to develop performance insurance solutions for the technical risks associated with breakthrough low-carbon technologies (e.g., fuel cells, energy storage, energy efficiency, waste to energy and biofuels).
- Where permitted by law, AXA XL also offers Green Endorsements in our Property business, enabling clients to rebuild to more sustainable standards post-damage.

In 2023 AXA XL created a new “Head of Energy Transition” role in order to bring together the full capabilities of AXA XL and AXA Group to enable the business to be an effective partner with clients as they transition to net zero, working to bring all of the AXA Group capabilities in energy transition to support their transition journey.



<sup>10</sup> Green products are defined by AXA Group as Property and Casualty insurance coverage and services, which have a positive impact on the environment by contributing to at least one of the following four objectives: climate change mitigation, climate change adaptation, transition to a circular economy and/or limitation of biodiversity loss and pollution. For more information, read AXA’s [Green Business Program memo](#).

<sup>11</sup> See page 14 of the AXA Group [2024 Climate and Biodiversity Report, Roadmap to a Climate Transition Plan | AXA](#).





## Policies

AXA XL follows AXA Group policies and procedures designed to support the delivery of underwriting strategy and climate goals.

### Underwriting restrictions

AXA Group strives to incorporate sustainability criteria, including those related to climate and biodiversity, into underwriting activities, consistent with its investment strategy and in accordance with applicable local laws and regulations. This is supported by key sector guidelines and policies:

- [AXA Group Energy Policy](#) (covers coal, oil and gas)
- [AXA Group Ecosystem Conversion and Deforestation Policy](#) (covers palm oil, soy, cattle and timber)<sup>12</sup>
- [Natural World Site Heritage Policy](#) (covers sensitive sectors like oil and gas, mining, large scale hydropower, large-scale infrastructure)<sup>12</sup>

<sup>12</sup> This policy is currently under review.

## Underwriting referral process

AXA Group maintains a business referral process to monitor and control the implementation of its sector guidelines, focusing on restrictions for AXA Group's insurance activities. This process involves escalating any identified sensitive business risks in line with the AXA XL Underwriting Approval Process to the Group Underwriting Office. Such sensitive business risks are assessed by sustainability underwriting experts. High-risk environmental, social and governance (ESG) cases are escalated and assessed through collaboration with the Group Underwriting Office.

## Risk Consulting services

The Risk Consulting segment of AXA XL works closely with corporate clients to help them understand the risks from climate hazards. This means quantifying the physical and economic impacts of climate change on their assets and business operations and implementing appropriate risk metrics into decision-making. AXA XL Risk Consulting also models the unique vulnerability of assets to hazards.

Risk Consulting is also able to support clients in tailoring the best risk mitigation strategy and identifying which countermeasures should be taken to manage or mitigate losses or accelerate the pace and scale of adaptation.

We have taken steps to encourage policyholders to reduce losses caused by climate change-influenced events. Our Property Risk Consultants evaluate policyholders' property exposures and provide recommendations to reduce the potential for property losses from natural catastrophe events. We also help our customers manage fire perils. This includes providing advice on how to reduce carbon emissions from smoke plumes, managing firefighting water runoff, remanufacturing damaged building materials, inventory, and equipment, and responsibly placing unrecyclable, damaged material into landfill.

We have approximately 400 risk professionals across AXA XL. This includes Account Consultants who help clients understand their portfolio, manage their risk and prioritize risk improvement activities. We also maintain a global network of Property, Machinery Breakdown, Construction and Environmental Loss Prevention Consultants who visit customers' key locations to help identify and mitigate risk. These risks include pre-emergency planning and preparation, as well as developing recommendations on how to further improve site protection.





# Investment strategy

AXA Group is striving to align its investment portfolio to net zero GHG emissions by 2050 with an investment strategy that conforms with the Paris Agreement, helps finance the transition, protects people over the long term and creates stronger, more sustainable societies.

AXA Group's investment-related targets and strategies are designed to be resilient and responsive to both the risks and opportunities posed by climate change.

## AXA Group goals

We are taking a two-pronged approach to meet the AXA Group published targets:

- Divestment in carbon-intensive sectors and corporates that do not align with a transition to a low-carbon economy and pose a high risk to AXA XL, as well as negative impact on the climate<sup>13</sup>
- Proactive Green Investment<sup>14</sup>

## Engaging in responsible investment

When it comes to investment activities, AXA XL adheres to various AXA Group policies, in addition to local laws and regulations. Some of the key Group policies are:

- [AXA Group Energy Policy](#)
- [AXA Group Ecosystem Conversion and Deforestation Policy](#)<sup>15</sup>

These policies are aligned with the AXA Group Responsible Investment Strategy and Sector Guidelines and includes restrictions that relate to climate and biodiversity risks.

You can find further details on AXA Group's Responsible Investment policies and guidelines at [Responsible investment | AXA](#).

## AXA Group Responsible Investment Strategy

- 1 ESG integration:** AXA's integrate ESG analysis into investment processes, using KPIs and qualitative research across most of our assets. This includes the implementation of ESG "minimum standards" rules based on ESG and controversy scores to review and potentially exclude underperforming issuers from AXA's portfolios. Moreover, ESG considerations as well as the transparency of the issuers are integrated in the internal credit risk analysis.
- 2 Climate-related portfolio alignment:** Carbon metrics are integrated into investment decisions. AXA is also developing metrics for measuring the climate-related impact of its investments, in particular the contribution of its investments to the objective of the COP21 ("Paris Agreement") to limit global warming.
- 3 Exclusions and sensitive ESG investments:** Sector-based restrictions apply to sectors or companies that face acute social, human rights, ethical or environmental challenges. These currently include controversial weapons, coal mining and coal-based power generation, tar oil sands and associated pipelines, palm oil, food commodity derivatives and tobacco.
- 4 A Green Investment target and transition financing to increase the allocation of green assets across various asset classes and to support companies shifting toward less carbon-intensive business models.**
- 5 Impact investments that create intentional, positive, measurable and sustainable impacts on society while simultaneously delivering financial market returns.**
- 6 Active stewardship through voting and engagement on a range of ESG or sustainability issues.**

<sup>13</sup> Unless prohibited by local law or regulations.

<sup>14</sup> See [Methodologies](#) section of this report for details on how AXA defines "Green Investments".

<sup>15</sup> This policy is currently under review.



## Growing Green Investment opportunities

To implement and monitor its Green Investments target, AXA XL follows an internal framework developed by AXA Group to define Green Investments based on external labels, certifications and environmental standards generally accepted and regarded on the market. For more information on this framework, please refer to the [Appendix](#). AXA XL has contributed to the Group's success with its Green Investments goals to date, which have mainly been achieved through investment in green bonds.

## Renewable energy operator Finerge in Portugal


AXA has continued to invest in green infrastructure projects, notably the renewable electricity operator Finerge. It is the largest independent power producer in Portugal and a significant renewable energy platform in the Iberian region, with nearly 2 gigawatts of installed renewable energy capacity encompassing 94 wind and solar farms in Portugal and Spain. It actively contributes to Portugal's goal of achieving a 2050 net zero economy.






