



Our Corporate Social Responsibility (CSR) Strategy

AXA XL's 2019-2021 CSR strategy is aligned to key issues that are pertinent to our business: climate change, access to water and financial resilience.

Climate: Companies and communities face a number of climate-related risks. We're reducing our carbon footprint, protecting ecosystems and exploring how our business can help build a better world.

Water: Access to water is expected to be an increasing challenge – and not just in developing countries. The United Nations predicts a 40% shortfall in the global water supply by 2030. We're developing efforts to improve water security where it is – and will be – needed most.

Financial resilience: We're in the business of making our clients financially futureproof. We can do the same for our local communities. We're helping create opportunities for the unemployed and underemployed, so they can be better prepared for unexpected changes.

Our strategy supports AXA's Purpose: *To act for human progress by protecting what matters.*

Our Climate Actions

Creating a blue carbon future

Significant areas of the world's coastlines are lined with mangroves, seagrasses and tidal marshes – all of which represent major carbon sinks, capturing and storing billions of tons of carbon from our atmosphere. These coastal wetland ecosystems do this at rates up to five times greater than terrestrial forests, highlighting their vital importance.

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By Suzanne Scatliffe

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The stored carbon is referred to as “blue carbon,” and it can remain in the soil for thousands of years, making it one of the longest-term natural solutions to climate change.

Not only do these coastal wetlands help to mitigate against climate change, they also offer protection against storms by absorbing incoming wave energy, often at lower costs than built infrastructure like seawalls and levees. Global environmental nonprofit The Nature Conservancy (TNC) has conducted research that illustrates how nature-based coastal resilience can save communities hundreds of millions of dollars when severe weather strikes, reducing flood damage by decreasing wave energy by up to 66%.

According to TNC, half of the world's population lives in coastal areas, making sea-level rise and impacts from changing nature of storms a significant climate-related risk. The conservation and restoration of coastal wetlands can help protect millions of people while providing many other benefits such as enhanced biodiversity, healthier fisheries, water purification and improved local livelihoods.

Despite the numerous benefits these habitats provide, scientists estimate that 50% of the world's mangroves and seagrasses, and at least 25% of tidal marshes, have been lost. It is critical that the world's blue carbon systems are protected and restored now.

In 2019, we continued our partnership with TNC by assisting in the creation of a groundbreaking investment product: Blue Carbon Resilience Credits.

These would, for the first time, value the combined carbon sequestration and resilience benefits provided by coastal wetland ecosystems. The development of blue carbon credits will tap into the carbon credit marketplace that has traditionally focused on terrestrial credits and enable carbon finance to support these critical habitats over the long term. The resilience credit, purchased with the blue carbon credit or separately, will quantify and invest in the added risk reduction benefits of shielding coastal communities from the changing nature of natural disasters in the future, conserving and restoring our natural ecosystems to their full potential.

TNC is working with the world's leading carbon offset advisory firm TerraCarbon to finalize an assessment of the blue carbon sequestration value of mangrove, marsh and seagrass sites best positioned to generate the first round of the Blue Carbon Resilience Credits. TNC is advancing work in Virginia, Florida and the Northeast U.S., as well as in Chile, Belize and the Caribbean. This work will, we believe, enable businesses like our own to offset their carbon footprint while helping reduce flood risk in some of the most vulnerable areas at the same time as contributing to SDGs 13 (Climate Action) and 15 (Life on Land).

The overlap between the potential opportunity of mangrove insurance with the ability to provide blue carbon credits from mangroves demonstrates the importance of biodiversity in the ecosystem in which we live and the potential opportunities that could emerge in the need to protect them.



Contributing to water security

AXA XL recognizes the importance of access to clean water in ensuring a safe and healthy future for all and the need to focus on finding innovative solutions for water security. As part of our efforts to improve water resilience around the world, AXA XL has entered into a three-year partnership with international nonprofit WaterAid to bring clean drinking water to more than 10,000 people in rural India.

WaterAid strives to provide clean water, sanitary toilets and improved hygiene to the millions of people still living without these basic human rights.

According to WaterAid, over 94 million people are without clean water in India today, and nearly 732 million do not have access to a sanitary toilet. Our three-year partnership focuses on the district of Fatehpur in Northern India.

Fatehpur is a water-scarce district, which affects the whole community, including its schools. Most schools primarily have non-functioning toilets and limited hand-washing facilities. Additionally, most of the drinking water available to these schools comes through direct hand pumps, which may not be treated before being consumed. WaterAid also discovered that less than 10% of households in the rural parts of the district have access to pipe water supply.

AXA XL's funding will support WaterAid in ensuring improved access to clean drinking water and sanitation facilities in the selected villages of the Fatehpur district; community-based committees that are trained and accountable for sustained drinking water and sanitation facilities; and promoting hygiene behavior change at both a community and institutional level.

