



 Insurance  
Reinsurance

An aerial photograph of a solar farm is positioned on the left side of the page. It shows three long, parallel rows of blue solar panels installed on a dark surface, likely a roof or a ground-mounted array. The panels are separated by narrow gravel paths. The background shows a mix of green grass and a dark, possibly wooded area.

# Climate Report

2024



# Welcome

Welcome to AXA XL’s 2024 Climate Report, which we have developed in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. We also continue to keep abreast of the evolving requirements of climate-related disclosure standards across the globe to facilitate compliance with applicable regulatory requirements in the territories in which we operate.

## About this report

The data and narrative in this report cover the period from January 2024 to December 2024 unless otherwise stated. This year, we reset the title of our annual Climate Report to align with the naming convention of AXA XL’s companion Sustainability Report, which uses the appropriate reporting year in the title. Therefore, this report has the same title as our prior publication: 2024 Climate Report, which was published in 2024 but provided 2023 data.

<sup>1</sup> “AXA XL” or “we”, “us” or “our” refers to the Property and Casualty and Specialty Risk division of AXA Group, providing insurance and risk management products and services for mid-sized companies through to large multinationals, and reinsurance solutions to insurance companies globally.

## Broader sustainability

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 Sustainability section of the AXA Group [2024 Annual Report \(Universal Registration Document\)](#).

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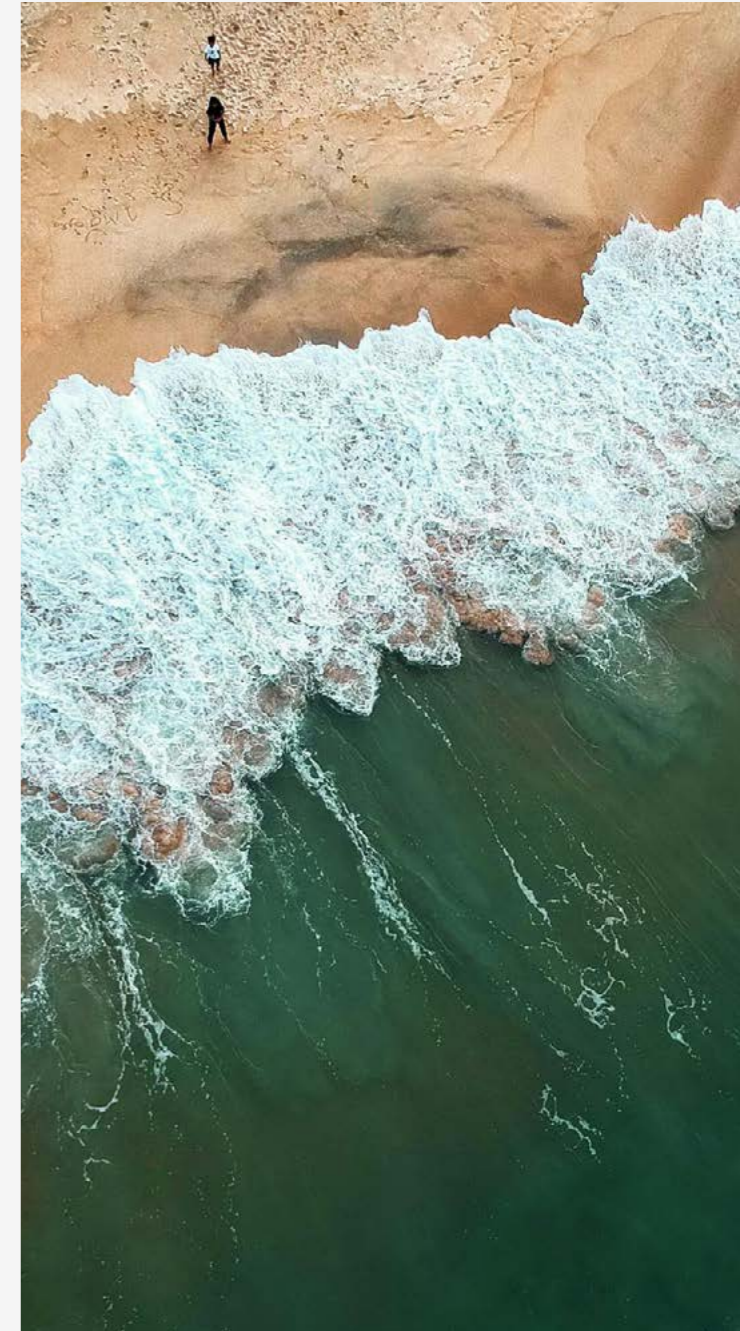
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# A message from our CEO

## Ongoing uncertainty requires continued action

For the fourth year, the AXA Future Risks Report 2024 highlights climate change as the top global risk. The uncertainty driven by the interconnected nature of the risks we continue to face – ranging from geopolitical instability and social tensions to energy security – means there is a need for companies to continue to lead change while navigating these risks. Insurance provides businesses the protection to help them operate with confidence, safeguarding against unforeseen events. At AXA XL, we remain committed to taking a leading role in working with our clients and business partners to raise awareness of climate issues, helping them manage their risks and develop solutions to create a more sustainable society.

## The progress we continue to make

As part of the AXA Group, we are dedicated to transitioning our insurance, reinsurance and investment portfolios toward net zero greenhouse gas (GHG) emissions by 2050. We recognize the need for action, but to achieve these goals, we must continue to work with governments, industry bodies and our clients, as the success of meeting these objectives will require collaboration from all stakeholders. AXA Group has completed its first round of reporting against these goals and is on track to meet the 2030 interim goals that have been set.

Our investment in building out a team and developing capabilities in energy transition has begun to make progress. We have expanded our footprint across renewables and other lines of business, bringing our risk expertise and (re)insurance capital to support our clients and their businesses as they transition to a lower-carbon society and a more resilient world.

We recognize the need to continue researching and understanding the ongoing implications of a changing climate and the role insurance will have in the future. In 2024, we partnered with the Cambridge Centre for Risk Studies, looking at disaster resilience. Through this partnership, we investigated the role investment in resilience has on losses associated with extreme

events. The research found that every \$1 spent by the U.S. Federal Emergency Management Agency (FEMA) on resilience saved on average \$16 in damages, highlighting the importance of investing in adaptation as the climate continues to change.

## Commitment to our goals

Through AXA Group’s first round of reporting, it has demonstrated that it is making good progress against the goals set through the Group’s *Unlock the Future* strategy and the updated AXA for Progress Index goals. Our TCFD-aligned Climate Report continues to evolve, outlining AXA XL’s approach to climate and serving as a vital resource offering valuable insights for our stakeholders into our climate-related risks and opportunities.

**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

According to the [AXA Future Risks Report](#), climate change has again been highlighted as the number one risk by both experts and the general public<sup>2</sup>. In addition to the potential far-reaching impacts climate change is set to have on our society and planet, we recognize failure to manage climate risk internally may lead to negative long-term impacts for both AXA XL's business and our clients' long-term operational sustainability.

Yet climate change 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 required to promote effective climate action through driving societal-led solutions.

Our mission is to establish AXA XL as the trusted risk expert in the global transition to a low-carbon economy. We act as a valued partner to clients, brokers, regulators and colleagues, demonstrating the value of insurance in creating a more sustainable society.

To maximize our sustainable impact, we provide our clients with offerings that build resilience and contribute to furthering their decarbonization efforts. We are striving to transition our investment, insurance and reinsurance portfolios to net zero by 2050<sup>3</sup>, working alongside 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. Our carbon reduction strategy directly targets the energy we use, the resources we consume and the business travel our people undertake, promoting efficiency and sustainable practices across our business.

<sup>2</sup> Climate has been ranked the number one risk by experts for the last six out of seven years (ranking second to pandemic diseases in 2020).

<sup>3</sup> In accordance with applicable law.

# 2024 highlights

## AXA XL

### Client engagement drive – supporting the transition

In 2024, our client engagement drive helped us to gain tailored insights into how our clients are recognizing and responding to climate-related risks and opportunities. We are using these insights to better understand our clients' needs and how we can support them in their transition, in particular through our tailored product and service offering.

➔ See page 16

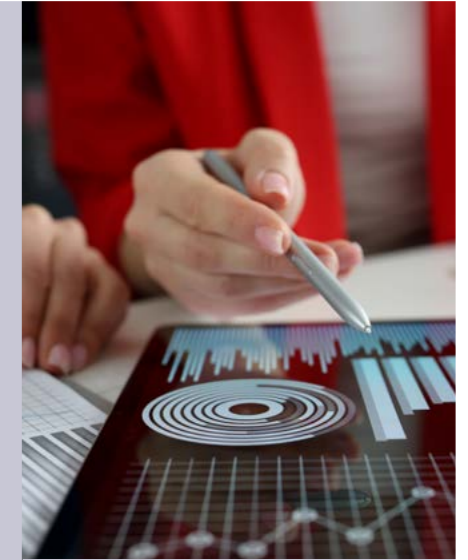


## AXA Group

### Inaugural year of AXA Group's sustainability statement under the EU Corporate Sustainability Reporting Directive (CSRD)

The sustainability statement includes the Group's initial disclosures regarding the impacts, risks and opportunities related to material sustainability matters affecting its activities and operations. It also reports on progress against its goals under the AXA for Progress Index, including targets relating to the reduction of absolute emissions and carbon intensity for its underwriting portfolio, transition underwriting goals and client engagement goals.

➔ See page 16 and 40



### New thought leadership, including optimizing disaster resilience

In 2024, we continued to use our resources and expertise for the good of our industry and society, contributing to research and thought leadership on topics such as disaster resilience.

➔ See page 26

### Tipping point analysis

In 2024, we commenced work to consider the implications of certain tipping point scenarios on our underwriting portfolio, further developing the robustness of our risk management assessments.

➔ See page 30

### New underwriting liability and transition risk scenarios

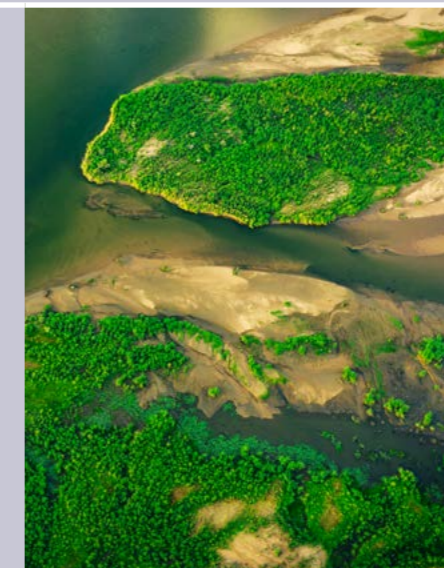
During 2024, we continued to progress our understanding of climate-related risks and developed new underwriting transition risk and liability risk scenarios.

➔ See page 32 and 33

### Developing AXA's Climate Transition Plan

AXA Group's Climate Transition Plan (CTP) has been embedded in and aligned with AXA's overall business strategy and financial planning and with the Group's "Unlock the Future" strategic plan.

➔ See page 12



### AXA Group on track to fulfill its interim 2030 underwriting decarbonization goals

As part of its decarbonization strategy for its insurance, reinsurance and investment portfolios, AXA Group is on track to meet its 2030 interim goals.

➔ See page 40

# Business overview

## AXA XL

AXA XL is the Property and Casualty (P&C) and Specialty Risk division of 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. 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, AXA Group has a broader scope. Its P&C business includes insurance for personal property (such as cars and homes), as well as liability (coverage for both personal and professional needs), covering a range of products and services tailored for individuals and business clients.

The Group also offers protection through individual and group life insurance policies, encompassing savings, retirement and other health and personal protection products. The asset management arm, AXA Investment Managers (AXA IM)<sup>4</sup>, is responsible for investing and managing assets for the Group’s insurance companies (including AXA XL) and their clients, as well as for third parties, which consists of both retail and institutional clients<sup>5</sup>.

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

### AXA XL’s products and services



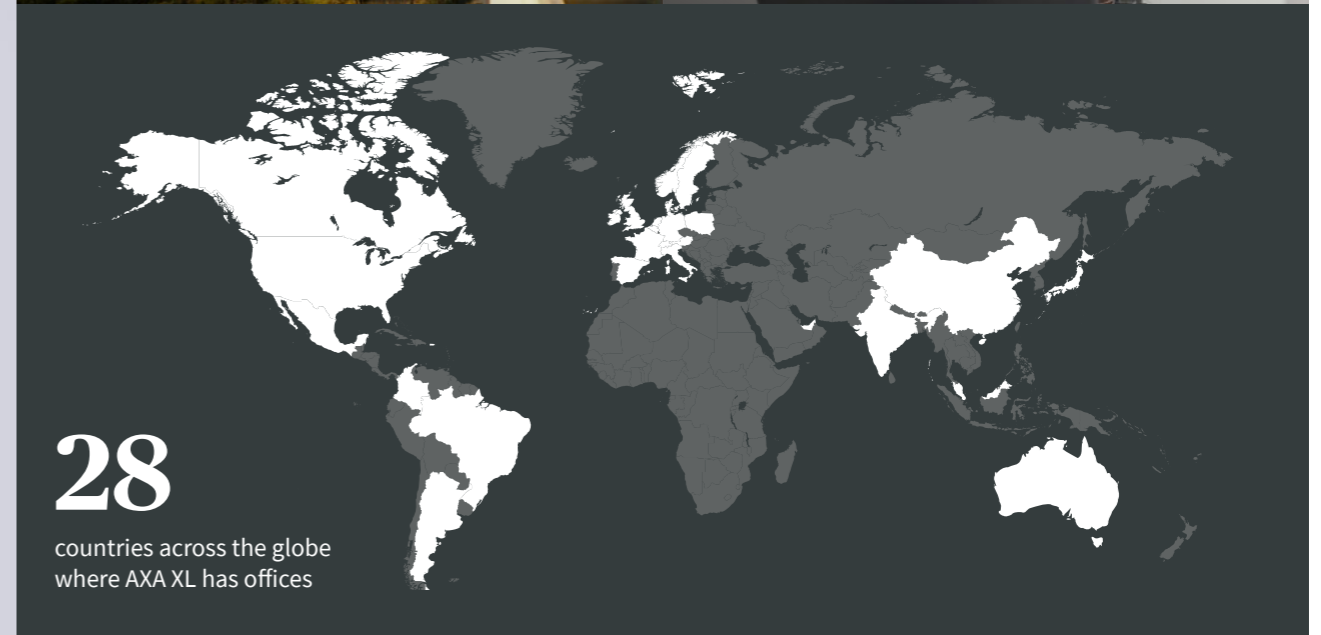
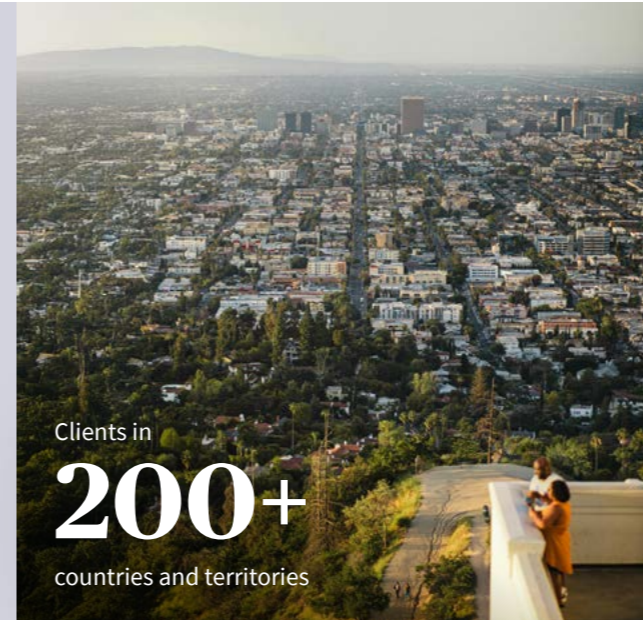
#### Insurance

- 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>4</sup> AXA IM, acts as a global multi-asset investor and, as AXA’s in-house asset manager, provides investment management services to AXA XL.