# Operational strategy


Within AXA XL, most operational emissions stem from activities such as office energy usage, transportation and data centers. Air travel is consistently identified as the largest contributor to our carbon footprint. In order to support the [Group targets](#) and our Root of Resilience goals, we aim to deliver initiatives by 2025<sup>16</sup> under the following key areas of our direct environmental impact:



**The energy we use:**  
By reducing building energy use by 38% and data center energy use by 40%



**The resources we consume:**  
By reducing water use by 11%, paper use by 20% and waste production by 10% per colleague



**The movement of our people:**  
By reducing air travel and hotel use emissions by 25%

We will continue working toward our carbon-reduction strategy targets, setting the groundwork for next steps as we move through 2024 and 2025. This includes, where permitted by local laws and regulations, publication of our net zero roadmap and updated carbon-reduction goals by 2026.

## Carbon offsetting

Since January 2020, a green contribution charge of \$100 per tonne of CO<sub>2</sub> emissions has been added to every AXA XL traveler’s corporate budget for business flights. These contributions support internal initiatives throughout the company aimed at reducing our environment impact, as well as funding our carbon offsetting.

We continue to purchase carbon credits with The Nature Conservancy. For 2023, AXA XL retired carbon credits to support the Cold Hollow Carbon project, based in the U.S. state of Vermont. This project is the first aggregation project in the U.S. for the voluntary carbon market, allowing landowners to aggregate their land parcels and overcome the upfront costs of the carbon inventory and verification. Spread across 9,700 acres of mixed hardwood and conifer forest, the project commits to carbon sequestration through forest management and silvicultural approaches.

## Understanding our supply chain

AXA XL conducts corporate responsibility scoring of its supply chain in partnership with EcoVadis. The scoring covers four themes: environment, labor and human rights, ethics, and sustainable procurement. We will continue to investigate methodologies to understand and measure our supply chain carbon emissions in pursuit of measuring and reducing supply chain risks by 2026<sup>17</sup>.

## Educating AXA XL: Employee training and development

In line with our AXA XL climate strategy pillar – Empower, Educate, Engage – we consider it key that our colleagues are aware of climate-related topics. Through AXA Climate Academy, we provide a modular, bite-sized digital learning program that encourages colleagues to think critically about the climate, understanding the impact of their own actions as well as collective actions throughout our value chain.

We have continued to develop our learning offering with The Single View of Climate Risk Training. This training provides detailed information on potential climate risks and opportunities for AXA XL and our clients. It is designed to foster an understanding of climate risk drivers that enables client-facing staff to engage clients and brokers. It also encourages colleagues to contemplate how the lines of business they support will evolve as the climate changes and we transition to a low-carbon economy. Focusing on our client-facing functions, this training was delivered to 1,255 employees in 2023.

Recognizing the pace of change in the climate space, we are developing a multiyear training program that connects with other business areas to drive continuous education and awareness around relevant climate topics.

## Our Climate Network

Through our Climate Network meetings, we deliver sessions on climate-related topics to key stakeholders within the business. This includes sessions by external speakers and information-sharing on climate initiatives happening across the business. For example, throughout 2023, we delivered sessions on climate change tipping points, carbon markets and methane emissions monitoring.

<sup>16</sup> Against 2019 baseline.  
<sup>17</sup> For further details, see Goal 21 of our Roots of Resilience strategy in our latest Sustainability Report [Reports | AXA XL](#).



# Stakeholder engagement

We believe the transition to a low-carbon economy can only be achieved through effective collaboration between all areas of society, including public and private sectors and wider civil society.

Through our engagements, thought leadership and research, we aim to deliver on the Empower, Educate, Engage pillar of the AXA XL climate strategy. We choose partnerships that are aligned with wider AXA Group strategic themes of a **net zero transition** and/or **resilience to climate change**.

## Our engagements and memberships

<u>ClimateWise</u>	AXA XL is a member of ClimateWise (UK), a growing global network of leading insurers, reinsurers, brokers and industry service providers who share a commitment to reduce the impact of climate change on society and the insurance industry.
<u>Insurance Development Forum (IDF)</u>	AXA XL is an active member of the IDF, a public-private partnership that brings insurers, reinsurers and brokers together with the World Bank and the United Nations Development Program (UNDP).
<u>Poseidon Principles for Marine Insurance</u>	In 2022, AXA XL joined the Poseidon Principles for Marine Insurance, a framework for measuring and reporting the alignment of insurers’ shipping portfolios with climate goals.
<u>American Property Casualty Insurance Association (APCIA)</u>	AXA XL companies’ membership in the APCIA provides support for U.S. initiatives to promote disaster preparedness, sound building practices and highlight lessons learned post-catastrophic events.
<u>Reinsurance Association of America</u>	AXA XL companies are members of the Reinsurance Association of America, which has partnered with environmental, consumer and insurance groups to form <a href="#">SmarterSafer.org</a> . It advocates for smarter, more effective policies to help people in need, promotes disaster safety and preparedness and fosters environmental stewardship.

## Thought leadership

AXA XL continues to lead and collaborate on cutting-edge academic research, exploring new topics and areas of importance for AXA XL, the AXA Group and the wider market.

The AXA Research Fund, launched in 2008, is AXA Group’s global scientific philanthropy initiative that aims to address the most important issues facing our planet. It supports human progress by funding research in key areas related to risk, notably climate-related risks and helping inform public and private decision-making based on science.

## Systemic risk

AXA XL and the AXA Research Fund have joined a research hub created by the Cambridge Centre for Risk Studies to help mitigate systemic risks such as climate change, pandemics, cyber threats, geopolitical change and financial crises. The Cambridge Systemic Risk Hub focuses on gaining a deeper understanding of the interconnected nature of systemic risks and explores the drivers, implications and potential solutions to inform and enable the insurance industry to better respond to current and future threats.

## Climate tech and insurance

AXA XL has been part of a working group for the [Geneva Association two-part research series](#), which explores how insurers can help facilitate climate tech commercialization. The first report examines the climate tech commercialization landscape and what the insurance industry can offer in this space. The second report focuses on how the insurability of climate technologies can be enhanced.



# Risk management

Through effective risk management, we can identify and address potential risks to our business. By embedding climate risk within AXA XL's broader risk management processes, we strive to understand the specific risks to our business and their potential impact so we can effectively mitigate and manage them.

22 Our approach to risk management

24 Scenario analysis



# Our approach to risk management

AXA XL views climate change as an amplifier to existing risks. As such, we have integrated climate into our risk management frameworks and policies to protect our operations. We are firmly committed to proactively addressing climate-related risks by identifying those that may impact our business operations, assessing the likelihood of occurrence, our exposure and potential impacts. This allows for timely mitigation, management and monitoring of risks, as well as their consideration in our strategic planning.

We consider the impact of climate risk against our existing risk pillars:



In 2023, we conducted a qualitative materiality assessment comparing each pillar against physical, transition and litigation risks and the potential for climate change to pose material risk to AXA XL at three different time horizons<sup>18</sup>. This will continue to be an annual exercise.

## Our oversight structure

AXA XL's Chief Risk Officer (CRO) is responsible for ensuring the company has a risk framework across all major risks. The CRO also operates as Chair of our Audit, Risk and Compliance Committee (ARCC) and is a member of the Climate Steering Committee.

Our risk management committees are sub-committees of the ARCC and serve as points of cross-business dialogue. They are tasked with creating risk aggregation methodologies and developing risk appetites to coordinate the identification and discussion of risk topics and metrics. They meet most months (at least quarterly) and report to the ARCC, escalating any significant risks to the business.