Developing sustainable client offerings

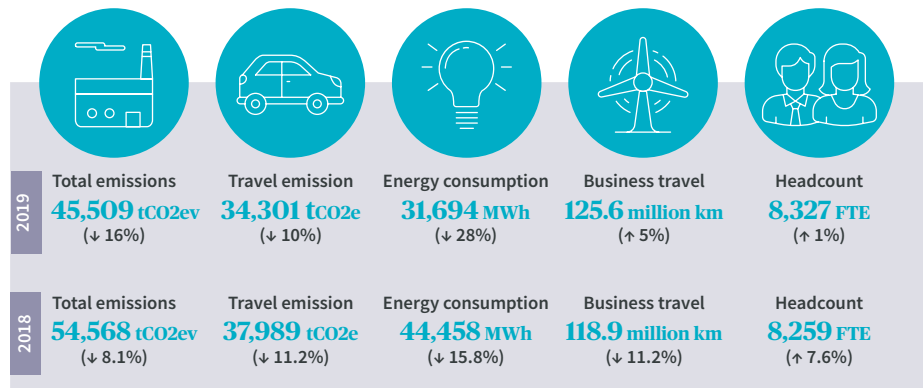
We are currently exploring how we could do more as an insurer to manage post-loss waste more sustainably, enabling a “circular economy” through our claims processes. We are researching the current picture for insurance-related waste to understand types of waste materials, current landfill volumes, and the monetary and carbon value of this waste, as well as existing waste processing infrastructure and regulation. This research could help us create an AXA-wide offering for commercial and personal lines customers, in multiple lines of business.

The impacts of climate on water scarcity are also increasing. Access to water is a significant issue for clients in multiple industries, from retail to resource extraction. It is a growing risk for organizations that have operations, customers, or employee bases in areas that may become water scarce. Water crises were once again named among the top 10 global risks in the World Economic Forum's Global Risks Report with respect to both impact and likelihood to occur. We are developing ways to help our clients become more water-resilient through the establishment of our Water Advisory Group, consisting of industry clients, policymakers and academia, as well as colleagues from AXA XL.

Mitigating drought risk

AXA XL is funding research to explore ways drought risk can be better managed in the most vulnerable communities. The research is being conducted by Pennsylvania State University and centers on identifying a way to calculate livelihood-specific weather indices that could be used in resilience programming, focusing on a case study of rainfall-driven hazards in Somalia.

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Somalia is a country particularly at risk from rainfall-related hazards, with communities facing the intersection of multiple weather hazards and limited coping strategies. It has suffered from multiple humanitarian crises, including those driven by droughts that were all forecast by meteorologists. One of the main priorities for the research is to improve the ability for vulnerable communities to robustly assess how climate factors influence current local weather hazards such as too little rainfall and the subsequent drought.

Additionally, a priority is to be able to use this climate information more thoroughly in resilience programming in order to reliably identify new norms under a changing climate, and in turn forecast for these norms.

Training local humanitarian agencies on climate disaster risk reduction

We are partnering with RedR, an international capacity-building nonprofit, to better prepare vulnerable communities for when disasters hit. In 2019, RedR developed a climate change adaptation and disaster risk reduction (CCDRR) course for humanitarian organizations working in vulnerable communities. So far, RedR has trained more than 35 humanitarians in the Philippines, who have passed on their awareness and knowledge about how to prepare for climate-related disasters to more than 800 individuals. The training aims to equip these vulnerable communities to better prepare and recover from climate related disasters.

Managing our carbon footprint

We are continuously striving to reduce our carbon footprint, taking steps to save energy, reduce waste and adopt greener behaviors at work.

We calculate our annual carbon footprint using a full year of collected data (January–December) and report on this the following year. AXA XL has a clearly defined internal protocol, which is reviewed annually to ensure that any business changes are noted for the reporting period.

In 2019, we achieved significant emissions reductions compared to 2018 (-16%). This has mainly been delivered through decreases in emissions from air travel and energy consumption. The trends follow a similar reduction trajectory at a regional level. There has been an increased emphasis on improving the data quality this past year, which has contributed in part to decreases reported by AXA XL; however, there is still room for further improvement to reduce year-on-year data volatility at key sites.

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

In September 2020, we launched our first Carbon Reduction strategy, focused on saving energy, reducing waste, as well as helping our colleagues adopt greener behaviors while working.

With all the efforts mentioned it is clear the importance that CSR has within the way we operate, not only providing help to communities but also using this as an incubator in terms of thinking of innovative ideas that we can develop into risk transfer solutions that will advance human progress by protecting what matters.

About the Author

Suzanne Scatliffe is Director of Corporate Social Responsibility (CSR) at AXA XL, where she leads the global CSR/sustainability strategy and programs. She has 16 years' experience in CSR roles in the insurance, technology, and education sectors, and is a certified Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She also serves as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF) UK and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR initiatives. Suzanne is based in the UK and can be reached at suzanne.scatliffe@axaxl.com.