<sup>5</sup> On July 1, 2025, AXA Group completed the previously announced sale of AXA Investment Managers to BNP Paribas.



# Strategy

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

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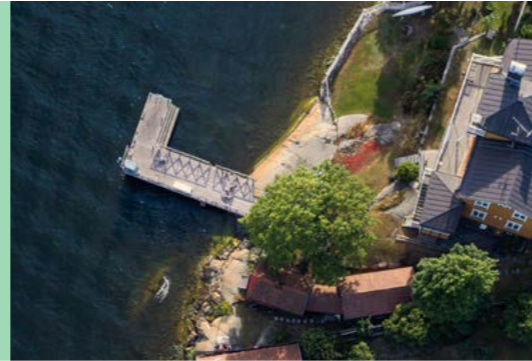
# Climate-related risks and opportunities

To develop an effective climate strategy, we must first understand the climate-related risks and opportunities for AXA XL. While insurers are exposed to a range of climate-related risks, we have determined three core risk categories that may have a material impact on our business: physical, transition and liability.

## Climate-related opportunities

Efforts to mitigate and adapt to climate change can also produce opportunities for organizations, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. The insurance industry can play a unique role in supporting the transition to a low-carbon economy and making society and the economy more climate resilient through the products and services it offers to its customers.

### Physical risk



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

### Transition risk



Transition risk refers to the risks linked to the transition to a low-carbon economy, including those related to changes in the behaviors and strategies of industrial actors, market participants and customers in response to climate-related risk, as well as related policy, regulatory and technological developments, including cross-sectoral structural changes stemming from the transition toward a low-carbon economy.

### Liability risk



Liability risk refers to the risk of claimants potentially seeking compensation for climate change-related losses or damage, including legal proceedings seeking damages for alleged contribution to climate change or for alleged inaccurate or insufficient disclosure around material financial or operational risks. There is a potential risk of other forms of climate-related claims; in particular, claims by shareholders and other stakeholders for alleged “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.

# Climate risks and opportunities and their implications for AXA XL




At AXA XL, we are committed to proactively identifying, assessing, mitigating and monitoring climate-related risks to all areas of our business.

Time horizons key<sup>6</sup>

Short term: 1–5 years

Medium term: 6–25 years




Long term: 25+ years

	Physical		Transition		Liability	
	Risks	Opportunities	Risks	Opportunities	Risks	Opportunities
<b>Time horizons</b>	— Short, medium and long term —>		— Short to medium term —>		— Short, medium or long term —>	
 <b>As an insurer</b>	<ul style="list-style-type: none"> <li>Increasing and extreme weather events may affect the insurance industry more broadly, including potential impacts to risk perception, pricing, modeling assumptions and the affordability of insurance.</li> <li>In particular, our property lines of business could be exposed and may see increased claims, especially in certain geographies.</li> </ul>	<ul style="list-style-type: none"> <li>AXA XL has the opportunity to help our customers understand and mitigate increasing physical risks.</li> </ul>	<ul style="list-style-type: none"> <li>Societal shifts from the transition to a low-carbon economy have implications for insurers in terms of market demand for specific products, pricing of risks and ultimately insurability of certain risks.</li> <li>Many of AXA XL's lines of business could potentially be impacted through our clients' exposure to transition risk. This 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.</li> <li>New technologies required to support the transition could also create new risks that could impact our underwriting results and ability to support the transition.</li> </ul>	<ul style="list-style-type: none"> <li>Shifting demand and consumer needs provide opportunities for new insurance products that support the transition, as well as growth in certain existing lines of business such as renewable energy.</li> <li>We can bring our existing ecosystem of insurance solutions to help solve problems our clients are facing as they develop and scale new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>The potential exists for increased underlying liability risk for policyholders, including potential increases in underlying claims. This could be in relation to alleged contributions to climate change, alleged inaccurate or insufficient disclosures and "greenwashing", which creates the potential for increased claim submissions.</li> </ul>	<ul style="list-style-type: none"> <li>AXA XL has an opportunity to work with its clients and the wider insurance industry to better understand underlying climate liability risk.</li> </ul>
 <b>As an investor</b>	<ul style="list-style-type: none"> <li>AXA XL's assets may be exposed to physical risks through direct property investments.</li> </ul>	<ul style="list-style-type: none"> <li>We have the opportunity to make investments that improve the resilience of communities to physical climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Transition risk could 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.</li> </ul>	<ul style="list-style-type: none"> <li>The transition to a low-carbon economy presents opportunities to make investments that are aligned with and support it.</li> </ul>	<ul style="list-style-type: none"> <li>The companies we invest in may be subject to climate liability risk, which could impair the value of our investments.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
 <b>As a company</b>	<ul style="list-style-type: none"> <li>Physical risks increase the likelihood of damage and disruption to our premises, such as offices and data centers, or those of our vendors and suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>We have the opportunity to play a greater role in working with policymakers/regulators to recognize potential impacts from a changing climate and work to ensure a more resilient society in the longer term.</li> <li>We can partner with institutions to support resilience and adaptation to climate change in local communities, as well as support the recovery of communities post-disaster.</li> </ul>	<ul style="list-style-type: none"> <li>Increased regulation could lead to increased overhead costs as companies, including AXA XL, look to develop new policies, practices and procedures. There is a potential risk that any company with compliance challenges could be issued regulatory fines or penalties.</li> </ul>	<ul style="list-style-type: none"> <li>We have the opportunity to support the transition through our own decarbonization goals and strategy.</li> <li>This also provides opportunities for improved efficiencies in the use of energy and resources and in waste management.</li> </ul>	<ul style="list-style-type: none"> <li>Liability or reputational risks could present themselves in relation to our action or inaction in responding to climate issues.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

<sup>6</sup> To estimate time horizons for a particular risk, a specific societal pathway must be assumed. For the purposes of this exercise, we have used the Climate Action Tracker Nationally Defined Contributions (NDC) Scenario. Please see the [Scenario analysis](#) section of this report for further details on this scenario and other scenarios considered by AXA XL.



# Our actions in response to the risks and opportunities

	Physical		Transition		Liability	
	Risks	Opportunities	Risks	Opportunities	Risks	Opportunities
 <b>As an insurer</b>	<ul style="list-style-type: none"> <li>AXA XL conducts extensive catastrophe modeling to understand the past and current impacts of climate change on our underwriting portfolios. <a href="#">➔ See page 30</a></li> <li>To better understand the longer-term physical risks to our underwriting portfolio, we conduct climate-related scenario analyses. <a href="#">➔ See page 30</a></li> </ul>	<ul style="list-style-type: none"> <li>To help our clients better understand and mitigate physical risks, we offer risk consulting services. <a href="#">➔ See page 19</a></li> <li>We also offer adaptation solutions and services and have a Group-level goal on this. <a href="#">➔ See page 17 and 19</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA XL contributes to AXA Group underwriting portfolio decarbonization objectives. <a href="#">➔ See page 43</a></li> <li>We conduct transition risk scenario analyses to better understand and monitor the risk to our underwriting portfolio. <a href="#">➔ See page 32</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA XL is supporting Group transition underwriting goals. <a href="#">➔ See page 17</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA XL conducts liability risk scenario analyses to better understand any potential risks. <a href="#">➔ See page 33</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA XL is a member of various market liability risk working groups to further the understanding of climate liability risk across the insurance market.</li> </ul>
 <b>As an investor</b>	<ul style="list-style-type: none"> <li>AXA XL conducts physical risk analyses against our real estate portfolio. <a href="#">➔ See page 31</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA Group aims to invest &gt;€500 million per year to improve the resilience of communities. In 2024, the Group mainly invested in social bonds and social housing. <a href="#">➔ See page 14</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA Group has set decarbonization goals for its investment portfolio. <a href="#">➔ See page 14</a></li> <li>We believe in actively engaging with companies that we invest in through “active stewardship”. <a href="#">➔ See page 21</a></li> <li>We conduct transition risk scenario analyses to better understand and monitor the risk to our investments. <a href="#">➔ See page 32</a></li> </ul>	<ul style="list-style-type: none"> <li>We are contributing toward the Group’s transition financing goals. <a href="#">➔ See page 21</a></li> </ul>	<ul style="list-style-type: none"> <li>AXA XL follows AXA Group’s Responsible Investment Strategy and Sector Guidelines, which, alongside our diversified investment portfolio, mitigate climate liability risk. <a href="#">➔ See page 20</a></li> </ul>	
 <b>As a company</b>	<ul style="list-style-type: none"> <li>AXA XL mitigates physical risks to its own operations through disaster recovery plans.</li> <li>As a company, we also have appropriate insurance for our physical assets.</li> </ul>	<ul style="list-style-type: none"> <li>To help vulnerable communities strengthen their defenses against the effects of climate change, we have partnered with nonprofits to promote investment in climate resilience-building adaptation and mitigation projects. <a href="#">➔ See page 21 of the AXA XL 2024 the Sustainability report</a></li> <li>AXA XL provides support following natural disasters through our disaster relief nonprofit partnerships. <a href="#">➔ See page 22 of the AXA XL 2024 the Sustainability report</a></li> </ul>		<ul style="list-style-type: none"> <li>AXA XL has established a decarbonization strategy and goals for our own operations. <a href="#">➔ See page 14, 22 and 23</a></li> </ul>	<ul style="list-style-type: none"> <li>As part of AXA XL’s climate and sustainability training, emerging risks such as greenwashing will be included.</li> </ul>	



## Time horizons

While assessing climate change impacts over a short time horizon and specific geographical areas is highly complex, without effective, coordinated action, society will face increasing physical risks from climate change. However, a transition to a low-carbon economy comes with risks and opportunities associated with changes in policy, law and regulation, as well as market, technology and consumer preference changes.

The time horizons for climate risks and opportunities are dependent on the societal pathway that is taken in the coming years, including factors such as governmental policies and legislation and broader political and socioeconomic considerations. A swift transition to a low-carbon economy will reduce the physical risks from climate change, but the societal changes from the transition will be experienced sooner. Conversely, a lack of transition, or a delayed transition, will increase physical risks and mean longer timeframes until transition impacts are felt.

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 the frequency and severity of weather events in the present day.

The time horizons for potential underlying climate liability risks are largely unknown, with possible factors such as a landmark ruling on a case, or changes in policy, regulation or law, having the potential to impact the frequency, severity or type of cases brought globally as well as the outcomes of these.

AXA XL assesses the longer-term risks to its business under various societal pathways through scenario analysis, which is further explored in the [Scenario analysis](#) section of this report.

# Climate strategy

As an insurer, investor and organization, AXA Group has held the protection of human progress as its overarching purpose. In this regard, AXA Group’s overall sustainability strategy focuses on helping to build a resilient society through financial inclusion and climate transition.

In 2024, AXA Group unveiled its three-pillar strategic plan for 2024–2026, “Unlock the Future”. One key pillar of the strategy, “Expanding AXA’s role in society”, outlines the roles and actions of the Group in supporting the major transitions and protecting people from new risks. In line with its purpose – acting for human progress by protecting what matters – AXA has reconfirmed its commitment to helping build a more resilient society by putting at the core of its strategy financial inclusion and climate transition. These efforts will illustrate how insurance can contribute to human progress on a global scale. These strategic guidelines involve building on ongoing actions to support the climate transition by leveraging the Group’s unique expertise and assets to support its customers. At the same time, AXA is reinforcing its efforts to provide inclusive insurance, aware that vulnerable populations need effective protection more than ever.

## AXA Group climate goals

In 2021, AXA Group launched its AXA for Progress Index, a set of climate and sustainability-related commitments, translated into goals and shared across the Group to further embed sustainable development into business activities. This index plays a crucial role in the Group’s broader strategic framework by ensuring alignment with the “Unlock the Future” strategic plan.

AXA XL supported AXA Group’s successful delivery<sup>7</sup> of the AXA for Progress Index 2021–2023 ambitions; in 2024, to continue progressing, the Group presented a second edition of the “AXA for Progress Index”, which included new goals for 2024–2026.

## AXA Group’s Climate Transition Plan (CTP)




AXA Group’s CTP is embedded in and aligned with AXA’s overall business strategy and financial planning. It is integrated at the highest level with the Group’s strategic plan, “Unlock the Future”, featuring a pillar for “Expanding AXA’s role in society”. One focus of this pillar is “Climate transition”, in order to expand prevention and consulting services for adaptation and increase transition underwriting in core activities. The CTP decarbonization targets, key levers and actions cover AXA’s investment, underwriting and operational activities, and were approved by the AXA Board on March 12, 2025.

AXA’s CTP actions contributing to its decarbonization efforts are articulated around two key levers: (i) the “climate change mitigation” lever associated with the GHG emissions reduction that results from actions that are within its control; and (ii) the “supporting the transition” lever associated with the complementary GHG emissions reduction that results from actions that depend partly

on the actions and decisions of AXA’s value chain stakeholders, such as clients, investees and suppliers, with AXA playing a support role.

For further details, see the AXA Group 2024 Annual Report (Universal Registration Document).

## AXA Group’s CTP

	Actions		
	 As an insurer	 As an investor	 As a company
Levers			
Climate change mitigation	Restrict our insurance policies in the fossil fuel sector	Restrict our investments in the fossil fuel sector	Deploy mitigation actions for our own operations
	Develop sustainable claims management for our retail motor business	Make investment decisions using climate change-related criteria	
Supporting the transition	Support transition underwriting to reach €6 billion <sup>8</sup> for P&C GWP cumulative 2024–2026	Financing the transition with €5 billion <sup>9</sup> per year in investments	Engage with our supply chain to support them in adopting carbon reduction strategies
	Engage with our largest corporate clients to better support them in their transition	Engage with investees to encourage them to adopt ambitious climate strategies	

<sup>7</sup> See the Climate targets and performance section of last year’s AXA XL Climate Report.

<sup>8</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).

<sup>9</sup> Scope: corporate and sovereign bonds, infrastructure, real estate, private debt and private equity assets.

## AXA XL climate goals

As part of AXA Group, AXA XL aligns with the Group-level climate strategy and contributes to Group-level goals. The Group's goals resonate strongly with what we do at AXA XL, as we partner with many of the world's leading companies to further our 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 efforts, we have also created our own standalone "Roots of Resilience" sustainability strategy and climate-specific goals. Additionally, we have created an AXA XL Climate Ambition, which establishes 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 have been integrated into these strategies and ambitions. Our sustainability

strategy focuses on AXA XL's emissions 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. Together, these commitments mark a significant step in ensuring our continued stewardship of sustainable principles and our planet.