Climate-related risks appear on all Risk Committee risk registers and terms of reference and are a particular focus of AXA XL's Emerging Risk Committee. This committee monitors issues where the extent and nature of potential losses are particularly uncertain due to insufficient information or time for a full analysis of the emerging situation. It provides deep-dive assessments, as needed, on emerging risks and their impact on AXA XL's operations. The Emerging Risk Committee meets quarterly and provides quarterly emerging risk report summary updates as part of the AXA XL Risk and Compliance Committee.

Briefings on climate and sustainability risks are held, as appropriate, within AXA XL legal entities' boards.



<sup>18</sup> Short (1–5 years), medium (to 2050) and long (beyond 2050).



## Risk frameworks and policies

AXA XL's Risk Management Framework is designed to support the identification and understanding of material risk concentrations<sup>19</sup> – including those that have unattractive risk/reward dynamics – so that corrective or mitigating actions can be taken.

During 2023, we also created a Climate Change Risk Framework document, detailing our holistic approach to managing climate change risk. This framework spans insurance, financial, operational and strategic risks and covers risk identification, assessment, monitoring and mitigation. It also includes scenario analysis, stress testing, key risk indicators, risk management policies and key roles and responsibilities. It is an “umbrella” document, referencing other relevant policies and procedures to provide a comprehensive view of how climate change is incorporated into our Risk Management Framework.

Our Risk Appetite Framework guides our strategies relating to, among others, capital preservation, operational loss and claims-paying rating. This framework addresses our tolerance to risks from material individual events (e.g., natural catastrophes), our investment portfolio and realistic disaster scenarios that cross multiple lines of business.

Our policies and procedures continue to evolve in line with regulatory climate risk management guidance.

## Determining our priorities

The ARCC conducts an annual “Top Risks” assessment to determine priority areas for the Risk Management function and senior management to focus on during the year. This also forms the basis of the Own Risk & Solvency Assessment (ORSA). The ORSA is undertaken by each key regulated entity of AXA XL and encompasses processes to identify, assess, monitor, manage and report short- to medium-term risks, with the aim of assessing overall solvency, approved risk tolerance limits and the business strategy. The ORSA helps strengthen our culture of risk management and provides a complete, comprehensive vision of the risks embedded in AXA XL's business and entities. Sustainability and climate risks are specifically addressed during the ORSA process, including stress tests and scenario analysis.

For emerging risks, annual risk prioritization is an AXA Group requirement for all AXA entities. Emerging risks are prioritized based on severity<sup>20</sup>, speed of risk development (to determine the appropriate approach to confront each risk) and mitigation actions. This includes whether mitigation actions are in place and what they are, as well as if mitigation actions need to be identified or are not required.

<sup>19</sup> A risk exposure with the potential to produce losses large enough to threaten a financial institution's health or ability to maintain its core operations.

<sup>20</sup> The potential severity of impact on AXA XL, considering our business profile, operational exposure and impact time horizon.







# Scenario analysis

The development of climate scenario analysis and stress testing has accelerated in past years in response to the evolving environment and requests from our boards and supervisory authorities. AXA XL sees climate scenario analysis as an opportunity to further understand the implications of climate change on our investment portfolios and insurance business and prepare our responses in a timely manner. Cooperation with supervisory authorities and industry peers makes it possible to improve the methodological framework and our internal expertise to better assess climate change risks.

## Scenarios

### Physical risk in underwriting

We have conducted – and continue to expand upon – in-depth scientific research and catastrophe modeling analysis to quantify possible climate change impacts on our natural catastrophe risk profile for physical risk.

This involved considering different future temperature scenarios and how those might correspond to changes in extreme weather events.

To conduct our analysis, we considered various scenarios:

- **Future temperatures:** 2.4°C warming above preindustrial times based on the mean projection to the year 2100 if a “realistic” scenario of policy action is adopted<sup>21</sup>, with an upper range of 3.0°C and lower range of 1.9°C.
- **Time horizons:** It is possible to consider these temperature projections as equivalent at different points in time, based on society following various Representative Concentration Pathways (RCPs)<sup>22</sup>. As such, the 1.9°C scenario could be reached by year 2050 assuming a future evolution under RCP 4.5, while the 2.4°C scenario could also be reached by 2050, assuming RCP 8.5 is followed. On this basis, both 1.9°C and 2.4°C could be considered mid-century scenarios rather than end-of-century scenarios.

There is a very high level of uncertainty in this exercise due to uncertain science, the challenge of translating academic research into catastrophe model adjustments and the significant number of assumptions required.

### Peril-regions

Identified temperature scenarios were also assessed for their implied change in hazard. These changes were modeled for several peril-regions. These represent all perils and regions currently modeled for our regular portfolio monitoring, with climate impacts.

Our method involves adjusting frequency and severity parameters within our natural catastrophe modeling process to reflect future temperature scenarios.

The parameters are based on a scientific literature review by our in-house atmospheric scientists, considering latest academic research – such as the often-quoted [Knutson et al. 2020](#) study – with respect to hurricane projections. Sub-perils, for example impacts on storm surge and TCIP, are also considered.



### Tropical cyclone

North Atlantic, Australia, Japan, South Korea, China, the Philippines, Taiwan, Guam



### Extra-tropical cyclone

Europe



### Inland flood

The UK, Germany, Belgium, India



### Convective storm

The U.S. and South Canada, Europe, Australia



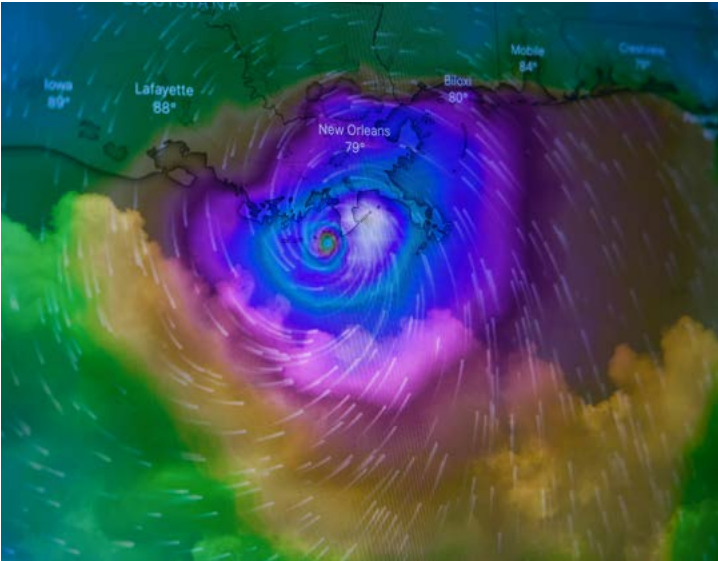
### Winterstorm

The U.S. and South Canada



### Wildfire

Western U.S.



## Signal-to-noise

Estimating climate change impacts on frequency or severity of extreme events within a timeframe of 1–5 years is not feasible with no distinguishable signal that can be measured within such a short time period. The incremental changes that may occur within five years would be too small to confidently attribute to climate change rather than natural variability.

Scientists at the National Oceanic and Atmospheric Administration (NOAA) have shown that at least 17 years of data is required to separate human-caused global warming from the “noise” of natural climate fluctuations. In addition, scientists generally use about 30 years of data to build confidence in any climate trends.

<sup>21</sup> Based on research from Climate Action Tracker, released shortly after COP26 and which has not changed after COP27.

<sup>22</sup> <https://www.ipcc.ch/assessment-report/ar6/>.



Physical risk in market and liquidity

AXA XL’s assets might be exposed to physical risks through direct property investments. Currently, AXA XL relies on 1/100 average annual loss estimates for flood, windstorm and hail on our real estate portfolio produced by AXA Group, which shows minor impacts. The analysis uses asset-level data that depends on the geolocation of buildings.

The Risk Appetite Liquidity Risk framework is intentionally severe to ensure we have buffers to withstand major market and insurance shocks. Additionally, we have replaced the current 1/200 aggregate exceedance probability (AEP) insurance/natural catastrophe shock with a 1/200 AEP 2.4°C climate-stressed natural catastrophe event to create a climate liquidity stress test.

Transition risk in market and liquidity

AXA XL applies the European Insurance and Occupational Pensions Authority (EIOPA) [Disorderly Transition scenario](#). The scenario reflects a sudden, disorderly transition to carbon neutrality due to delayed policy action (high transition risk). Specifically, this scenario assumes that new climate policies are not introduced until 2030. Therefore, stronger policies are subsequently needed to limit global warming to below 2°C in line with the Paris Agreement. This results in higher carbon prices to encourage a reduction in emissions to compensate for the delay in implementing policy actions.

Under this scenario, the abrupt implementation of policies affects the energy sector, including its mix of sources, while aggressive carbon pricing has an impact on several areas of the real economy. The general economic outlook worsens, which has an impact on financial markets. Equity markets fall, especially in carbon-intensive sectors. Similarly, corporate spreads for carbon-intensive industries rise sharply, mirroring the perceived difficulties of specific industries to decarbonize quickly or face the rising emission permit costs. The transition causes downward adjustments or subdued growth in these markets because of transition-induced stress.

We focus on Corporate Bond and Listed Equity impacts, with shocks applied to the year-end exposures.

New scenarios under development

Litigation risk in underwriting and reserve

In partnership with an external company, AXA XL has been working to develop a framework for quantifying the risk from climate change-related litigation to our underwriting portfolio.

The following scenarios are being considered across four potential societal pathways, loosely linked to potential warming scenarios:

- Greenwashing Litigation
- Directors & Officers liabilities in misjudging the transition
- Pollution & Public Nuisance Litigation

Transition risk in underwriting

In 2023, AXA XL conducted a heatmapping exercise to identify lines of business within our underwriting portfolio most impacted by transition risk. Building upon this work, and with the aim of improving our understanding of the potential business impacts of a low-carbon transition, AXA XL has been working with an external partner to develop our climate scenario capabilities for transition risk.

We will develop an approach for how AXA XL can define transition scenarios and link them to our business by identifying key financial metrics and their impact drivers. This will enable the modeling of scenarios from which we can derive quantitative outputs to inform business decisions.

Better risk understanding for a resilient strategy

When analyzing the results of our physical risk underwriting stress tests, we reached the conclusion that, across the next three years, the expected increase in natural catastrophe risk from a changing climate is within natural variability.

For both our underwriting and investment portfolios, we are mindful the risk increases over a longer time horizon. In response, we are continuing to improve our understanding of drivers and our modeling capabilities.

Risk management in practice

AXA XL’s Science & Natural Perils team comprises several in-house peril specialists who hold PhDs in either atmospheric science or earthquake engineering. The team is working to support integration of the latest science into our business, staying well connected with the academic world and developing thought leadership.

The team works with various academic institutions on a range of projects to further our understanding of natural perils and assist in the accurate pricing, monitoring and assessment of risk. As an example, throughout 2023 and early 2024, the team collaborated with NCAR to develop an up-to-date view of TCIP in the U.S. Scientists at both NCAR and AXA XL have collaborated to build a model that estimates the risk from TCIP along the U.S. coastline and have integrated this model into our risk assessment tool. The view for TCIP has been assessed for both the current climate as well as future climate scenarios.





# Governance

Strong governance provides the framework for making effective decisions and setting climate strategy. It drives both accountability and transparency, ensuring AXA XL roles and responsibilities in relation to climate are clearly defined.

- 27 Board oversight
- 28 Management oversight





# Board oversight

Each of AXA XL’s key regulated entities maintains a Board of Directors (collectively, “Boards”) to oversee activities in jurisdictions where we have a presence. AXA Group representatives hold director positions on the Boards to protect strong relationships between the AXA Group and key AXA XL subsidiaries.

The Boards meet at least every quarter and climate is part of their agenda at least annually and in some instances more frequently. Where relevant, AXA XL has defined board climate oversight in line with local legal and/or regulatory requirements. For example, AXA XL’s key regulated entities in the UK have appointed the UK & Lloyd’s CEO to Senior Manager function, with responsibility for identifying and managing climate-related risks. Similarly, AXA XL’s key regulated entities in the U.S. have designated a Senior Manager who is responsible for managing climate-related risks in accordance with the New York State Department of Financial Services guidance.

The Boards evaluate and oversee climate-related issues and risks in connection with, among other things, approval of ORSA (or equivalent) and business strategy and planning.

Climate and training and regular updates are provided to boards, including in the areas of physical risk, transition risk and liability risk. Boards also receive timely information on regulations, the role of the board, reputation-related risks and climate and sustainability strategies.

## Climate & Sustainability Statement

During 2023, a Climate & Sustainability Statement was developed to ensure consistency across AXA XL’s key regulated entities by establishing a common approach for how Boards oversee climate and sustainability strategies. This includes how climate and sustainability is incorporated into the company strategy and enterprise risk management, along with company performance against KPIs, goals and targets. The statement outlines the role of Boards and senior management in governing these strategies while considering capability gaps to ensure appropriate Board skills and expertise are in place. In some jurisdictions, Board oversight for sustainability, particularly climate, is becoming a regulatory requirement; each key regulated Board will look to adapt the statement to meet local Board structures and regulatory requirements.

## AXA Group policies

To drive alignment with AXA Group activities, AXA XL adheres to various Group policies. For example, AXA XL entities are required to comply with AXA Group Standards and Solvency II Policies, as applicable. This is to ensure a consistent governance approach, supported by an effective Risk Management Framework. This is particularly relevant in the context of Solvency II and other regulatory requirements to ensure there is a clear understanding of risks, both locally and Group-wide. The Standards form part of this overall Risk Management Framework, including compliance, internal audit, internal control and risk management.

As the AXA Group is regulated under Solvency II, relevant entities are required to maintain Solvency II Policies suitably adapted to local requirements while also maintaining local procedures and policies that ensure compliance with Group Standards and any local regulatory requirements.

AXA Group policies that are particularly significant from a climate perspective include:

- Responsible Investment Policy
- Sustainable Underwriting Guidelines and Restrictions
- Procurement ESG Risk Management Guidelines
- Sustainability Policy
- Risk Management Policies

These are complemented by AXA XL’s own policies, including our Risk Management, Outsourcing, Underwriting and Remuneration policies.







# Management oversight

The AXA XL Head of Climate, appointed in 2021, acts as a central point of contact and leadership for our climate risks and opportunities. They work with the AXA XL Global Sustainability Director, who oversees all other sustainability dimensions excluding climate; both report to the AXA XL Head of Strategy and Corporate Development, who reports to the AXA XL CEO.

The AXA XL Head of Climate works with respective corporate functions, reinsurance teams and regional insurance business units (Americas, UK & Lloyd’s, Europe and Asia Pacific). They also coordinate with AXA Group to implement insurance-related climate initiatives and any new Group commitments on climate in underwriting.