There are additional Group and AXA XL sustainability goals beyond those represented here; in 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 goals align with and support each other.



## Amplifying impact through AXA Group and AXA XL goals

### AXA Group goals and climate change mitigation strategy

	Decarbonization	Supporting the transition to a resilient society
<p>AXA Group is striving to transition its insurance, reinsurance and investment portfolios toward net zero GHG emissions by 2050<sup>10</sup>.</p>	<p><b>Reduce the absolute insurance-associated emissions</b> for AXA's largest corporate clients by 30%<sup>11</sup> by 2030.</p> <p><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>12</sup> by 2030.</p>	<p><b>€6 billion<sup>13</sup> for P&amp;C gross written premium (GWP)</b> cumulative 2024–2026.</p> <p><b>Deliver 9,000+<sup>14</sup> climate adaptation solutions and services<sup>15</sup></b> to companies by 2026.</p>
	<p><b>Reduce the carbon intensity of AXA Group's investments portfolio (general account assets)</b> by 50%<sup>16</sup> by 2030.</p>	<p><b>Finance climate transition: €5 billion<sup>17</sup></b> per year in investments.</p> <p><b>Finance community resilience<sup>17, 18</sup>: &gt;€500 million</b> per year.</p>
	<p><b>Contribute to net zero operations – 50%<sup>19</sup> by 2030</b> in absolute terms carbon emissions while financing carbon credits<sup>20</sup>.</p>	<p><b>Upskill AXA's employees: &gt;80,000 employees trained on climate adaptation</b> by 2026<sup>21</sup>.</p>



**As an insurer**



**As an investor**



**As a company**

### AXA XL sustainability strategy

Supporting the Group through our Roots of Resilience strategy

- Goal 10: 25% reduction in our operational carbon footprint by 2025<sup>22</sup>**
- Goal 12: Demonstrate the importance of societal-led climate solutions by 2026**
- Goal 13: Launch thought leadership on the social implications of a low-carbon economy by 2025**

**Goal 11: Publish our net zero roadmap and updated carbon reduction goals by 2026**

### AXA XL climate strategy ambition

Contributing to Group goals and AXA XL's own strategic priorities

#### Grow

To advance our financial goals and to support the transition, we are undertaking strategic initiatives. While ensuring we recognize the risks associated with a changing climate, we must also investigate and understand the business opportunities a changing climate might present. The strategy we have around our investment and underwriting portfolios in relation to sector guidelines and policies<sup>23</sup> and acting to support the transition, ensures a balanced approach to recognizing those opportunities.

#### Empower, educate, engage

To support the shift toward decarbonizing our insurance portfolio and insuring the transition, we are implementing initiatives to educate our employees and customers. Training our colleagues, senior leaders and board 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 grapple with changing physical, transition and liability risks.

#### Protect

We recognize we have a responsibility to protect our customers. 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.

- Pursuant to applicable law.
- Calculated on CO<sub>2</sub>eq (Scope 1 and 2) of AXA's 88 largest global commercial clients; only insurance lines of business in scope of the Partnership for Carbon Accounting Financials (PCAF), namely the PCAF Standard Part C published in 2023, excluding facultative reinsurance. Unit: absolute insurance-associated emissions (IAE). Timeframe: 2021–2030.
- Scope: Commercial lines portfolios of AXA XL, AXA France and AXA Germany. Unit: insurance-associated emissions (IAE)/gross written premium (GWP). Timeframe: 2021–2030. Calculated on CO<sub>2</sub>eq (Scope 1 and 2) of insurance lines of business in scope of the PCAF Standard Part C published in 2023, excluding facultative reinsurance.
- Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL. Timeframe: cumulative 2024–2026.
- Scope: Commercial lines portfolios of AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL. Timeframe: cumulative 2024–2026.
- See the Appendix section of this report for the definition of climate adaptation solutions and services.
- Variation of the Enterprise Value Including Cash (EVIC)-based carbon intensity (Scope 1 and 2) of AXA Group's General Account assets between FY2019 and FY2029. Scope covering listed corporate debt and equity, and real estate equity where available, representing €165 billion as of FY2024, equivalent to 36% of the General Account assets. Unit: tCO<sub>2</sub>eq/euro millions.
- Scope: corporate and sovereign debt, real estate and private assets. Timeframe: per annum through 2030.
- Refer to the Appendix of this report for further details on community resilience financing.
- Variation of AXA Group's absolute carbon emissions (scope: energy Scope 1 and 2, car fleet and business travel). Unit: t CO<sub>2</sub>eq. Timeframe: 2019–2030. Financed carbon credits correspond to the non-abated emissions from the aforementioned scopes. Refer to Section 4.2.1.5 of the AXA Group 2024 Annual Report (Universal Registration Document).
- "Residual" emissions used to determine the amount of carbon credits purchased correspond to the non-abated emissions from the aforementioned scopes and do not include emissions associated with investment or underwriting activities. The objective of the purchase of carbon credits is to contribute to net zero, but we do not claim to achieve the net zero target in reliance of any offsetting. For further details on AXA Group's approach to carbon credits, refer to sections 4.2.1.5, and 4.5.2.1 of the AXA Group 2024 Annual Report (Universal Registration Document).
- Number of employees who have been trained on climate adaptation, completing a training under the AXA Sustainability Academy.
- Against a 2019 baseline. Scope: energy Scope 1 and 2, car fleet and business travel.
- 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 support climate mitigation and adaptation through our underwriting practices and products.**



By promoting the underwriting of products to support the transition, while also engaging with our clients on their transition plans and helping them understand their climate-related risks through our risk consulting services, we are supporting the broader societal shift to a low-carbon economy and a more resilient society.

[→ See page 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 resilience and impact.

[→ See page 20](#)

### Operations

**We're taking ownership of our climate impact, addressing climate risk and reducing 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 22](#)

# 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 strategies and commitment to being there for a sustainable and prosperous tomorrow.

## Decarbonization

In 2023, AXA Group announced its objective to transition its underwriting portfolio toward net zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above preindustrial levels by 2100. To advance this aim, it has also set interim decarbonization goals<sup>24</sup>.

Since they were announced, AXA XL has taken various steps to support progress against these goals, including:

- Incorporating objectives into AXA XL strategic goals encompassing decarbonization tracking, client engagement and supporting clients on their transition journeys through products and services.
- Completing first iteration of emissions reporting in support of the AXA Group objectives for Corporate Sustainability Reporting Directive disclosure for the 2024 financial year.
- In support of Group goals and our client-driven journey, we have continued to engage with our top clients – mobilizing internal teams to initiate conversations with clients around the risks and problems they are trying to solve on their transition and climate journeys. We have continued working with our colleagues to ensure they are appropriately trained and supported for these conversations.



## Client engagement

Our 2024 client engagement drive represents our commitment to working alongside our clients to understand the environmental and economic factors that impact their strategy and organizational direction. For example, we worked closely with one of our large energy clients to understand the evolution of their decarbonization strategies. This involved navigating complex challenges such as global energy demands, supply chain pressures and political uncertainties. Through our collaboration, we gained valuable insights into the obstacles faced by their organizations as well as how insurance could potentially support their sustainability strategies.

We’re also engaging with our clients to understand how they are recognizing and seizing sustainability-related opportunities. From an automobile manufacturing client, we heard about the investments they’re making in electric vehicles

(EVs) and critical charging infrastructure, as well as research and development in alternative fuels. We heard how they’re future-proofing their production processes and dealing with battery supply chain issues by building their own, as well as their advance purchase of “near-zero and low-emissions” steel<sup>25</sup>.

Sustainability represented a core component of the strategic agenda for many clients we engaged with. This was reflected by who we were engaging with – often risk managers and their sustainability risk colleagues – highlighting the fact that clients increasingly consider sustainability as a growing risk management concern. Nature, biodiversity, water and the circular economy were also common themes and recognized as crucial pillars in supporting climate mitigation, adaptation and resilience.

Through these insights, we can look to develop solutions and services that help our clients mitigate and adapt to climate-related risks.

<sup>24</sup> AXA Net Zero strategy for investment & underwriting | AXA. Also see the “Amplifying impact through AXA Group and AXA XL goals” section of this report.

<sup>25</sup> For the definition of “near-zero and low-emissions” steel, see <https://www.iea.org/reports/definitions-for-near-zero-and-low-emissions-steel-and-cement-and-underlying-emissions-measurement-methodologies>.

# Supporting nature conservation in the Bahamas

Our Political Risk, Credit & Bond team supports our transition underwriting goal through debt conversion projects supporting conservation efforts. Debt conversion projects provide significant funding for global conservation efforts. A recent development finance project involving The Nature Conservancy's (TNC) Nature Bonds Program, announced on November 22, 2024, will enable the Bahamas to expand its commitments to protect vital habitats. As in similar programs in previous years, AXA XL's Political Risk, Credit & Bond team is providing credit insurance protection for the Bahamian Government.

The Bahamas' central government debt at the end of 2023 was estimated to be over 82% of its gross domestic product, according to the International Monetary Fund. This is partly due to spending on recovery efforts after major weather events, with climate change fueling more

intense and destructive natural disasters, which place heavy financial burdens on affected regions.

Sustaining environmental resources while servicing sovereign debt can be a challenging task, which is where debt-for-nature finance can provide much-needed support.

The 15-year project involves a \$300 million loan provided by Standard Chartered Bank to the Government to repurchase and retire about \$275 million of outstanding sovereign debt. Through this deal, the Bahamas will unlock an expected \$124 million of new cash funding for enhanced marine conservation over the next 15 years without adding to the country's debt. A conservation agreement between the Bahamian Government, TNC and The Bahamas Protected Areas Fund will guide the administration of the project, including implementation of conservation commitments.



26 Scope: Commercial lines portfolios of AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL. Timeframe: cumulative 2024–2026. Refer to Section 4.2.1.4 of the AXA Group 2024 Annual Report (Universal Registration Document).

27 Solutions following AXA EssentiALL's principles of inclusive insurance, aiming to serve low-income to mass-market segments in emerging markets and modest income segments in mature markets. Refer to Section 4.3.3.2 of the AXA Group 2024 Annual Report (Universal Registration Document).

## Insuring the transition

AXA Group has reconfirmed its commitment to helping build a more resilient society by putting at the core of its strategy, financial inclusion and the climate transition through the following “AXA for Progress Index” and “Unlock the Future” goals:

- Deploy more than 9,000<sup>26</sup> climate adaptation solutions and services (including training/education, risk assessment/awareness, gap analyses, prevention/adaptation solutions and crisis management/remediation responses) cumulatively between 2024 and 2026 to support people and communities in climate change adaptation
- Increase the number of customers covered by inclusive insurance to >20 million<sup>27</sup> by 2026
- A transition underwriting objective to reach €6 billion<sup>28</sup> gross written premium cumulatively between 2024 and 2026<sup>29</sup>

At AXA XL, our transition underwriting products, which support the Group transition goal, include but are not limited to the following:

- **Our Property, Casualty and Construction teams** provide certain types of insurance relating to the construction and operation of renewable and clean energy sources such as wind, solar, battery storage and “low-emissions” hydrogen<sup>30</sup>.

- **Our Political Risk, Credit & Bond (PRCB) team** provides certain types of insurance that support the financing of low-carbon energies and technology, economic diversification away from fossil fuel dependency, sustainable use and protection of water and marine resources, and adaptation. For instance, non-payment insurance has become a central pillar supporting the placement of marine conservation-linked bonds (debt-for-nature conversions).
- **PRCB** also provides certain non-payment insurance relating to multinational banks involved in financing renewable energy and infrastructure projects. These projects are essential for the energy transition, and non-payment insurance allows banks and multilateral development institutions to leverage their lending capacity. This, in turn, allows them to increase the funding available for additional projects, as well as increase their per-project lending commitments.
- **Our Environmental Liability teams** provide certain types of insurance relating to pollution and remediation legal liability for certain risks.
- **AXA XL's Structured Risk Solutions team** continues to develop performance insurance solutions for technical risks associated with breakthrough low-carbon technologies (e.g., fuel cells, energy storage, energy efficiency, waste to energy and biofuels).

28 Scope: AXA France, AXA Germany, AXA Switzerland, AXA UK, AXA Belgium, AXA Hong Kong, AXA Mexico and AXA XL. Timeframe: cumulative 2024–2026. Refer to Section 4.2.1.4 of the AXA Group 2024 Annual Report (Universal Registration Document).

29 See the Appendix of this report for the definition of “transition insurance” relating to the transition underwriting goal.

30 For the definition of “low-emissions” hydrogen, see <https://www.iea.org/glossary#L>.

Achieving the energy transition will require a significant shift from assets with high carbon emissions to low-emission ones. This will be achieved by creating new low-emission infrastructure, decarbonizing existing assets and improving energy efficiency and performance. To support our clients and brokers as they navigate the complexity of the transition to low-carbon operations, we developed an Energy Transition Global value proposition. This offering includes global energy transition underwriting capabilities supported by expert risk consultants.

The energy transition encompasses all areas of the energy system, across production, distribution and consumption of energy; our products and services are designed to support renewable energy providers across the life cycle of their assets.

2024 was an important year for the AXA XL Energy Transition team in supporting our clients with their transition activities. The team continued enhancing our global energy transition value proposition, prioritizing client needs across regions. To ensure AXA XL possesses the necessary expertise to deliver innovative insurance products and solutions, the team also launched internal expert network groups<sup>31</sup>.

Throughout the year, we placed a strong focus on enhancing relationships with our broking partners to ensure we are effectively supporting our clients throughout their asset life cycle. To facilitate this effort, the Energy Transition team developed a range of resources, including an [Energy Transition microsite](#) on the AXA XL website and a [Global Market Guide](#). These tools act as initial touchpoints for our clients and brokers, providing an overview of our energy transition offerings.

<sup>31</sup> A global, collaborative network composed of internal experts (from Underwriting, Risk Engineering, Claims, Natural Catastrophe and Actuarial disciplines) to advance knowledge and best practices in technologies our clients are adopting to support their transition activities.

## Insurance touchpoints across the Energy Transition Journey



## Underwriting policies

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

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 (covering coal, oil and gas)<sup>32</sup>
- AXA Group Ecosystem Conversion and Deforestation Policy (covering palm oil, soy, cattle and timber)<sup>33</sup>
- AXA Group Natural World Heritage Sites Policy (setting out restrictions on project-specific construction and property covers for oil and gas, mining, large-scale hydropower and large-scale infrastructure projects)<sup>34</sup>

For further details on AXA Group policies and actions to reduce its exposure to fossil fuels, see the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).

## Underwriting referral process

AXA Group maintains a business referral process to monitor and control the implementation by AXA entities of its sector guidelines, focusing on restrictions on AXA Group's insurance activities<sup>35</sup>. 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.

## Risk consulting services

The Risk Consulting segment of AXA XL works closely with corporate clients to help them understand climate hazard risks. This means quantifying the physical and economic impacts of climate-related risks 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 can support clients in tailoring risk mitigation strategies and identifying which countermeasures should be taken to manage or mitigate losses or accelerate and scale adaptation. We have taken steps to encourage policyholders to reduce losses caused by climate-related 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.