## Climate Steering Committee

AXA XL has established a Climate Steering Committee, which brings together AXA XL’s Leadership Team, Head of Climate and Global Sustainability Director to provide direction on climate matters, ensure alignment with AXA Group’s strategy and drive a single management view across AXA XL. The committee supports the Boards in the formation of our climate strategy, as well as its delivery and monitoring. This includes overseeing strategy definition, development and sponsorship, as well as providing direction on priorities and regularly assessing progress.

The committee provides climate guidance across all relevant functions and regional business units. The Head of Climate supports the Climate Steering Committee in setting goals and priorities. It meets quarterly and reviews annual progress against strategic goals and targets, with deep dives into specific topics of interest as requested and depending on materiality.

## The Climate Network

The AXA XL Head of Climate is supported by the Climate Network, which comprises senior product leads and representatives from across regions and corporate functions. One key objective of the Climate Network is to facilitate information sharing, collaborate across areas of the business, seek opportunities to develop new initiatives and share best practices.





## Remuneration

AXA XL follows AXA Group's compensation policy, designed to align employee interests with the company's overarching sustainability strategy. To engage employees on AXA Group's purpose and maintain its sustainability leadership position, AXA Group continuously builds ESG criteria into its total rewards offering, including various short-term and long-term incentives:

- AXA Group's Global Leadership Network, including AXA XL's Leadership team, are assessed on qualitative climate and diversity objectives, which are included in their annual target letters.
- Long-term incentives (LTI) include ESG criteria (climate and diversity objectives in Performance Shares plan, AXA ranking in the S&P Global CSA – Corporate Sustainability Assessment – in both Performance Shares and Restricted Shares plans) covering a population of around 6,000 employees every year. For more information, please refer to Section 3.2 (Executive Compensation and Share Ownership) of AXA's 2023 URD.
- For the performance shares granted in 2024, the Board of Directors decided to replace the relative criterion linked to the DJSI index with the internal criterion of reducing the Group carbon intensity in General Account assets. Please refer to sections 3.2 "Executive Compensation and Share Ownership" and 4.2 of AXA's 2023 Universal Registration Document "AXA Group's Sustainability Strategy – AXA: a purpose-driven and inclusive organization" for more details.

## Evaluation approach

The compensation policy for AXA XL's CEO is based on a pay-for-performance approach. This aligns with AXA Group's policy, which:

- Requires the achievement of challenging financial and operational targets that are defined and aligned with the Group's strategy
- Promotes long-term sustainable performance while incorporating risk adjustment measures in performance metrics
- Determines the effective amount of the actual individual compensation on the basis of both financial and extra-financial results

## Embedding ESG into our shares policy

Since 2021, AXA Group has increased the weight of sustainability criteria in AXA performance shares from 10% to 30%, including the following sustainability metrics for the 2023 grant:

- Score AXA Group versus S&P Global Corporate Sustainability Assessment (DJSI) (10%)
- Reduction in operations' carbon emissions (10%)
- Increase the proportion of women in the Group's executive population (10%)

Performance shares are granted to senior leaders across AXA XL who have the greatest ability to impact our strategic goals. After three years, these shares are converted to AXA Group shares based on a conversion rate determined by AXA Group's actual ESG performance attained versus the goal during the performance period.

It is also AXA's ambition to increase the weight of sustainability criteria in profit-sharing agreements to 30% (prevalent in certain European countries, impacting over 20,000 employees every year), which also ensures employees are empowered to personally take inclusive and tangible actions.

AXA XL has taken the challenge a step further by including 40% of performance conditions in their profit-sharing agreement (France), including a specific criterion for employees' training on climate.





# Metrics and targets

By including metrics and targets across many areas of our business, we can ensure our strategy is embedded into our activities, helping us deliver against our roadmap and climate objectives.

- 31 Risks and opportunities metrics
- 32 Climate targets and performance
- 33 GHG emissions





# Risks and opportunities metrics

## Risk metrics

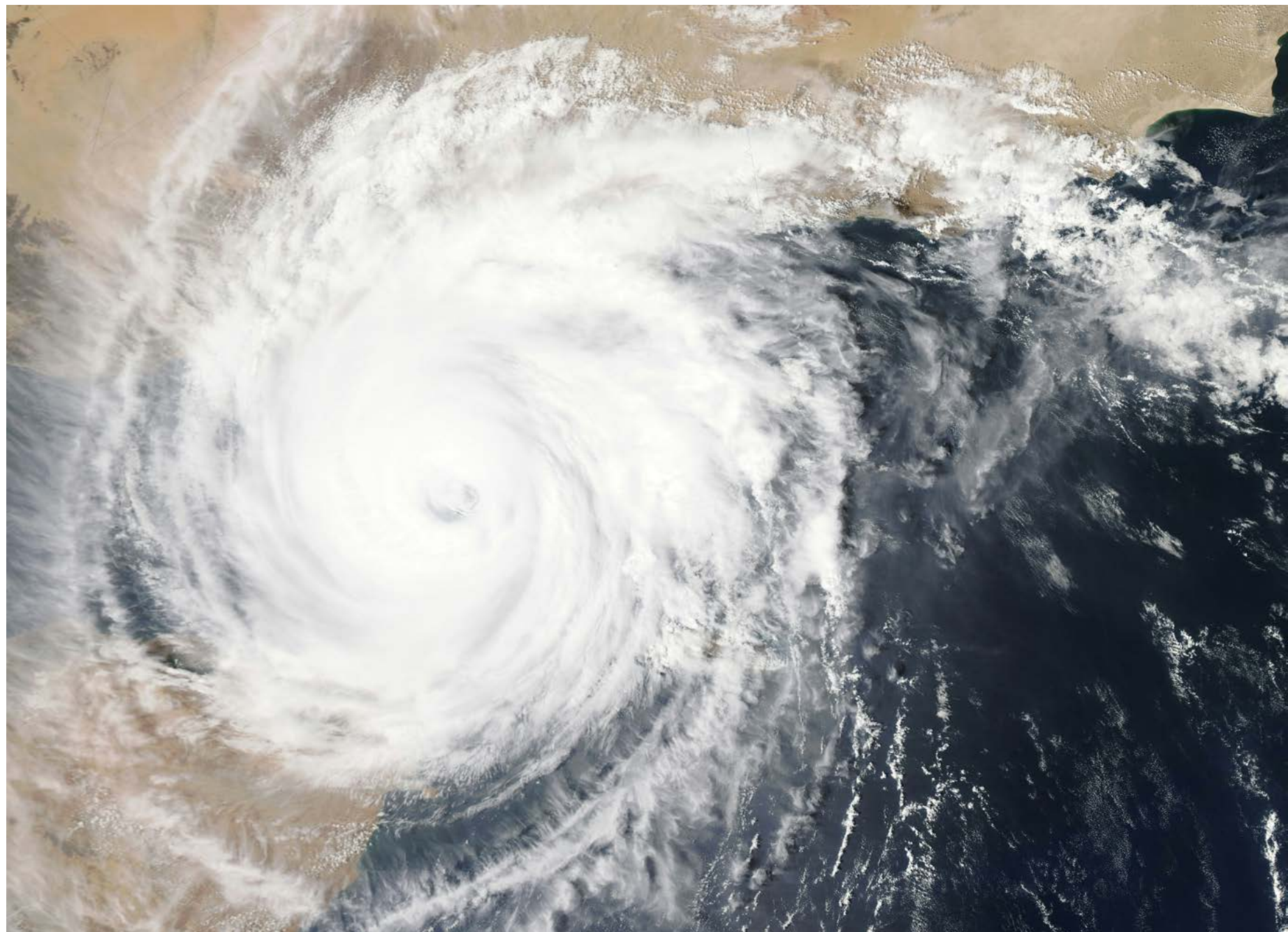
AXA XL's natural catastrophe risk is managed and monitored through the extensive use of catastrophe models. There is a formal reporting process based on several metrics and Key Risk Indicators (KRIs).

In 2022, a quarterly Sustainability Pack was developed, which included a dashboard of Divisional KRIs; climate was included within these metrics. In 2023, the KRIs were reviewed to align to the AXA XL 2023–2026 Roots of Resilience Sustainability Strategy and, in line with regulatory requirements, to focus more explicitly on the theme of “climate”. For each KRI, agreed thresholds were put in place to capture performance. Today, if any KRIs move to red or amber, this triggers a referral to the relevant Risk Committee to determine if an action plan should be developed.

Selected KRIs include metrics relating to physical, transition and litigation risk and span insurance, financial, operational, reputational and strategic risk pillars. They are updated quarterly or yearly dependent on the metric and are included within the materials for every ARCC meeting.

## Opportunities metrics

Green Business and Green Investments metrics are tracked to understand opportunities and progress against these areas. See [Climate targets and performance](#) for more information.





# Climate targets and performance

AXA XL has contributed to the Group’s successes in achieving the targets set out in the 2021 AXA for Progress Index. We are also supporting progress against the Group’s newly established 2024–2026 targets, as well as our own AXA XL-specific targets.

✔ Metric covered by a limited assurance conclusion, please refer to the “Independent Limited Assurance Report” section of the [2024 Climate and Biodiversity Report, Roadmap to a Climate Transition Plan](#) | AXA.




<sup>23</sup> For further details on the AXA for Progress Index Goals, see page 146 of the AXA Group 2023 Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>24</sup> For further details on Group performance, see the [2024 Climate and Biodiversity Report 2024 Climate and Biodiversity Report, Roadmap to a Climate Transition Plan](#) | AXA.

<sup>25</sup> Variation of the EVIC-based carbon intensity (Scope 1 and 2) of AXA Group’s General Account assets (scope: listed corporate debt and equities; and real estate equity assets where possible) between FY2019 and FY2025. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>26</sup> These results are subject to volatility linked to the evolution of industry carbon emissions, financial market performance and coverage of issuers AXA Group has invested in that may evolve over time. AXA Group’s priority is to achieve a -20% carbon reduction target by 2025 with 2019 as the base year.

## AXA for Progress Index

Area	AXA for Progress Index 2021–2023 <sup>23</sup>	AXA Group performance <sup>24</sup>
<div></div> <div>As an investor</div>	<div>Reduce the carbon intensity of the AXA Group General Account assets by 20% by 2025<sup>25</sup>.</div> <div>(Subsequently updated to 50% by 2030.)</div> <div>Reach €26bn in Green Investments by 2023<sup>27</sup>.</div>	<div>48%<sup>26</sup> ✔ reduction achieved between 2019 and 2023.</div> <div>€29.9bn in Green Investments by 2023.</div> <div>Including €4.1bn in renewable energy investments.</div>
<div></div> <div>As an insurer</div>	<div>Reach at least €1.3bn in premiums on Green Business products and services by 2023<sup>28</sup>.</div> <div>(Subsequently updated to €1.7bn.)</div>	<div>€2bn reached by 2023.</div>
<div></div> <div>As a company</div>	<div>Achieve carbon neutrality by 2025 by reducing overall CO<sub>2</sub> emissions by 20% (energy, travel and digital) and offsetting the residual<sup>29</sup>.</div> <div>Train AXA employees<sup>30</sup> in climate issues.</div>	<div>GHG emissions related to energy consumption, car fleet, business travel and IT decreased by 34% between 2019 and 2023. AXA Group offset residual emissions of its own operations for 2023 (150,458 tCO<sub>2</sub>e).</div> <div>96% as of 2023.</div>

## AXA XL Roots of Resilience

Goals	Performance
<div>7% revenue increase from green products and services by 2024</div> <div>25% reduction in our operational carbon footprint by 2025</div>	<div>We have met this goal, securing a 7% per annum increase on gross written premium from green products and services compared to a 2020 baseline.</div> <div>During 2023, we reduced operational emissions by an estimated 34% versus our 2019 baseline.</div>

<sup>27</sup> Scope: green bonds, infrastructure debt & equity, impact investments, real estate and commercial real estate loans of AXA Group General Account assets. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>28</sup> Scope: Gross Written Premiums for Green Business offerings. Based on the strong performance in 2022, AXA Group decided to increase its ambition and set a floor at €1.7bn for 2023. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>29</sup> Variation of AXA Group carbon emissions (scope: energy, car fleet, business travel & IT equipment and services) between FY2019 and FY2025. Historical numbers have been restated compared to past publications. Refer to Section 4.3 “Climate change and biodiversity loss” of the 2023 AXA Universal Registration Document – [2023 Annual Report \(Universal Registration Document\)](#) | AXA.

<sup>30</sup> Share of permanent employees within the scope of AXA Group’s Social Data Report (SDR) who have been trained in climate issues, completing the AXA Climate Academy or a similar local initiative, excluding newcomers and people on long-term leave (according to local management rules).

# GHG emissions

According to the GHG Protocol<sup>31</sup>, emissions can be categorized into Scope 1, 2 and 3.

Scope 1 refers to direct emissions from owned or controlled sources, while Scope 2 are indirect emissions from generation of purchased energy. For AXA XL, Scope 1 and 2 emissions relate those emissions from our own operations, predominantly energy usage at our offices.

Scope 3 refers to all indirect emissions that occur in the value chain (upstream and downstream emissions). For AXA XL, this includes emissions associated with insurance and investment portfolios, emissions from business travel and emissions from data centers.

## AXA XL operational emissions

In 2023, we noted an increase in total operational emissions compared to 2022. We continue to see business travel rise after significant decreases in 2020 and 2021 due to COVID-19. We also saw our energy and water usage level out as our hybrid working pattern becomes our new normal. In 2024 we will continue to explore ways in which we can reduce our emissions related to business travel.

<sup>31</sup> [Homepage | GHG Protocol](#).

<sup>32</sup> Covering listed corporate debt and equity, complemented with real estate equity assets.

<sup>33</sup> These methodological enhancements include the use of EVIC for the denominator of the carbon intensity (Enterprise Value (EV) was previously used), as well as enhancements in the quality and scope of GHG emissions for real estate assets.

<sup>34</sup> Defined as the carbon intensity by EVIC multiplied by the assets under management covered by the carbon intensity.


<sup>35</sup> Scope 3 includes business travel, resources we consume (paper, waste, water) and energy from transmission and distribution.

<sup>36</sup> Location-based.

<sup>37</sup> Headcount figures may differ to elsewhere in this report as some office space is located within other AXA XL entity offices and reported in their footprints.

## AXA Group investment emissions


### Carbon intensity

Between 2019 and 2023, AXA Group’s General Account<sup>32</sup> carbon intensity per Enterprise Value Including Cash (tCO<sub>2</sub>e/€m EVIC) decreased by 48%  from 65.3 tCO<sub>2</sub>e/€m to 34.2 tCO<sub>2</sub>e/€m. In 2023 alone, it fell by 18% as a result of active portfolio management, with notably a high-quality selection of investments.