Risk consulting also provides specific tools and services to assess water scarcity risks in clients' portfolios and assets. This is additionally supported by onsite water adaptation solutions and partnering with clients to develop water transition plans.

Environmental sensitivity assessments help companies evaluate the environmental risks of specific locations or groups of locations. This enables them to identify, prevent and reduce pollution risks, including those that affect biodiversity, more effectively.

We have approximately 400 risk professionals across AXA XL, including 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, including pre-emergency planning and preparation, and develop recommendations on how to further improve site protection.

In 2024, we worked with several large multinational clients to analyze climate-related physical risks, demonstrating changes in climatic conditions that could potentially impact the clients' sites. The main objectives were to:

- Perform a deep-dive, site-level analysis of the most relevant climate-related physical perils
- Assess current site maturity in preventing and mitigating potential material physical impacts of extreme or chronic climate events
- Identify site-specific adaptation measures and prioritize them through a qualitative cost-benefit analysis



<sup>32</sup> AXA Group Energy Policy.

<sup>33</sup> AXA Group Ecosystem Conversion & Deforestation policy.

<sup>34</sup> Natural World Heritage Sites policy.

<sup>35</sup> In line with applicable local laws and regulations.

# Investment strategy

AXA Group is striving to transition its investment portfolio to achieve net zero GHG emissions by 2050, with an investment strategy that aligns with the Paris Agreement goals, helps finance the transition toward a low-carbon economy, protects people over the long term and creates stronger, more sustainable societies.

AXA Group's investment-related goals and strategies are designed to be resilient and responsive to both climate-related risks and opportunities.

## AXA Group goals

AXA Group is taking a two-pronged approach to meet its published goals:

- Focusing on sustainability and climate integration when selecting investments in corporations, as well as monitoring engagements with investee companies to transition to a low-carbon economy<sup>36</sup>
- Proactively contributing to transition financing<sup>37</sup>

## Engaging in responsible investments

When it comes to investment activities, AXA XL adheres to various sector guidelines within 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 & Deforestation Policy and World Heritage Sites Policy](#)

These policies are aligned with the AXA Group Responsible Investment Strategy and Sector Guidelines and include restrictions that relate to climate and biodiversity risks. You can find further details on such AXA Group policies at [Responsible investment | AXA](#).

AXA XL oversees the climate exposure of its investment portfolio by leveraging a centralized AXA Group emissions data platform. AXA XL monitors the progression of portfolio carbon intensity reduction, which contributes to the wider AXA Group goals.

## AXA Group Responsible Investment Strategy

- 1 Integrating ESG and carbon metrics into investment processes and decision-making, using key performance indicators (KPIs) and qualitative research across most of its assets.
- 2 Excluding sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions, applicable to both investments and insurance, currently include controversial weapons, energy (coal mining/coal-based power generation and oil and gas), soft commodity derivatives, deforestation and tobacco.
- 3 Promoting climate transition financing across all asset classes from AXA's General Account, including green and transition bonds<sup>38</sup>, as well as capital expenditures that facilitate the transition of real estate assets.
- 4 Active stewardship through voting and engagement on a range of ESG or sustainability issues.

<sup>36</sup> Unless prohibited by local law or regulations.

<sup>37</sup> See the [Appendix](#) of this report for the definition of transition financing.

<sup>38</sup> See the [Appendix](#) of this report for the definition of green and transition bonds.

## Stewardship in action

On behalf of AXA XL and other AXA IM clients, AXA IM engaged with Martin Marietta, a U.S. building materials company, to enhance its climate ambition, formalize a businesswide climate strategy and submit targets to the Science Based Targets initiative (SBTi). After meeting with senior executives, AXA IM discussed Martin Marietta's Sustainability Report and recommended an SBTi certification. AXA IM also discussed climate governance and the board's environmental expertise.

Following the publication of its new Sustainability Report, AXA IM noticed significant improvements in Martin Marietta's climate strategy, notably setting a net zero Scope 1 ambition for its entire operation, enhanced intermediary targets and improved TCFD disclosure. The company also announced its commitment to seek SBTi certification.

### Growing transition investment opportunities

A transition to a low-carbon economy requires significant investment. To support the Group transition financing<sup>39</sup> goal, AXA XL is capitalizing on climate transition investment opportunities to redirect its investments toward low-carbon and transition activities.

In addition to the transition financing objective, AXA XL monitors its green investments<sup>40</sup> within its portfolio. This includes investments in green infrastructure projects<sup>41</sup> aimed at supporting and fostering investments in the development of the renewable energy sector.

### Active stewardship

On behalf of AXA Group and AXA XL, AXA IM engages with the management of companies in which we invest to encourage high standards of corporate governance and good management of environmental and social risks. We hold constructive and challenging discussions with companies individually, and as part of a coalition of investors.

<sup>39</sup> See the [Appendix](#) of this report for the definition of transition financing.

<sup>40</sup> See the [Appendix](#) of this report for the definition of green investments.


<sup>41</sup> See the [Appendix](#) of this report for definition of green infrastructure projects.



# Operational strategy

We are committed to minimizing our operational carbon footprint and continually improving the measurement of emissions linked to our own operations.

We have consistently identified air travel as the single largest contributor to our operational carbon footprint. A significant portion of our operational emissions can also be attributed to our data centers, as well as office energy consumption.

Launched in 2020, our five-year carbon reduction strategy guides our actions against  **goal 10 – 25% reduction in our operational carbon footprint by 2025** against a 2019 baseline. Aligning with wider AXA Group targets, this goal reflects our proactive approach to environmental stewardship through emission reductions.

Our strategy acts as a roadmap for decarbonization, guiding progress across the targets we have set in three key areas<sup>42</sup>, as shown to the right.

We are continuing to work toward our carbon reduction objectives. We maintain our commitment to publishing our Climate Transition Plan and updated carbon reduction goals by 2026, where permitted by local law and regulation.

## The energy we use



### 38%

reduction in carbon emissions from energy used in our buildings



### 40%

reduction in carbon emissions from data centers

### Our actions

- Sourcing renewable energy where available
- Installing energy meters
- Installing LED and motion sensor lights
- Monitor energy usage more closely at building level with proactive efficiency measures put in place to reduce energy usage
- Moving from on-premises data centers to the cloud, which will also allow us to move out of two data centers by the end of 2025
- Application rationalization program, decommissioning legacy internal applications to reduce stored data and related emissions

## The resources we consume<sup>43</sup>



### 11%

reduction in water



### 20%

reduction in paper use



### 10%

reduction in waste production

### Our actions

- Driving behavior change to encourage digital versions of documents over paper
- Reducing the number of printers in offices
- Installing more water-efficient features like sensor taps and low-flow toilets
- Increasing recycling and composting rates
- Reducing single-use plastics
- Diverting over 98% of furniture, fixtures and equipment from landfill through resale, recycling and donations in partnership with Green Standards

## The movement of our people



### 25%

reduction in air travel and hotel use carbon emissions



### 19%

reduction in carbon emissions from business car travel

### Our actions

- Educating colleagues on travel-related emissions
- Restricting air travel where rail is a reasonable alternative
- Working with colleagues to encourage making sustainable choices when traveling and educating how this contributes to reduction efforts
- (India) Removing our car fleet
- (UK) Closing offsite warehouses, reducing associated van use
- Replacing fuel vehicles with electric vehicles in car fleets across Europe
- In 2024, we have worked to understand the reasons for travel, which has enabled data-driven engagement with colleagues that encourages mindful travel and insight into how their choices can help contribute to our reduction efforts

<sup>42</sup> Reduction targets are 2025 targets against a 2019 baseline.

<sup>43</sup> Metrics calculated on a 'per colleague' basis and are represented in full-time equivalents (FTE).

## Carbon credits<sup>44</sup>

We are conscious that, as a company, our most prevalent source of emissions is business travel. Since January 2020, we've maintained a \$100 green contribution charge for every metric ton of CO<sub>2</sub> emissions generated by our colleagues' business flights. This fee directly supports companywide environmental initiatives aimed at reducing our footprint and helps to fund our carbon offset programs. As part of this commitment, we continue to purchase high-quality carbon credits through TNC<sup>45</sup>.

In 2024, AXA XL continued to retire carbon credits to support the Cold Hollow Carbon project, based in Vermont, U.S. This initiative represents the first forest aggregation project in the U.S. for the voluntary carbon market, enabling landowners to aggregate their land parcels and overcome the upfront costs of the carbon inventory and verification.

## Understanding our supply chain

As part of our ongoing commitment to sustainable procurement practices, we regularly engage with our vendors. We have integrated sustainability clauses into

our global vendor contracts (as well as AXA XL's general Terms & Conditions of Purchase issued with any purchase orders). This clause includes requirements that our vendors comply with relevant and applicable international and national laws.

Furthermore, we assess our vendors' sustainability practices to ensure our vendors are aligned with our objectives. In 2023, where permitted by law, the AXA Group updated its methodology for risk mapping AXA's supply chain for identifying and assessing the sustainability risks associated with the procurement categories. Based on the risk assessment, the Procurement team conducts an evaluation to screen suppliers and subcontractors (for general expenses and IT) that have an annual spend of €100,000 or more in procurement categories identified as high sustainability risk for AXA. In 2025, the AXA XL Procurement team will be assessing the risk associated with categories related to insurance procurement.

Climate is a key sustainability topic and is covered in our sourcing process, contractual clauses and vendor relationship management. In 2025, we will also be placing an enhanced focus on developing our methodology for calculating our Scope 3 and supply chain emissions while ensuring we follow applicable regulatory requirements as they evolve globally. This will facilitate a more transparent understanding of our overall footprint as well as inform our future target setting and our aforementioned net zero roadmap.

For further details on our operational strategy and carbon reduction initiatives as a company can be found in the [AXA XL Sustainability Report](#).

## Educating AXA XL colleagues

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 the AXA Climate Academy, we provide a modular, bite-sized digital learning program that encourages colleagues to think critically about 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, which 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 effectively 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.

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. Additionally, a series of learning modules on the Introduction to Bioenergy, Solar, Hydrogen and Offshore Wind renewables has equipped our teams with essential

knowledge to advise clients on sustainable energy solutions. These sectors are not only vital to achieving a low-carbon economy but also present unique insurance opportunities that align with our strategic vision. Through continuous learning and development, we are committed to leading the charge toward a sustainable future.

## Our Climate Network

Climate Network meetings provide a platform for delivering climate-related sessions to key stakeholders within AXA XL, fostering collaboration and knowledge-sharing across the organization. Held monthly, these meetings include representatives from across AXA XL, who are responsible for championing climate. These colleagues cover all functions, business lines and regions, underscoring our collective commitment to climate strategies, energy transformation and sustainable development.

In 2024, meetings included information sharing on climate-related initiatives across the business and in-depth discussions on climate issues like transition risks and client engagement. Guest experts feature at these meetings, for example, Kris De Meyer from UCL's Climate Action Unit joined the network to talk about "Communicating Climate Risk".

Through these meetings, AXA XL aims to continuously engage, educate and inform stakeholders about climate opportunities, the challenges we face and the initiatives being implemented to address them.

<sup>44</sup> AXA XL does not account for carbon credits as an offset when calculating its emissions-reduction performance of its own operations, as reported in its Roots of Resilience goal 10, in the [Climate Targets and Performance](#) section.

<sup>45</sup> Within this chapter, our statements relate solely to emissions from our own operations. Emissions related to our insurance and investment portfolios are addressed elsewhere in this report.

# 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 climate transition and/or building a more resilient society.

## Our engagements and memberships

### ClimateWise

AXA XL is a member of ClimateWise (UK), which brings together the insurance industry into a member network<sup>46</sup> that integrates sustainable leadership with world-leading research capability to address the impacts of climate change. By bringing together business, government and academic expertise, it provides a collective voice for the industry, a forum to interact with other stakeholders and it enables the transition of the insurance industry through a defined set of Principles aligned to disclosure requirements.

### Insurance Development Forum (IDF)

AXA XL is a member of the IDF, a public-private partnership that brings insurers, reinsurers and brokers together with the World Bank and the United Nations Development Programme (UNDP).

### Poseidon Principles for Marine Insurance

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.

### American Property Casualty Insurance Association (APCIA)

AXA XL companies' membership in the APCIA provides support for U.S. initiatives to promote disaster preparedness and sound building practices, and highlight lessons learned post-catastrophic events.

### Reinsurance Association of America (RAA)

AXA XL companies are members of the Reinsurance Association of America, which has partnered with environmental, consumer and insurance groups to form [SmarterSafer.org](https://www.smarter safer.org). It advocates for smarter, more effective policies to help people in need, promotes disaster safety and preparedness, and fosters environmental stewardship.

<sup>46</sup> Convened by The University of Cambridge Centre for Sustainable Leadership.

## Thought leadership

AXA XL is at the forefront of thought leadership in the (re)insurance industry, particularly regarding natural catastrophes and climate change. Our Science and Natural Perils team conducts extensive research with top academic institutions, addressing all components of the risk – hazard, exposure and vulnerability – and our innovative approaches reflect our commitment to developing solutions for emerging challenges. Collaborations with leading universities enable us to stay ahead of industry trends and provide valuable insights into future risks. By sharing our findings at industry conferences, we foster a culture of knowledge sharing and collaboration.

Beyond the insurance industry, AXA XL’s broader research initiatives are led by the AXA Research Fund, launched in 2008. This global philanthropic initiative addresses pressing challenges facing our planet by funding research in key risk areas and informing public and private decision-making with solid scientific findings.

As new technologies emerge for the transition to a low-carbon society, AXA XL’s Risk Consulting team is sponsoring critical research work to understand and navigate the risk

exposures that these technologies bring. Through the National Fire Protection Association (NFPA), AXA XL is sponsoring research to help inform standardized spacing practices for lithium-ion battery products to prevent cascading failures and protect neighboring assets. Complementing this, AXA XL is a sponsor of the Property Insurance Research Group Fire Protection Research Foundation, establishing a forum to identify and share fire protection issues of concern among the group members and prioritize and implement research projects to address those issues.