By the end of 2023, the carbon intensity coverage rate was at 81.3% of in-scope assets. It is to be noted that following methodological enhancements<sup>33</sup> performed in 2023, all historical figures until 2019 have been restated for target assessment consistency.

These historical figures, as well as detailed evolutions by asset class, are reflected in the table to the right, and more details can be found in the appendix to the AXA Group 2024 Climate and Biodiversity Report.


### Financed emissions

In addition to monitoring carbon intensity, AXA Group monitors emissions financed by its assets<sup>34</sup>. At end of 2023, the financed emissions of AXA Group’s General Account reached 4.5 MtCO<sub>2</sub>e  covering both listed corporate debt and equities and AXA Group real estate equity portfolios. This is an 18% decrease versus December 2022, well in line with the reduction achieved on its carbon intensity metric.


## Underwriting emissions

Given interim targets for the emissions from AXA Group’s underwriting portfolio were only released in 2023. AXA Group is yet to report on performance against these targets.


AXA XL operational emissions					
	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 <sup>35</sup> (tCO <sub>2</sub> e)	Total <sup>36</sup> (tCO <sub>2</sub> e)	Headcount <sup>37</sup>
2023	764	4,531	33,990	39,072	8,018
2022	1,100	4,557	20,993	26,650	8,287
2021	851	3,875	14,907	19,633	7,339
2020	1,639	4,789	12,320	18,748	7,816
2019 baseline	1,838	5,727	37,945	45,510	8,327

CO <sub>2</sub> intensity of AXA Group’s investments			
	December 2019	December 2022	December 2023
Total CO <sub>2</sub> intensity (in tonnes of CO <sub>2</sub> equivalent/€ million EVIC)	65.3	41.5	34.2 
CO <sub>2</sub> intensity of AXA Group’s investments per asset class			
Listed corporate debt	73.5	47.7	39.4
Listed equities	57.6	43.4	31.4
Real estate equity	7.3	6.5	7.9

Sources: Trucost S&P, AKA

Financed emissions of AXA Group’s investments			
	December 2019	December 2022	December 2023
Total financed emissions (in kilotonnes of CO <sub>2</sub> e)	11,663	5,494	4,532 
Financed emissions of AXA Group’s investments per asset class			
Listed corporate debt	10,384	4,851	4,076
Listed equities	1,150	522	302
Real estate equity	129	121	153

Sources: Trucost S&P, AKA

 Metric covered by a limited assurance conclusion, please refer to the “Independent Limited Assurance Report” section of the AXA Group 2024 Climate and Biodiversity Report. Climate and Biodiversity metrics covered by a limited assurance conclusion, please refer to Section “Independent Limited Assurance Report (EY)” in the 2024 AXA Group Climate and Biodiversity Report for details.



# Appendix

## Methodologies

### Green assets

To qualify investments as green, AXA Group applies its standards to each of the following asset classes:

- **Green bonds:** The green bonds in which AXA invests are independently labelled based on Bloomberg’s Green Bond Indicator (DT607). Bloomberg’s definition of what constitutes a market-accepted green bond is based on the 2021 edition of ICMA’s Green Bond Principles (GBP)<sup>38</sup>. Bloomberg requires use-of-proceeds to be aligned with GBP to be eligible for green bond designation. This field indicates if the net proceeds of the bonds go toward green projects or activities that promote climate change mitigation or adaptation, or other environmental purposes.
- **Infrastructure:** Investments in infrastructure equity include notably assets complying with the green sectoral classification defined by the Climate Bonds Initiative<sup>39</sup>.
- **Impact investments:** Investments in the Group’s Impact Funds targeting climate impacts with clearly defined KPIs, and in the forests with FSC or PEFC certification.
- **Real estate:** AXA Group’s definition is limited to assets with a very high level of environmental certification<sup>40</sup> and a minimum Energy Performance Certificate (EPC) rating of “B” or equivalent.

### Investment targets

AXA Group is a member of the Net Zero Asset Owner Alliance (NZAOA) and, as such, its targets are aligned with NZAOA recommendations and interpretation from the IPCC Sixth Assessment Report (AR6)<sup>41</sup> compatible with +1.5°C pathways.

In line with NZAOA’s recommended approach and common market practices, AXA Group uses the Enterprise Value Including Cash (EVIC) for calculating investment carbon intensity. It is expressed in tonnes of CO<sub>2</sub> equivalent per € million invested(tCO<sub>2</sub>e/€m). The targets and metrics apply to AXA Group’s General Account assets in listed corporate debt and equities and real estate equity assets. AXA XL aligns with AXA Group’s calculation and metric.

The metric covers Scope 1 and 2 GHG emissions according to the GHG Protocol. It does not cover Scope 3 GHG emissions, due to limited and volatile data. However, AXA continue to engage its data provider to obtain upstream and downstream Scope 3 emissions. AXA relies on global GHG emissions from the corporates and any avoided emissions are not included.

### Operational targets

AXA XL’s decarbonization targets for our own operations are part of the wider AXA Group’s carbon footprint targets. These targets are based on Science Based Targets initiative methodologies and the Sectoral Decarbonation Approach<sup>42</sup>.

We calculate our annual carbon footprint using the GHG Protocol standard, based on a full calendar year of collected data and report on this the following year<sup>43</sup>. AXA XL’s footprint is independently verified annually to a limited level of assurance by Nature Positive. The verification has been carried out against the ISO standard ISO 14064-3 (2019), Greenhouse gases — Specification with guidance for the verification and validation of greenhouse gas statements. This verification covers all three scopes of GHG emissions.

### Underwriting target

Carbon emissions for our underwriting portfolio is expressed in IAE (insurance associated emissions) as defined by the absolute carbon accounting standard published by the Partnership for Carbon Accounting Financials (PCAF) and is based on Scope 1 and 2 emissions.

Our efforts to measure underwriting portfolio emissions are limited by the disclosure efforts of the real economy. Until this improves, actions and ambition are limited where only proxy data is available. The intermediate transition targets have been set on a limited scope of AXA and AXA XL’s underwriting portfolio and only include client’s Scope 1 and 2 emissions. It is possible in the future that additional portfolios may be included and Scope 3 GHG emissions integrated.

<sup>38</sup> Available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-andhandbooks/green-bond-principles-gbp/>.

<sup>39</sup> Beneficial sectors include solar, wind, bioenergy, hydropower, geothermal, energy distribution, energy storage, transport and water. For more information, see [www.climatebonds.net](http://www.climatebonds.net).

<sup>40</sup> Minimum level BREEAM “Excellent”, LEED “Gold” or equivalent.

<sup>41</sup> [Sixth Assessment Report — IPCC](#).

<sup>42</sup> [Ambitious corporate climate action - Science Based Targets initiative](#).

<sup>43</sup> We report annually and publicly on our carbon footprint through our annual sustainability report, the ClimateWise Principles and other climate change-related disclosures.



Assumptions

Underwriting targets

AXA Group’s underwriting portfolio Insurance-Associated Emissions (IAE) reduction targets reflect an optimistic-yet-possible view of real economy efforts for a stable and just transition. Achieving these intermediate targets depends on several variables. In particular:

- The real economy, including policyholders, transitioning in line with those scientific +1.5°C pathways<sup>44</sup> which have been used for AXA Group’s carbon emissions reduction calculation
- The energy transition for in-scope economic markets, being in-line with the transition pathways<sup>45</sup> used for AXA Group’s carbon emissions reduction calculation
- Governments and regulators (including insurance and financial regulators) around the world retaining, strengthening and evolving policies to achieve the emission reductions necessary to meet their +1.5°C pledges

These variables are not within the control of AXA Group, but we will, nonetheless, play our part in continuing to improve disclosure efforts to achieve IAE reduction targets. In this regard, the Group’s measurement and disclosure of its underwriting portfolio carbon emissions, which is a key step in achieving emissions reductions, is limited by the disclosure efforts of the real economy. Until this improves, actions and ambition are limited where only proxy data is available.

For more details on key assumptions, please refer to Section 4.3 of [AXA’s 2023 Universal Registration Document](#).

Investment targets

AXA Group’s reduction objectives reflect an optimistic-yet-possible view of real economy efforts for a stable and just transition. Achieving these new intermediate targets depends on several variables. In particular:

- The real economy and the companies in which we invest transitioning in line with those scientific +1.5°C pathways<sup>46</sup> which have been used for AXA Group’s investment portfolio carbon reduction calculation
- Governments and regulators (including insurance and financial regulators) around the world retaining, strengthening and evolving policies to achieve the emission reductions necessary to meet their +1.5°C pledges

In this regard, measurement and disclosure are key steps in achieving emissions reductions. AXA Group’s efforts to measure investment portfolio carbon intensity are limited by the disclosure efforts of the real economy. Until this improves, actions and ambition are limited where only proxy data is available. It is possible in the future that additional assets may be included, and Scope 3 emissions integrated.

<sup>44</sup> Climate or sustainability-related metrics and underlying emissions data are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. There is a limited availability of relevant data: such data is not yet systematically disclosed by insureds, or, when disclosed by insureds or collected from third-party data providers, it may be incorrect, incomplete or follow various reporting methodologies. The measurement techniques used for determining non-financial metrics and data may involve complex modeling processes and research. The use of different measurement techniques can also result in materially different measurements, while the precision of these techniques may vary. The data sources and methodologies for emissions factors are expected to evolve and improve over time and may materially impact targets and the achievement of targets.

<sup>45</sup> The interim portfolio transition targets noted above reflect management’s current expectations, and are subject to a number of assumptions, variables and uncertainties. In particular, the achievement of AXA’s transition targets will depend on the overall transition of the world economy and society to net zero in the coming decades which itself will depend on a variety of political, economic, regulatory, civil society and scientific developments beyond AXA’s control. There can be no assurances that its transition targets will be achieved in whole or in part, the timetable for any transition process, or the impact on its business of meeting or failing to meet such targets.

<sup>46</sup> IPCC Special Report on Global Warming of 1.5°C and IPCC Sixth Assessment Report (AR6).





# Cautionary statement regarding forward-looking statements and important legal information

This AXA XL 2024 Climate Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to AXA XL's future business, financial condition, results of operations, performance and strategy as they relate to the climate objectives and other goals set forth herein. Forward-looking statements are not statements of historical fact and may contain the terms “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, “believes”, “intends”, “expects”, “plans”, “seeks” or “anticipates” or words of similar meaning. Such statements are based on management's current views and assumptions and, by nature, involve known and unknown risks and uncertainties; therefore, undue reliance should not be placed on them. In particular, the actual achievement of the climate-related and other goals set forth in the AXA XL 2024 Climate Report may differ materially from those expressed or implied in such forward-looking statements. Furthermore, many of the factors impacting the achievement of our climate goals may be more likely to occur, or more pronounced, as a result of catastrophic events, such as weather-related and other catastrophic events, including pandemic events. Actual results may differ from those set forth in the forward- looking statements due to a variety of factors, including those described in Part 5 – “Risk Factors and Risk Management” of the Universal Registration Document of AXA S.A., the ultimate parent of AXA XL, for the year ended December 31, 2023 (the “2023 Universal Registration Document”), available on AXA S.A.'s website ([www.axa.com](http://www.axa.com)). AXA XL assumes no obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances

or otherwise, except as required by applicable laws and regulations. This AXA XL 2024 Climate Report and the information included herein were prepared on the basis of data made available to AXA XL as of the date of this Report. Unless stated otherwise in the AXA XL 2024 Climate Report, this Report and the information included herein are current only as of such date, unless stated otherwise. The inclusion of information in this AXA XL 2024 Climate Report should not be construed as a characterization regarding the materiality or financial impact (or potential impact) of that information, or its significance for any other purpose, including for purposes of applicable securities law.

This AXA XL 2024 Climate Report refers to certain non-financial metrics, such as climate or sustainability-related metrics and benchmarks, as well as other non-financial data, all of which are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. Non-financial metrics used herein generally have no standardized meaning and may not be comparable to similarly labelled measures used by other companies. In addition, AXA XL reserves the right to amend, adjust and/or restate the data presented in this AXA XL 2024 Climate Report, from time to time, without notice and without explanation. The data presented or included in this AXA XL 2024 Climate Report may be further updated, amended, revised or discontinued in subsequent publications of AXA XL depending on, among other things, the availability, fairness, adequacy, accuracy, reasonableness or completeness of the information, or changes in applicable circumstances, including changes in applicable laws and regulations. The measurement techniques used for

determining non-financial metrics and data, including notably the financial impact of climate change may involve complex modeling processes and research and can result in materially different outcomes and measurements. In addition, the precision of these techniques may vary. The determination and use of non-financial metrics and data, in particular when integrating sustainability risks or the impact of investment decisions on sustainability factors in investment processes, remains subject to the limited availability of relevant data: such data is not yet systematically disclosed by issuers, or, when disclosed by issuers, insureds or other corporate clients, or collected from third-party data providers, it may be incorrect, incomplete or follow different reporting methodologies. Furthermore, most of the information used to determine non-financial metrics or factors is based on historical data, which may not be complete or accurate or may not fully reflect the future non-financial performance or risks of the underlying investments.

The transition targets noted in this report reflect management's current expectations, but are subject to a number of assumptions, variables and uncertainties. In particular, the achievement of AXA's and AXA XL's, transition targets will depend on the overall transition of the world economy and society to net zero in the coming decades which itself will depend on a variety of political, economic, regulatory, civil society and scientific developments beyond AXA's control. There can be no assurances that our transition targets will be achieved in whole or in part, the timetable for any transition process, or the impact on our business of meeting or failing to meet such targets.

This AXA XL 2024 Climate Report may include or refer to information obtained from, or established on the basis of, various third-party sources, including, but not limited to, third-party benchmarks and indexes. Such information may not have been reviewed by AXA XL or independently verified, and AXA XL does not approve or endorse such information by inclusion thereof or reference thereto. Accordingly, no guarantee, representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by AXA XL as to the fairness, adequacy, accuracy, reasonableness or completeness of such information. Where reference is made to a website in this AXA XL 2024 Climate Report, the contents of such website do not form part of this AXA XL 2024 Climate Report.

AXA XL adheres to legal and regulatory requirements in each jurisdiction in which it operates.



## Get in touch

We are continuously looking to assess and improve our progress and performance. In preparing this report, we hope to share our journey with you and invite your feedback to help us improve further.

Email us at [AXA-XL-Climate@axaxl.com](mailto:AXA-XL-Climate@axaxl.com)