### Systemic risk

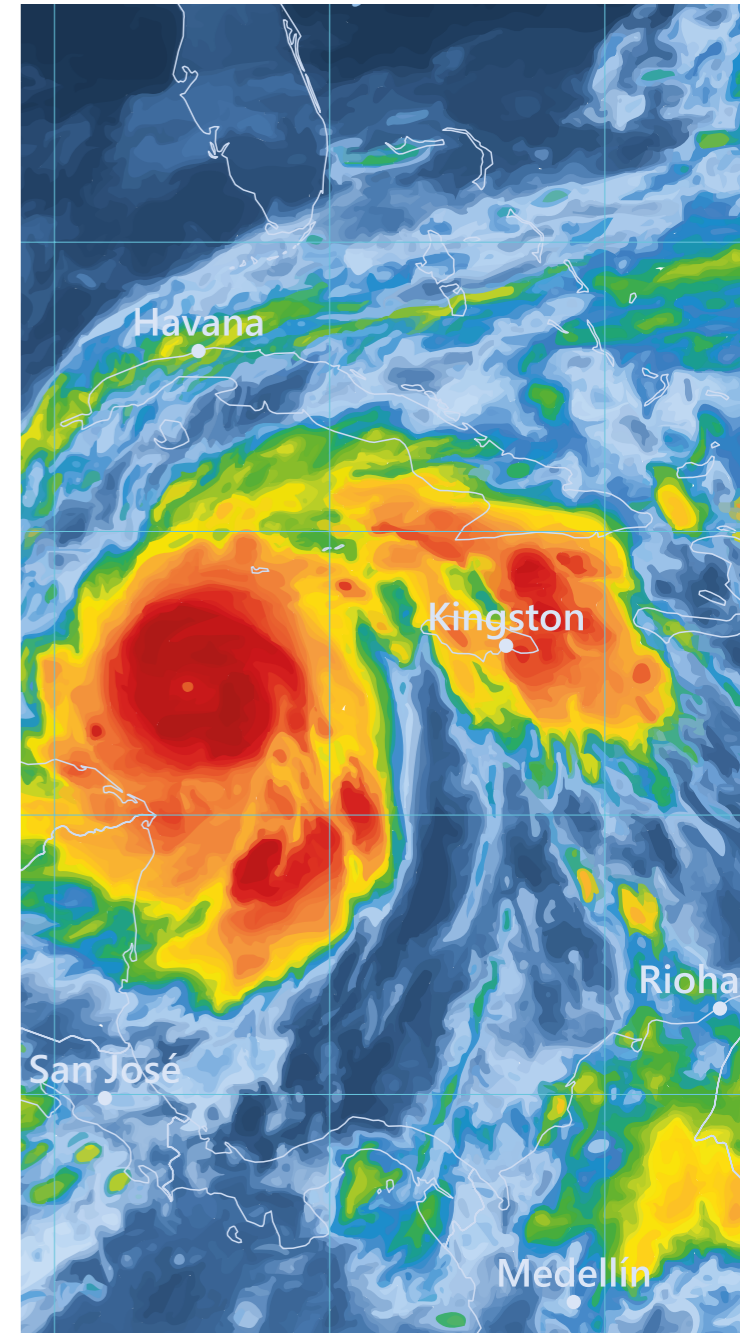
AXA XL and the AXA Research Fund have continued their partnership with the Cambridge Centre for Risk Studies, furthering their collaboration within a research hub aimed at mitigating systemic risks such as climate change, pandemics, cyber threats, geopolitical change and financial crises. The Cambridge Systemic Risk Hub focuses on gaining a deeper understanding of the interconnected nature of systemic risks and explores drivers, implications and potential solutions to inform and enable the insurance industry to better respond to current and future threats.

## Tropical cyclone research

AXA XL benefits from a long-standing relationship with leading institutions such as the National Center for Atmospheric Research (NCAR), the Lambda Research Network and Imperial College London. These partnerships enable us to address various aspects of hurricane risk, one of the most relevant natural catastrophe risks for the P&C insurance industry.

For instance, NCAR has developed substantially improved methodologies for assessing tropical cyclone-induced precipitation under various future climate scenarios – an area often overlooked in existing risk assessment tools. Through this partnership, we are also exploring the intricate relationships between wind, rain and storm surges during hurricane events and how these dynamics may alter due to climate change.

The Lambda Research Network and Imperial College London are leading efforts to establish new ways of assessing landfalling hurricane statistics and their potential shifts due to climate change. The innovative ideas emerging from discussions with these institutions are moving the market toward better risk management practices.





### Future built-environment research

Historically, the insurance industry has focused primarily on hazard projections; however, risk is also governed by the built environment around us – specifically, our exposure and vulnerability to natural hazards. AXA XL is proud to play a role in highlighting that changes in future exposure and vulnerability are altering the impact of climate change.

Through key research projects conducted at the University of Colorado Boulder and UCL, AXA XL is breaking new ground to develop an understanding of future risk. AXA XL focuses on how societal trends, climate adaptation and mitigation strategies, population growth in high-hazard areas, potential enhancements to building codes and the aging of structures and infrastructure will influence how risk is assessed in the market going forward.

### Optimizing disaster resilience

Adapting our built environment is especially important in the face of a changing climate, due to the expected impacts that we are likely to see as a result of changing frequency and severity of catastrophic events. Given the role of (re)insurance in disaster recovery, it is important as an industry that we understand how investment in resilience contributes to risk mitigation and adaptation. AXA XL has partnered with the Cambridge Centre for Risk Studies to look at the role of predisaster investment and the importance of updated and enforced building codes in supporting effective risk mitigation. Using the latest data, we look at how resilience spending and updated building codes have improved outcomes following major events in the report titled [Optimising Disaster Resilience](#).



# 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 impacts so we can effectively mitigate and manage them.

28 Our approach to risk management

30 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 their 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 three risk pillars, with strategic risk spanning all of these:



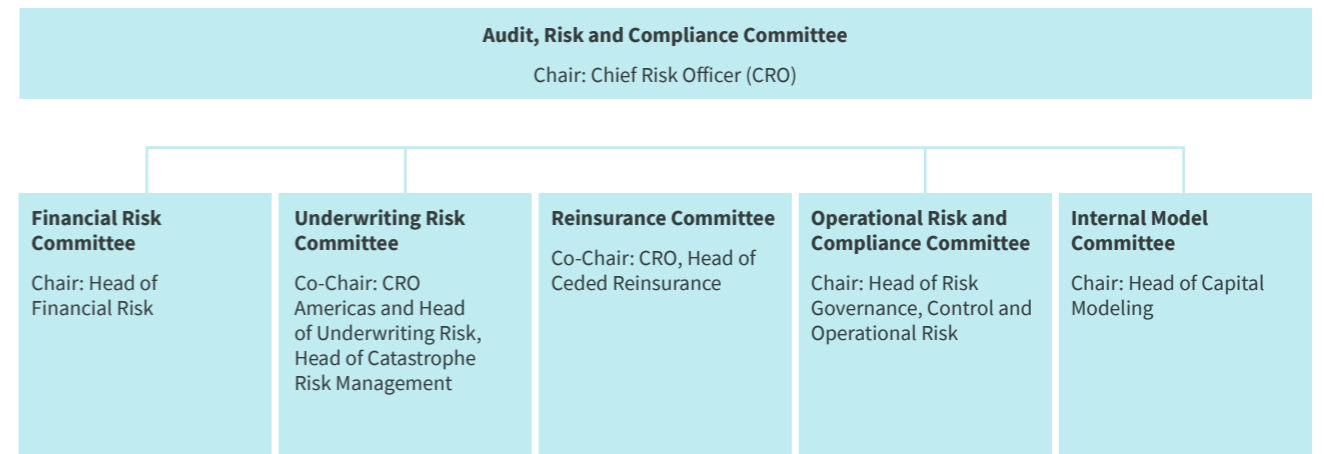
We conduct a qualitative materiality assessment of each pillar against physical, transition and liability risks and the potential for climate change to pose material risk to AXA XL at three different time horizons<sup>46</sup>. The results of this assessment determine our priorities for further work to assess, better understand and mitigate these risks.

## 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 the Chair of our Audit, Risk and Compliance Committee (ARCC) and is a member of the Climate Steering Committee. The ARCC is responsible for identifying, assessing, monitoring and mitigating risks, including climate risks, and meets six times a year.

Our risk management committees are subcommittees 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

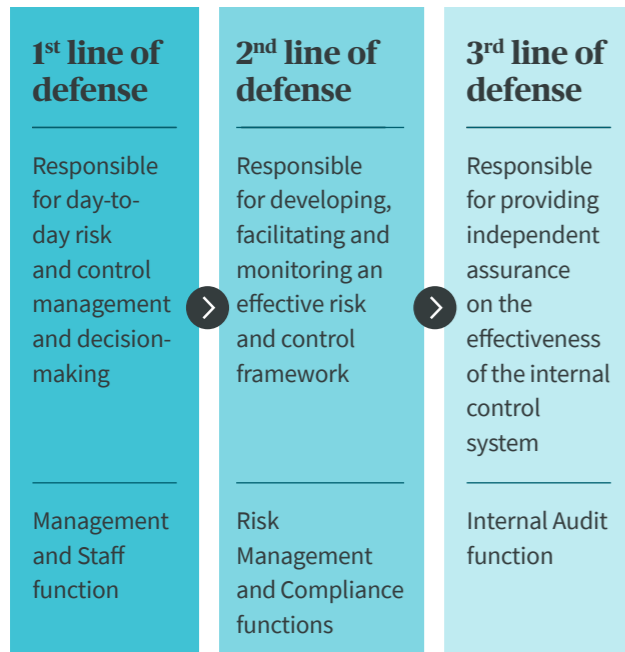
the identification and discussion of risk topics and metrics. They meet most months (at least quarterly) and report to the ARCC, escalating any significant risks to the business. Climate-related risks appear on all relevant Risk Committee risk registers and terms of reference. Briefings on climate and sustainability risks are held, as appropriate, within AXA XL legal entities' boards.



<sup>46</sup> Short (1–5 years), medium (to 2050) and long (beyond 2050).

## Control framework and the control functions

To effectively manage risks to the business, AXA XL operates a control framework with three lines of defense and a clear separation of responsibilities.



Like all risks, ensuring the adequate management of climate risk is a joint responsibility of the first and second lines. Within AXA XL, risk management, in addition to its control functions, performs extensive modeling and risk scenario evaluation work to provide the first line with relevant information to assess and manage its risks. The control functions play a key role in managing climate risk and have defined roles and responsibilities at AXA XL. In 2024, AXA XL conducted a skills assessment for the control functions and created an ongoing training plan and regular assessment process to ensure they have the necessary skills and expertise to effectively manage climate risk.

We have a dedicated senior executive for climate risk, AXA XL's CRO, who is responsible for ensuring consistent overarching climate risk management policy implementation as an integral element of AXA XL's overall Risk Management Framework.

The CRO provides a second opinion for key processes, including, where relevant, the consideration of climate-related risks.

## Risk frameworks and policies

AXA XL's Risk Management Framework is designed to support the identification and understanding of material risk concentrations<sup>48</sup> – including those that have unattractive risk/reward dynamics – so corrective or mitigating actions can be taken.

Our Climate Change Risk Framework document details our holistic approach to managing climate 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 view of how climate 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. It 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 Risk Appetite Framework incorporates climate change considerations, and our policies and procedures continue to evolve in line with regulatory climate risk management guidance.

## Determining climate as a priority

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 and Solvency Assessment (ORSA). The ORSA is undertaken by each of AXA XL's key regulated entities 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 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.

Annual prioritization of emerging risks is an AXA Group requirement for all AXA entities. Emerging risks are prioritized based on severity<sup>49</sup>, speed of risk development and what mitigation actions are in place.

<sup>48</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>49</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 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 impacts and implications of climate change on our investment portfolios and insurance business.

We continually seek to improve the methodological framework for assessing climate risks and to enrich our internal expertise – this is facilitated by our work together with various research institutions and supported by cooperation with supervisory authorities and industry peers.

To ensure that our organization remains risk averse, we have conducted a set of scenario analyses to assess the potential impacts of an array of different risks on our portfolio. These assessments cover physical, transition and liability risk:

- A** Physical risk – in underwriting and in investments
- B** Transition risk – in underwriting and in market and liquidity
- C** Liability risk – in underwriting

## Tipping points in the system

The physical risk scenarios we have considered do not explicitly account for future climatic tipping points that could occur in the system. To begin to address this issue, we have initiated work to consider the implications of certain tipping point scenarios on our underwriting portfolio; for example, an ice shelf melting and subsequent sea level rise. While the analysis provides important insights, more work is needed to integrate tipping point findings into our scenario work.

<sup>50</sup> Based on research from Climate Action Tracker (CAT). Note that 2.4°C has now been updated to 2.6°C in the Climate Action Tracker for stated scenario.

<sup>51</sup> We considered future temperatures of 2.4°C warming above preindustrial times based on the mean projection to the year 2100 based on meeting CAT's NDC targets, with an upper range of 3.0°C and lower range of 1.9°C.

<sup>52</sup> It is possible to consider these temperature projections as equivalent at different points in time, based on society following various Representative Concentration Pathways (RCPs). 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.

## A Physical risk scenarios

### Underwriting

We have conducted – and continue to expand upon – in-depth scientific research and catastrophe modeling analyses 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 the frequency/severity of extreme weather events.

**SCENARIO: Climate Action Tracker Nationally Defined Contributions (NDC) scenario<sup>50</sup>**

**Temperature:** 1.9°C, 2.4°C, 3.0°C<sup>51</sup>

**Time horizon:** 2050, 2100<sup>52</sup>

**Description:** 2.4°C warming above preindustrial times based on the mean projection to the year 2100 based on meeting Nationally Defined Contribution targets, with an upper range of 3.0°C and lower range of 1.9°C.

**Relevance:** We selected these scenarios as we felt that they represented a “realistic” pathway, which also allowed us to consider a range of possible temperature outcomes.

**Outcomes:** Across the next three years, the expected increase in natural catastrophe risk from a changing climate sits within natural variability.

**Scope:** All modeled combinations of perils and regions currently included in our regular portfolio monitoring:



#### Tropical cyclone

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



#### Extra-tropical cyclone

Europe



#### Inland flood

Europe (the UK, Germany, Belgium), India



#### Convection storm

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



#### Winter storm

The U.S. and South Canada



#### Wildfire

Western U.S.

To complete our view of climate physical risk for our portfolio, we have worked over the course of 2024 to develop a methodology for estimating climate change-related impacts to our non-modeled risks. Most of our non-modeled risks include flood and severe convective storms, though every year we aim to extend our modeling capabilities to include more non-modeled perils.

### Market and liquidity

AXA XL’s assets might be exposed to physical risks through direct property investments. Utilizing data from AXA Group’s proprietary Clymene analytic platform, we assess the financial impacts of floods, windstorms and hail on our real estate assets. The analysis uses asset-level data that depends on the geolocation of buildings, as well as their primary occupancy, to calculate 1/100 average annual loss figures.

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#### SCENARIO: Real estate 1/100 average annual loss estimates

**Temperature:** Existing

**Time horizon:** One year

**Description:** 1/100 average annual loss estimates on the real estate investment portfolio for flood, windstorm and hail produced by AXA Group.

**Relevance:** Our property investments may experience loss of value due to changing climate conditions.

**Outcomes:** The output shows minor impacts on our real estate holdings.

**Scope:** Real estate investment portfolio holdings.

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#### SCENARIO: Climate liquidity stress test

**Temperature:** 2.4°C

**Time horizon:** 2100

**Description:** We may be exposed to liquidity risk due to elevated climate risk. We therefore take our liquidity risk stress testing framework and upscale the natural catastrophe shock to reflect a 2.4°C world.

**Relevance:** We chose this scenario to further stress our liquidity positions in case of elevated climate risk and ensure that we are still comfortable with our buffers.

**Outcomes:** The climate-stressed liquidity scenario shows we still have excess liquidity post-stress, which provides comfort that we can meet our liquidity needs in the scenario.

**Scope:** Market risk, credit risk, P&C risk, operational risk. P&C risk includes the additional climate-related stress in the natural catastrophe sub-risk.

## Signal-to-noise considerations

Although AXA XL aims to look at scenarios over multiple time horizons, looking at shorter time horizons can be challenging.

While it is clear that climate change is taking place, distinguishing and attributing climate change to observed data is a difficult process. Estimating climate change impacts on the frequency or severity of extreme events within a timeframe of one to five years is not feasible, as there isn’t a 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.

For the purposes of our industry and respective impacts on our books, the climate change projection trend for various perils over the short term is viewed as very small.

## Uncertainty in physical risk assessment

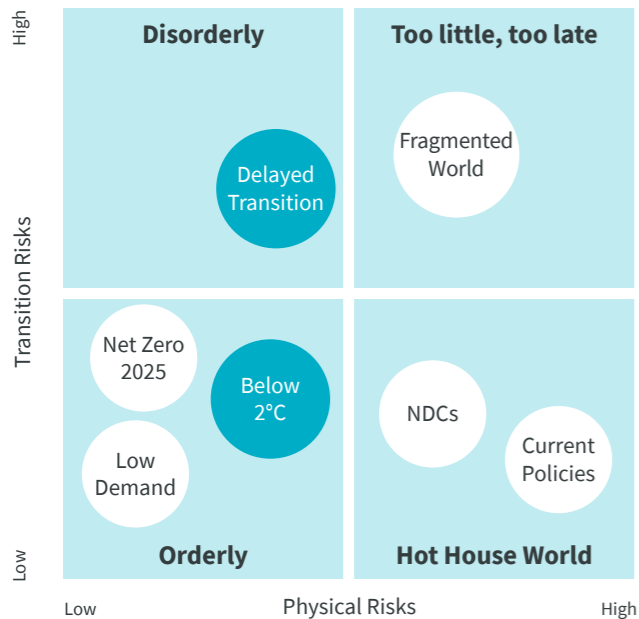
We carried out a case study to better visualize uncertainty, both in the interpretation of the science behind climate impacts and in various risk assessment tools. The study focused on the climate change projections for U.S. hurricanes. Ultimately, the exercise highlighted the dangers of misrepresenting risk through single numbers, and as a result of this, it is recommended that any future estimates we make are no longer presented through single numbers but are accompanied by an uncertainty range.



## B Transition risk scenarios

### Underwriting

During 2024, AXA XL developed new underwriting transition risk scenarios. We chose two climate scenarios from the [Network for Greening the Financial System \(NGFS\)](#).



#### SCENARIO: NGFS below 2°C scenario

**Temperature:** 1.8°C

**Time horizon:** 2035

**Description:** Under the below 2°C scenario there is a gradual increase in the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C. This scenario assumes that climate policies are introduced immediately and gradually become more stringent. Carbon dioxide removal (CDR) deployment is relatively low. Net zero CO<sub>2</sub> emissions are achieved after 2070. Physical and transition risks are relatively low.

#### SCENARIO: NGFS delayed transition scenario

**Temperature:** 1.8°C

**Time horizon:** 2035

**Description:** Delayed transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies. The availability of CDR technologies is assumed to be low, pushing carbon prices higher than the NGFS Net Zero 2050 scenario. As a result,

emissions exceed the carbon budget temporarily and decline more rapidly than in the Below 2°C scenario after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the Net Zero 2050 and Below 2°C scenarios.

**Relevance:** While the two NGFS scenarios have similar levels of physical risk, their transition risk levels are different, with the risk expected to be higher for the delayed transition scenario. This differentiation allows us to test the impact of two levels of transition risk to our portfolio.

**Outcomes:** Our initial underwriting transition scenarios show limited impact under AXA XL's current climate strategy. However, we acknowledge that this initial piece of work was limited in its scope, and therefore we are considering the next steps in expanding our analysis to deepen our understanding of this risk.

**Scope:** Energy property – we chose our initial focus area for these scenarios, having first conducted an analysis to understand transition risk exposure across the whole of our underwriting portfolio. This analysis indicated that energy property could be a sector materially exposed to transition risk.

#### Market and liquidity

In order to evaluate our market- and liquidity-related transition risk, AXA XL applies the European Insurance and Occupational Pensions Authority (EIOPA) [Disorderly Transition scenario](#).

#### SCENARIO: European Insurance and Occupational Pensions Authority (EIOPA) Disorderly Transition scenario

**Temperature:** Below 2°C

**Time horizon:** 2030

**Description:** This climate scenario explores high transition risk due to policies being implemented late. Specifically, the 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.

**Relevance:** We have chosen this scenario because a disorderly transition to a low-carbon economy is viewed as the most impactful from a transition risk perspective relative to an early policy action scenario in which policies address climate action sooner and, therefore, do not need to be as severe.

**Outcomes:** The Market Disorderly Transition scenario shows manageable impacts that continue to reduce over time as we gradually reduce our investment exposure to carbon-intensive sectors.

**Scope:** Corporate bond and listed equity holdings.

## C Liability risk scenarios

### Underwriting

The primary risks from climate-related liability are identified as: (1) potential lawsuits filed against certain policyholders asserting loss relating to the attribution of damages from climate change, and (2) potential greenwashing lawsuits filed against certain policyholders alleging that green credentials have been overstated. As part of stress testing, we have engaged in scenario analysis on various potential risks.

**Scenario description:** The scenario analysis includes potential risks associated with increased GHG emissions, increased extreme heat events and greenwashing litigation.

**Relevance:** The scenario analysis leverages external vendor models and collaborations based on the current potential climate liability landscape and associated risk to commercial insurers and the insurance industry as a whole.

**Temperatures and time horizons:** The time horizons for potential climate liability risk are unknown, with triggers such as landmark judicial rulings or changes in policy, regulation or law.

**Further actions:** We continue to consider various scenarios as climate liability trends evolve and monitor the current climate liability landscape through quarterly key risk indicators, which leverage open-source liability databases, news sources and legal input.

### Better risk understanding for a resilient strategy

Scenario analysis allows us to better understand risks to AXA XL and to test the resilience of the current strategy against possible future pathways. We consider our climate-related strategy as an input to our scenario analysis planning, while the outcomes, where relevant, form part of the climate and risk overlays to our strategic planning process.

While the analysis we have conducted so far shows limited impact to our business, we intend to continue building on the work that we have already done to broaden the scope of our analysis, particularly in relation to the new scenarios we have developed in 2024.

For both our underwriting and investment portfolios, we are mindful that the risk increases over longer time horizons. In response, we continue to develop and refine our scenario work, understanding of drivers and modeling capabilities.

AXA XL is aware of the limitations of isolated scenarios developed separately by workstream (physical, transition, liability), and as we continue to develop and refine our capabilities, we shall also work toward developing a more integrated and holistic view of climate risk to our business.

## AXA XL's modeling and scenario capabilities

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

The team works with various academic institutions on projects to further our understanding of natural perils and assist in the accurate pricing, monitoring and assessment of risk. One example is our existing collaboration with NCAR. After the successful development of a parametric model for tropical cyclone-induced precipitation in the U.S. the year

before, in 2024, we focused on exploring the behavior and footprints of a set of tail events along the U.S. coast. Tail events refer to rare, extreme occurrences that lie at the edges of a probability distribution; although statistically unlikely, they have high impact, such as category 4-5 hurricanes or record-breaking sea level rise. As climate change evolves, such extreme events are expected to become more frequent and intense; therefore, the inspection of such tail events was carried out under current climate as well as future climate conditions.

Our Science & Natural Perils team works closely with the modeling team that assesses and aggregates the risk for the company as a whole.





# 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.

35 Board oversight

36 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 one or more director positions on each board to protect strong relationships between the AXA Group and key AXA XL subsidiaries.

The boards meet at least quarterly, and climate is on their agenda at least annually. Where relevant, the boards have defined 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 the 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 New York State Department of Financial Services guidance.

The boards, or a subcommittee thereof, evaluate and oversee climate-related issues and risks in connection with, among other things, approval of ORSA (or equivalent), business strategy, planning and oversight of major transactions. Climate training and regular updates on progress against goals are provided to boards across 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 and Sustainability statement

During 2023, a Climate and Sustainability statement was developed at the AXA XL division level to ensure consistency across AXA XL’s key regulated entities, establishing a common approach for how boards and senior management oversee climate and sustainability strategies. This includes how climate and sustainability are incorporated into the company’s strategy and enterprise risk management, along with company performance against KPIs and goals. 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. In 2024, each key regulated board considered and, when deemed appropriate, adopted the statement in line with, and subject to, local governance frameworks 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 local and Group-wide risks. The Standards form part of the 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 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. The Head of Climate works with the AXA XL Global Head of Sustainability, who oversees all other sustainability dimensions, excluding climate.

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 Head of Sustainability 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 includes senior leaders for the relevant functions, including Underwriting, Client Distribution, Claims, Risk, Finance, Operations and HR, as well as AXA XL's CEO and the CEOs for each of the regions. They support the prioritization and delivery of climate goals in their respective areas, ensuring appropriate resources are available and helping to overcome any barriers to success.

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, 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. Key objectives for the Climate Network include facilitating information sharing, collaborating across areas of the business, seeking opportunities to develop new initiatives and sharing best practices.

### Climate Steering Committee

Provides a steer on climate strategy and tracks progress



### Head of Climate

Central point of contact for strategy definition and implementation



### Climate Network

Supports cross-functional information sharing and collaboration





## 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's purpose and maintain its sustainability leadership position, AXA continuously builds sustainability criteria into its total rewards offer. AXA Group has reinforced the sustainability footprint within its culture and values through short-term and long-term incentives:

- AXA Group's Global Leadership Network, including AXA XL's Leadership team, is assessed on qualitative climate and diversity objectives, which are included in their annual target letters.
- Long-term incentives (LTI) include sustainability criteria (climate and diversity objectives in performance shares plan, AXA ranking in the S&P Global Corporate Sustainability Assessment (CSA) in both performance shares and restricted shares plans) covering a population of around 6,000 employees every year across the AXA Group. For more information, please refer to Section 3.5 (Executive Compensation and Share Ownership) of the AXA Group 2024 Annual Report (Universal Registration Document).
- For the performance shares granted in 2024, the Board of Directors decided to replace the relative criterion linked to the S&P CSA index with the internal criterion of reducing the Group carbon intensity in General Account assets, as further described to the right.

## Evaluation approach

The compensation policy for the CEO of AXA XL is based on a pay-for-performance approach in line 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 based on both financial and extra-financial results

## Embedding sustainability into our shares policy

Since 2021, AXA Group has also increased the weight of sustainability criteria in AXA performance shares from 10% to 30%, including the following sustainability metrics for the 2024 grant:

- Reduction in Group carbon footprint in General Account assets (10%)
- Reduction in carbon emissions of Group's own operations (10%)
- Increase in 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 AXA XL's strategic goals. After three years, these shares are converted to AXA shares based on a conversion rate determined by AXA Group's actual sustainability 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% (particularly 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 weighing sustainability criteria as 40% of their profit-sharing agreement (France), including a specific criterion for employees' training on climate.



# Metrics and targets

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

- 39 Risks and opportunities metrics
- 40 Climate targets and performance
- 42 GHG emissions

# Risks and opportunities metrics

The risks and opportunities section of this report outlines some of the potential risks and opportunities we have identified for AXA XL as a business. We are committed to managing climate risk and acting on opportunities to support the transition to a low-carbon economy. The monitoring of key metrics in relation to risks and opportunities is an important part of managing our risks and contributing to the goals set at Group level in relation to opportunities.

## Risks metrics

AXA XL uses climate key risk indicators (KRIs) to support the monitoring and management of climate-related risks.

Selected KRIs include metrics relating to physical, transition and liability risk and span insurance, financial, operational, reputational and strategic risk pillars. They are updated quarterly or yearly, depending on the metric, and are included in the materials for every ARCC meeting. They also include metrics that reflect AXA XL's and AXA Group's strategy and ambition in relation to climate, for example, the tracking of our decarbonization progress.

For each KRI, agreed thresholds are in place. 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.

## Opportunities metrics

Key opportunities metrics have been established and are tracked in order to understand progress in key areas. These metrics correspond to goals set at AXA Group level and include transition underwriting, transition finance, adaptation solutions and financing community resilience.

AXA XL views climate-related opportunities through a financial lens and as an opportunity to support both the transition to a low-carbon society and our clients and wider society in understanding climate-related risk and climate adaptation.

See [Climate targets and performance](#) for more information.






# Climate targets and performance

Since 2021, AXA Group has implemented a set of strategic KPIs, the AXA for Progress Index, to measure the impact and track progress of AXA's role in society. In 2024, the Group released a new set of targets for 2024–2026. This is its first year of progress reporting against these goals. AXA XL has been working to support these targets, as well as our own AXA XL-specific objectives.

## Goal setting and monitoring<sup>53</sup>

AXA XL sets goals as part of its strategic planning cycle, with Group-wide goals flowing down to be translated into, and integrated with, local strategic plans. Progress toward goals is tracked through both our KRI reporting processes and regular reporting to our [Climate Steering Committee](#) and [boards](#). AXA XL also reports annually to AXA Group on progress against Group targets and has recently contributed to AXA Group's first sustainability statement under the [EU Corporate Sustainability Reporting Directive \(CSRD\)](#).

## AXA for Progress Index 2024–2026

Area	AXA for Progress Index 2024-2026	AXA Group 2024 performance	Timeline
 <b>As an insurer</b>	Reduce the absolute insurance-associated emissions for AXA's largest corporate clients by 30% by 2030	(25)%	2021–2030
	Reduce by 20% in intensity insurance-associated emissions for all other corporate clients within AXA's largest markets by 2030	(7)%	2021–2030
	Support transition underwriting to reach €6 billion for P&C GWP cumulative 2024–2026	€2.1bn	Cumulative 2024–2026
 <b>As an investor</b>	Deliver >9,000 climate adaptation solutions and services to companies by 2026	1,052	Cumulative 2024–2026
	Reduce by 50% the carbon intensity of AXA's investment portfolio (General Account assets) by 2030	(50)%	2019–2030
	Finance climate transition: €5 billion per year in investments	€7bn	Annually through 2030
 <b>As a company</b>	Finance community resilience: >€500 million per year	€1.3bn	Annually through 2030
	Contribute to net zero operations: 50% reduction by 2030 in absolute terms carbon emissions while financing carbon credits	(38)%	2019–2030
	Upskill AXA Group's employees: >80,000 employees trained on climate adaptation by 2026	N/A In 2024, a new program focused on climate adaptation was designed for launch in 2025.	Cumulative 2024–2026

Source: performance data from the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).

For footnotes related to the above goals, please see our [Climate strategy](#) section.

<sup>53</sup> For further information on goal setting and monitoring, see the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).

## AXA XL Roots of Resilience

### Goals

**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**

**Goal 12: Demonstrate the importance of societal-led climate solutions by 2026**

**Goal 13: Launch thought leadership on the social implications of a low-carbon economy by 2025**

### Performance

**Progress:** During 2024, we reduced operational emissions by 35% versus our 2019 baseline. Additionally, certain offices underwent renovations in 2024 to improve our day-to-day energy efficiency.

**Progress:** Looking toward 2026, we are actively engaged in putting in place the necessary stakeholders and resources to update our carbon reduction goals and develop a transition plan.

**Progress:** As part of our long-term commitment to helping those affected by climate change, in 2024, we kicked off our Africa-focused partnership with Save the Children, a five-year project focused on building resilience across communities in Sierra Leone. We continued to support our nonprofit, RedR UK, to deliver training to local technical experts on climate risk mitigation and provided responsive funding to our disaster relief charity partners, helping communities respond to and recover from disaster situations.

**Progress:** We have launched research in coordination with the University of Oxford, exploring the private sector's approach to transitioning to a low-carbon economy in developing countries. Additionally, we have framed our own understanding of a fair and just transition, formalizing a definition appropriate for our business, and delivered webinars to educate and engage our colleagues on this topic.

Metric covered by a limited assurance conclusion. Please refer to the "Assurance" section in the [Appendix](#) of this report.

For footnotes related to the above goals, please see our [Climate strategy](#) section.



# GHG emissions

According to the GHG Protocol<sup>54</sup>, emissions can be categorized as Scope 1, 2 or 3.

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

Scope 3 refers to all indirect emissions that occur within 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 2024, we noted a decrease in total emissions compared to 2023. The biggest driver of this comes from a decrease in Scope 1 energy usage in our buildings and homeworking emissions.

## AXA Group investment emissions Carbon intensity

AXA Group has set a target to decrease the carbon intensity of its General Account assets. This target covers the listed corporate debt and equities, and real estate equity assets from AXA Group’s General Account. The selection of 2019 as the baseline year allows for the exclusion of impacts resulting from the COVID-19 pandemic and ensures a coherent representation of investment portfolios, particularly following the integration of AXA XL. From 2019 to 2024, the carbon intensity was reduced by 50%, from 64.5 tCO<sub>2</sub>eq/€m to 32.4 tCO<sub>2</sub>eq/€m. This reduction is largely due to active portfolio management and investment selection, including assets financing climate transition. Consequently, AXA has already reached a 50% reduction in carbon intensity and is on track to meet the 2030 decarbonization target. The Group is currently developing an updated target.

<sup>54</sup> Homepage | GHG Protocol

<sup>55</sup> Scope 3 (market-based) includes business travel, resources we consume (paper, waste, water), commuting and homeworking, and energy from transmission and distribution.

<sup>56</sup> Market-based. Note that this column in last year’s Climate Report was incorrectly indicated as location-based.

<sup>57</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.

<sup>58</sup> Some of the numbers reported in last year’s Climate Report for 2019 and 2023 data were inadvertently misstated and are therefore updated here for complete accuracy.

<sup>59</sup> Carbon intensity by Enterprise Value Including Cash (EVIC).

<sup>60</sup> Carbon intensity by EVIC.

<sup>61</sup> Carbon intensity by Gross Asset Value (GAV). Historical figures on real estate equity carbon intensity and financed emissions were restated following methodological update. For more information, please refer to Section 4.5.2 of the AXA Group 2024 Annual Report (Universal Registration Document).

## AXA XL operational emissions

	Scope 1 (tCO <sub>2</sub> eq)	Scope 2 (tCO <sub>2</sub> eq)		Scope 3 (tCO <sub>2</sub> eq) <sup>55</sup>	Total (tCO <sub>2</sub> eq) <sup>56</sup>	Headcount <sup>57</sup>
		Market-based	Location-based	Market-based		
2024	911	4,048	4,418	32,186	37,145	8,589
2023	764	4,318	4,799	33,990	39,072	8,018
2022	1,100	4,557	4,119	20,993	26,650	8,287
2021	851	3,875	4,292	14,907	19,633	7,339
2019 (baseline) <sup>58</sup>	1,818	6,155	5,727	37,812	45,785	8,327

Metric covered by a limited assurance conclusion. Please refer to the “Assurance” section in the [Appendix](#) of this report.

## Carbon intensity of AXA Group’s investment portfolio (General Account assets) (tCO<sub>2</sub>eq/euro millions)

	December 2019	December 2023	December 2024	% of AUM covered by the carbon intensity for 2024
<b>Carbon intensity of AXA’s listed corporate debt and equities and real estate equities</b>	65	33	32	87%
<b>Split by asset class</b>				
Listed corporate debt <sup>59</sup>	74	39	39	93%
Listed equities <sup>60</sup>	58	31	28	91%
Real estate equities <sup>61</sup>	9	9	9	67%

Source: AXA Group 2024 Annual Report (Universal Registration Document), section 4.2.1.3: Environmental information.

## Financed emissions

In addition to monitoring carbon intensity, AXA also monitors the GHG emissions financed by its assets. No specific target is set for this metric since a target is set for carbon intensity. As of December 31, 2024, the financed emissions of AXA's General Account reached 4,660 ktCO<sub>2</sub>eq, covering the listed corporate debt and equities, and real estate equity portfolios, resulting in a decrease by 60% since December 2019, consistent with the reduction in carbon intensity.

AXA Group also monitors the carbon intensity and financed emissions of its sovereign debt and private assets – see section 4.2.1.3 of the AXA Group 2024 Annual Report (Universal Registration Document) for further details.

## AXA Group Underwriting Emissions

In its 2024 Annual Report (Universal Registration Document), AXA Group has shared for the first time the emissions for its underwriting portfolio. Carbon emissions for AXA Group's underwriting portfolio are expressed in IAE (insurance-associated emissions) as defined by the absolute carbon accounting standard published by the Partnership for Carbon Accounting Financials (PCAF) and are based on Scope 1 and 2 emissions. See Appendix for further details on methodologies.

In 2024, AXA Group reduced by 25%, absolute IAE for its in-scope largest Commercial lines clients and reduced by 7%, the IAE intensity for the in-scope Commercial lines clients within AXA's largest markets, both on track with its 2030 targets<sup>63</sup>. The reductions reflect the transition efforts of AXA insureds and AXA's support of the transition demonstrated by the transition underwriting metric. Baseline values for the IAE intensity metric have been restated this year, following improvements in portfolio data quality and reflected by the improved data quality score. Improvements in the underlying data are expected to continue with the reporting efforts in the general economy; therefore, further baseline restatements may occur.

<sup>62</sup> Historical figures on real estate equity carbon intensity and financed emissions were restated following methodological update. This applies to both our carbon intensity and financed emissions calculations. For more information, please refer to Section 4.5.2 of the AXA Group 2024 Annual Report (Universal Registration Document).

<sup>63</sup> Against 2021 baseline. A baseline year of 2021 was chosen due to greater availability of quality emissions and revenue information for use in the calculation.

## Financed emissions of AXA's Group's investment portfolio (General Account assets)

	December 2019	December 2023	December 2024
<b>Financed emissions of AXA's listed corporate debt and equities and real estate equities (ktCO<sub>2</sub>eq)</b>	11,712	4,620	4,660
<b>Split by asset class</b>			
Listed corporate debt	10,384	4,076	4,139
Listed equities	1,150	302	292
Real estate equity <sup>62</sup>	178	241	228

Source: AXA Group 2024 Annual Report (Universal Registration Document), section 4.2.1.3: Environmental information.

## Insurance-associated emissions of AXA Group's underwriting activities

Insurance-associated emissions	2024	2021 Baseline
Absolute carbon emissions for AXA's largest corporate clients (tCO <sub>2</sub> eq)	277,225	369,613
Insurance-associated emissions intensity for all other corporate clients within AXA's largest markets (in tCO <sub>2</sub> eq/euro millions)	321	346

Source: AXA Group 2024 Annual Report (Universal Registration Document), section 4.2.1.4: Environmental information.

# Appendix

## Definitions, methodologies, assumptions and limitations

### Investments

#### Transition financing

To qualify investments as an asset financing the transition, AXA applies its standards to each of the following asset classes:

- **Green and transition bonds on listed assets:** independently labeled based on Bloomberg's Green Bond Index
- **Infrastructure:** notably assets complying with the green sectoral classification defined by the Climate Bonds Initiative
- **Real estate:** investments meeting "sustainable investments" criteria, capex for compliance with environmental regulations and a 1.5°C trajectory and "green/ESG" capex improving energy efficiency
- **Private equity and debt:** commitments on private equity and debt funds with clear climate transition objectives

#### Green Investments

Investments are qualified as "green" based on the standards applied to the relevant asset classes:

- **Green bonds:** independently labeled based on Bloomberg's Green Bond Index
- **Infrastructure:** investments in infrastructure equity include notably assets complying with the green sectoral classification defined by the Climate Bonds Initiative
- **Impact investments:** investments in the Group's Impact Funds targeting climate impacts with clearly defined KPIs, and in the forests with FSC<sup>64</sup> or PEFC<sup>65</sup> certification
- **Real estate:** assets with a very high level of environmental certification (new construction or in use) minimum level Excellent, Gold or equivalent (BREEAM, HQE, LEED, DGNB, Minergie, etc.) and a minimum Energy Performance Certificate (EPC) rating of "B" or equivalent
- **Commercial real estate (CRE):** loans backing an underlying asset with a very high level of environmental certification (new construction or in use) minimum level Excellent, Gold or equivalent (BREEAM, HQE, LEED, DGNB, Minergie, etc.)

#### Community resilience financing

Community resilience financing covers four priority sectors:

- Health
- Housing (affordable, student and senior housing)
- Education
- Other essential assets such as agricultural, financial services and transport

#### Decarbonization goals

As an investor, in 2019, AXA engaged in transitioning its investment portfolio to net zero GHG emissions by 2050 through investment-related intermediate targets set every five years. After an initial intermediate decarbonization target for 2025, AXA announced in June 2023 a second target<sup>66</sup> aiming for a 50% reduction in the carbon intensity of its General Account by 2030 compared to 2019. The target encompasses listed corporate debt, equity and real estate equity<sup>67</sup>, covering investees' Scope 1 and 2 GHG emissions according to the GHG Protocol, and is based on carbon intensity per EVIC for listed corporate assets and carbon intensity per GAV for real estate equity. This target on AXA's investment emissions (Scope 3.15) has been determined on a bottom-up approach relying on investment opportunities assumptions and portfolio composition and constraints, and is in line with NZAOA recommendations and interpretations from the IPCC Sixth Assessment Report (AR6) for a 1.5°C pathway<sup>68</sup>.

For its investment objectives, AXA's efforts to measure investment portfolio carbon intensity are constrained by the level and quality of disclosure in the real economy, including the extent to which reported data is available and whether estimates must be used. Moreover, investment goals may, in the future, be adjusted to measure additional assets and/or Scope 3 GHG emissions.

#### Underwriting

##### Transition insurance

The GWP of transition insurance is the amount of premium reported at the end of the reporting period related to the below insurance products or insured assets or activities:

- Commercial insurance offers that cover assets and activities that contribute to climate change mitigation, circular economy and biodiversity as environmental protection<sup>69</sup> and/or that insurance covers like environmental risks insurance, commercial Build Back Better endorsement/green cover and excess carbon emissions insurance that encourages or enables a transition activity defined on the three listed pillars

A nonexhaustive list of assets and activities was provided to AXA XL for identifying transition insurance. This list was based upon published research<sup>70</sup> from the College of London on the insurability of the green economy and approved within AXA's Role in Society Steering Committee. Assets, activities and insurance products other than those listed above may be included under transition insurance, if first validated and approved by the Group Underwriting Office P&C Sustainability Underwriting team.

<sup>64</sup> FSC (Forest Stewardship Council).

<sup>65</sup> PEFC (Programme for the Endorsement of Forest Certification).

<sup>66</sup> As of end of 2024, the target has not been externally assured.

<sup>67</sup> Representing €165 billion as of end of 2024, equivalent to 36% of AXA's General Account.

<sup>68</sup> <https://www.unepfi.org/industries/target-setting-protocol-fourth-edition/>.

<sup>69</sup> AXA introduced a Green Business Framework in 2021 that defined "green underwriting". The definition of "transition insurance" followed this framework, focusing only on transition-related assets and activities within this original definition. See "AXA for Progress Index: AXA Green Business Program 13 April 2022".

<sup>70</sup> "Insuring the green economy against natural hazards – charting research frontiers in vulnerability assessment".

For the insurance products, the full premium of the contract is to be counted as the transition insurance, except for the Build Back Better/green cover endorsements, in which only the associated premium for the specific cover is to be included. For contracts in which the insured undertakes business activities that include eligible “transition insurance” activity, among other ineligible activities, there is to be no “split of premium”. If the eligible portion of the activity is 70% or greater by company revenues, then the total GWP may be recorded as transition insurance. If the eligible revenue value cannot be confirmed or is less than 70%, then no GWP may be recorded as transition insurance for this insurance contract.

### Climate adaptation solutions and services

AXA defines the number of climate adaptation solutions and services delivered to commercial clients as the number of trainings, risk assessment or awareness, gap analysis prevention or solution, crisis management or remediation response provided to commercial clients that create awareness on climate adaptation or that are specifically related to climate adaptation.

### Decarbonization goals

#### Insurance-associated emissions

AXA reflects the carbon footprint of its insurance underwriting portfolios using both absolute and intensity metrics, specifically:

- Insurance-associated emissions (IAE) is the standard measurement provided by the Partnership for Carbon Accounting Financials (PCAF). This measurement provides the absolute CO<sub>2</sub> equivalent associated with P&C insurance underwriting portfolios for in-scope lines of business<sup>71</sup>.
- IAE intensity is IAE divided by a financial (e.g., premium) or physical value (e.g., insured vehicles) as a means of normalizing across portfolios of differing sizes.

The absolute IAE measurement is appropriate for underwriting portfolios comprising insured clients that measure and disclose their GHG emissions. AXA has therefore applied the IAE measurement solely in respect of its largest commercial clients.

In respect of commercial underwriting portfolios for which IAE intensity was used, AXA used IAE per premium as the relevant intensity metric.

The commercial IAE calculation is based on Scope 1 and 2 GHG emissions of commercial insureds. Additionally, for the commercial IAE intensity calculation, an in-scope subset focused on the AXA portfolios within France and Germany, and AXA XL portfolios within the U.S., Canada, Australia and the UK, and the industry sectors

of agriculture, transport, manufacturing (heavy), manufacturing (chemicals), utilities and mining. The only deviation to this industry sector approach is AXA XL included all sectors for the specific lines of business of marine and aviation, in recognition of the significance of the emissions from these lines of business.

AXA used a third-party data provider for the carbon emissions information of commercial insureds. Emissions factors for those commercial insureds for which actual Scope 1 and 2 emissions are unavailable came from a third-party provider.

The initial engagement target with 200 of AXA’s largest corporate insureds is an objective to engage and support insureds with their transition and mitigation efforts. AXA followed this target up with a comprehensive strategy in 2023 and 2024 to define the actions and topics that qualify as engagement for this specific objective. The commercial client engagement on the subject of climate mitigation and transition may be any one of these three possible options:

- Sustainability dialogue: bespoke meetings, training/materials, seminars/webinars and/or the facilitating of insured connection to solutions, all focusing on decarbonization and/or biodiversity and nature strategy
- Engagement with objectives, such as engagement with incentives to encourage behavioral change or requests for additional climate disclosures (such as emissions information)

- Engagement with objectives linked with AXA’s sustainability underwriting policies, such as a reduction in noncompliant activity of the insured

## Operations

### Targets

The targets set by AXA Group and AXA XL for its own operations are science based and set in accordance with SBTi guidelines, applying the “Absolute Contraction Approach<sup>72</sup>” in alignment with the Paris Agreement. These targets are in line with SBTi criteria for a 1.5°C pathway for AXA Group and AXA XL’s GHG Scope 1 and 2 emissions reduction, and with a well-below 2°C pathway for its GHG Scope 3.6 business travel emissions reduction.

### Scope of emissions measured

AXA XL and AXA Group measure certain Scope 1, 2 and 3 GHG emissions with respect to its own operations. In relation to overall emissions-reduction targets, we monitor:

- Scope 1: emissions related to fuel combustion on the Group’s sites (such as gas and heating oil)
- Scope 2: emissions from combustion of fuels to generate electricity, steam, electric vehicle fleet usage<sup>73</sup>, heating and cooling purchased and consumed by AXA buildings and data centers
- Scope 3: emissions from business travel

<sup>71</sup> See page 30 and page 42 of the PCAF Standard Part C for a full listing.

<sup>72</sup> <https://sciencebasedtargets.org/news/understand-science-based-targets-methods-climate-action>.

<sup>73</sup> AXA XL accounts for EVs under Scope 1, rather than Scope 2, in its reporting against AXA XL-specific targets.

In relation to the emissions data we provide in this report under “AXA XL operational emissions”, we also monitor:

- Emissions related to the production of fuels and energy purchased and consumed by AXA employee commuting, home working and data centers

AXA XL and AXA Group continue to work to expand the completeness of the scope of GHG emissions they monitor beyond the scope of those included at the time of the setting of their targets.

Since the establishment of our 2019 baseline, AXA XL has continuously enhanced the depth of our Scope 3 reporting, expanding our emissions tracking procedures to consider home office energy use and employee fuel and energy consumption. Our aim is to maintain consistency with our baseline targets. Therefore, these data points are not factored into our progress reports for 2025 reduction targets.

Scope 3 emissions reported under “operations” or “operational” emissions do not include emissions from investments or underwriting portfolios, and these are detailed separately in this report.

### Calculation methodology

AXA XL and AXA Group’s calculation methodology applies the GHG Protocol, namely the GHG Protocol Scope 2 Guidance and the GHG Protocol Corporate Value Chain. With respect to Scope 3 emissions, the methodology does not take into account any removals, purchases, sales or transfers of carbon credits or GHG allowances.

GHG emissions related to AXA XL and AXA Group’s operations are calculated using third-party software.

GHG emissions related to primary energy consumption for buildings are calculated using consumption in kilowatt-hours (kWh) multiplied by emission factors<sup>74</sup>.

For car fleet emissions, an emission factor per kilometer is applied based on the vehicle’s emission range. To consider regulatory changes, vehicles acquired or leased from 2020 onwards are classified according to local or global standards<sup>75</sup>.

GHG emissions related to electricity consumption are calculated on the basis of consumption in kWh, which is based on two different methods<sup>76</sup>:

- A market-based method, which reflects emissions from electricity that companies have purposefully chosen and where certification of origin can be used. This method is the one used in the target.
- A location-based method, which reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

Market-based GHG emissions for Scope 2 use ADEME<sup>77</sup>, BEIS, or country-specific emissions factors when the primary source of energy is known. If unavailable, the average emission factor for residual electricity in the country or region concerned is used<sup>78</sup>.

Location-based emissions for Scope 2 use country-specific emissions factors in relation to electricity consumption. For other secondary energy sources (heating and cooling networks), consumption is multiplied by the emission factors provided by BEIS.

Performance against overall emissions targets provided in this report is based on the market-based method in relation to Scope 2 emissions. We provide data on both market- and location-based methods for “AXA XL operational emissions”.

GHG emissions related to business travel are calculated by multiplying the distance traveled by employees for the transport category by emission factors. For planes, AXA uses emission factors provided by the UK Department for Environment, Food and Rural Affairs (DEFRA), including contrail impacts and the upstream emissions. For business travel by train, AXA uses emission factors provided by ADEME, and AXA XL uses emissions factors from BEIS.

GHG emissions related to employee commuting are calculated based on the results of a transport survey sent to all employees. Each employee can report on their means of transportation to the office, as well as distance traveled for such commute and weekly commuting frequency. Extrapolation from this information is applied to all employees. AXA Group uses emission factors by transport category provided by ADEME, and AXA XL uses emissions factors from BEIS.

For further details on AXA Group GHG calculations, see the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).

<sup>74</sup> AXA Group uses Agence de l’environnement et de la maîtrise de l’énergie (ADEME) emissions factors or those communicated by the supplier for renewable energies such as biogas. AXA XL uses country-specific emissions factors.

<sup>75</sup> AXA Group uses the WLTP (World-harmonized Light-duty vehicles Test Procedure) standard. AXA XL use the BEIS (UK Department for Business, Energy and Industrial Strategy) standard for our own reporting.

<sup>76</sup> See Scope 2 methodology defined by the Greenhouse Gas Protocol.

<sup>77</sup> ADEME is the French Agency for Ecological Transition. It is a French public agency under the joint authority of the Ministry for an Ecological Transition, Ministry of Energy and Ministry for Higher Education and Research.

<sup>78</sup> AXA Group also uses the emission factor provided by the electricity suppliers.

## Assurance

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 14064-3 (2019), Greenhouse gases – Specification standard, with guidance for the verification and validation of GHG statements. This verification covers all three scopes of GHG emissions.

Ernst & Young Audit and KPMG S.A. have jointly provided an opinion with limited assurance on the compliance of the [AXA Group 2024 Annual Report \(Universal Registration Document\) Sustainability Statement with the ESRS](#); however, the measurement of the nonfinancial metrics sourced from the AXA Group 2024 Annual Report (Universal Registration Document) and used in this report have not been validated by an external body. For further details on the scope and limitations of this assurance, please see section 4.6 “Sustainability information certification report” of the AXA Group 2024 Annual Report (Universal Registration Document).

## Assumptions, limitations and omissions

- GHG emissions of the Group's investments: AXA has faced limitations in the scope of the metrics published in terms of asset classes covered and data availability (Scope 3)<sup>79</sup>.
- GHG emissions of the Group's insurance activities: AXA has faced limitations in the scope of the metric in terms of insurance portfolio in connection with methodologies that are not mature, unavailability of data (Scope 3) and in terms of the maturity of the process (not all eligible policies are subject to the calculation of the metric; only a reduced scope has been considered for the first year and it will be extended progressively)<sup>80</sup>.
- GHG emissions related to real estate investments (Scope 3 vs. Scope 1 and 2): Uncertainties in standards interpretations led AXA to choose to categorize real estate investments in category 15 of the Group's carbon footprint related to Scope 3, although this includes invested properties over which AXA has operational control<sup>81</sup>.
- Climate Transition Plan (CTP): AXA's CTP should be considered as partial and will be further enhanced<sup>82</sup>.
- Quality of data: Information obtained from, or established on the basis of, third-party sources is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. It may not have been reviewed by

AXA or independently verified, but AXA expects to further assess the internal controls and processes of significant external data providers and to strengthen its governance over third-party data.

- AXA Group is not in a position to quantify the expected GHG emissions reductions from actions implemented by the Group as part of its CTP yet. This information will be disclosed as part of the progressive enhancements of the transition plan.

### AXA's CTP key assumptions

AXA's CTP is subject to, among other things, the following key assumptions regarding its investment, underwriting and company-specific decarbonization targets.

Achieving these targets is subject to several variables outside of AXA's control, including:

- The real economy, including policyholders and companies in which AXA invests, transitioning in line with science-based and Paris Agreement-aligned pathways used for the Group's carbon emissions targeted reduction calculations
- Governments and regulators (including insurance and financial regulators) implementing and executing policies that will successfully achieve the emission reductions required to meet their Paris Agreement-aligned pledges

In addition, for its underwriting targets:

- The energy transition of in-scope economic markets being in line with the transition pathways used for AXA's carbon emissions target reduction calculations
- The transition of personal transportation to EVs and other low-emissions solutions being aligned with government commitments

For its investment targets, AXA's efforts to measure investment portfolio carbon intensity are constrained by the level and quality of disclosure in the real economy, including the extent to which reported data is available and whether estimates must be used. Moreover, investment targets may in the future be expanded to measure additional assets and/or Scope 3 GHG emissions.

For its underwriting targets, the above-mentioned variables are not within the Group's control; however, AXA intends to continue improving its own disclosure efforts to achieve its IAE reduction targets. AXA's efforts are also constrained by the level and quality of disclosure.

For further details on methodologies, see section 4.5.2.1 of the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).

<sup>79</sup> For more information on the asset classes covered, please refer to the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#), section 4.2.1.3. For more information on availability of Scope 3 related data, please refer to section 4.5.2.1.

<sup>80</sup> For more information, please refer to the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#), section 4.2.1.4 and section 4.5.2.1.

<sup>81</sup> For more information on the real estate equities GHG emissions, please refer to the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#), section 4.2.1.3.

<sup>82</sup> As detailed in section 4.2.1.2 of the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#).



## AXA XL scenario analysis methodological notes, assumptions and limitations

In relation to physical risk scenarios for our underwriting portfolio, the temperature scenarios considered were assessed for their implied change in hazard across all modeled combinations of perils and regions currently included in our regular portfolio monitoring. Our methodology involves adjusting frequency and severity parameters within natural catastrophe modeling to reflect future temperature scenarios. The factors used to adjust the models are developed following a scientific literature review of the latest findings by our in-house atmospheric scientists, our own research from the AXA XL Science team, as well as consultation with our academic collaborators. It is important to note that the exercise involves a large number of assumptions. For every main peril, sub-perils are also considered where possible: e.g., for hurricanes, impacts on storm surge and tropical cyclone-induced precipitation are also considered.

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

For our physical market and liquidity risk tests, as noted for our underwriting physical risk exercises, stressed projections over multiple years come with considerable uncertainty.

A potential limitation to our market transition risk scenario analysis is that only Corporate Bond and Listed Equity exposures are covered in the analysis, though we view these asset classes as the most vulnerable to the scenario.

The model used for our underwriting transition scenarios has several assumptions that are sourced from external bodies (e.g., NGFS), AXA XL or third-party consultants. They include capacity, inflation and the impact of warming global temperatures on future natural catastrophe losses. It should also be noted that AXA XL is at the start of its journey in terms of underwriting transition risk scenarios, with only one line of business modeled so far. The analysis needs to be extended to other areas to fully understand the risk.

# Important legal information

This AXA XL 2024 Climate Report includes statements with respect to future events, trends, plans, expectations, goals, targets, objectives, aims and other forward-looking statements relating to AXA XL's and AXA Group'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”, “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, there can be no assurances that AXA XL's and/or AXA Group's sustainability- or climate-related plans, goals, targets, objectives or aims will be achieved in whole or in part, or even if achieved, within the time periods indicated.

Forward-looking statements, including AXA XL's and AXA Group's climate- and sustainability-related plans, goals, targets, objectives or aims, are subject to a number of factors, risks and uncertainties (many of which are outside of AXA XL's and AXA Group's control) including, without limitation:

- General economic and political conditions, overall transition of the world economy, society and corporate entities toward net zero, which itself depends on a variety of political, economic, regulatory (including through government incentives and funding), societal and scientific developments
- AXA XL's and AXA Group's ability to effectively implement its initiatives and achieve its climate- and sustainability-related initiatives, as well as the likelihood that the changes introduced as part of these initiatives will deliver the expected outcomes
- Climate-related risks that may adversely affect AXA XL's and/or AXA Group's operations, financial performance or overall stability
- The risk that legal, regulatory or market-driven measures designed to address climate change could negatively impact AXA XL and/or AXA Group's business and financial results
- The exposure of AXA XL and/or AXA Group's operational sites, as well as those of its clients, suppliers and subcontractors, to natural disaster-prone areas (e.g., floods, earthquakes, hurricanes)

- The heightened scrutiny from governmental and nongovernmental organizations, consumer advocacy groups, investors, customers, employees and other stakeholders whose expectations regarding AXA XL's and AXA's Group's climate- and sustainability-related practices and performance are evolving rapidly
- The evolving nature of global climate- and sustainability-related regulatory requirements, including emerging and unharmonized standards for sustainability reporting and disclosures, which continue to develop

Forward-looking information may be refined in future periods as more relevant information becomes available. Please also refer to Section “5 – Risk factors and risk management “ of the [AXA Group 2024 Annual Report \(Universal Registration Document\)](#) for a description of certain important factors, risks and uncertainties that may affect AXA Group's business and/or results of operations more generally, as well as in relation to climate- and sustainability-related matters.

This AXA XL 2024 Climate Report has been prepared on the basis of the information available to AXA XL at the time of its publication, and we assume no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as may be required by applicable laws and regulations. Notwithstanding the foregoing, data presented or included in this report may be updated, amended, revised or discontinued in future

disclosures or reporting 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.

This AXA XL 2024 Climate Report refers to certain nonfinancial metrics and benchmarks (including carbon intensity), as well as other nonfinancial data, all of which are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. Nonfinancial metrics used herein generally have no standardized meaning and may not be comparable to similarly labeled measures used by other companies.

In addition, the measurement techniques used for determining nonfinancial metrics and data, which may include the valuation impact of climate change and methods to measure the biodiversity impact, may involve complex modeling processes and research, can result in materially different outcomes and measurements and the precision of these techniques may vary.



Furthermore, the determination and use of nonfinancial 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 or insureds or, when disclosed or collected from third-party data providers, it may be incorrect, incomplete or follow different reporting methodologies.

Finally, most of the information used to determine nonfinancial metrics or factors is based on historical data, which may not be complete or accurate or may not fully reflect the future nonfinancial performance or risks of the underlying investments. Please refer to the appendices of this 2024 Climate Report for an explanation of the methodologies.

Although a rigorous selection process is applied to data providers, AXA XL's and AXA Group's climate, sustainability and other processes, including AXA Group's proprietary methodology for computing the carbon intensity of its sovereign debt investments, may not necessarily capture all nonfinancial risks and, as a result, AXA XL and/or AXA Group's assessment of the impact of its investment decisions on sustainability factors may not be accurate, or unforeseen sustainability events could adversely affect the performance of the investment portfolio. While the

methodologies for nonfinancial scoring applied by AXA XL and AXA Group are regularly updated to take into account changes in the availability of data or methodologies used by issuers to disclose nonfinancial information, there is no assurance that such methodologies are or will be successful at capturing all nonfinancial factors.

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 indices. 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.

All climate scenarios conducted by AXA XL are purely hypothetical and do not address the terms, conditions, exclusions and limitations and other coverage defenses under specific policies. Insurers, including AXA XL, have disputed coverage obligations in various contexts, and this analysis should not be interpreted in any way as AXA XL's view on the potential application of policy wordings in the event of a claim.

Additionally, insurance coverage, if applicable, will depend upon the type of policy in effect, the terms, conditions, exclusions and limitations in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined or described herein.

AXA XL adheres to legal and regulatory requirements in each local 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.

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