



Mitigate. Adapt. Protect.

How green insurance will help
combat climate change

AXA Green Business
Report 2022



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Welcome to AXA's first Green Business Report

Welcome to our first-ever Green Business Report. This Report coincides with the launch of AXA's new Green Business Program. It sets out our approach to Green Business and, in particular, what we can do in the insurance industry to help in the fight against climate change. Our Report is based, in part, on a survey, carried out jointly with Ipsos, on consumer attitudes towards green insurance. Through our products and services – through our knowledge and use of data – we believe we can have a positive impact on the environment. In doing so, we can help reduce the adverse effects of human activity and help our societies and economies adapt to long-term climate change.

Foreword by AXA's Chief Risk Officer, Renaud Guidée

Increasingly, the scientific community is speaking with one voice: our margin for effective action on climate change is narrowing.

We have to redouble our efforts immediately to reduce carbon emissions if we are to stand a fighting chance of hitting the net-zero targets set out in the 2015 Paris Climate Agreement. It's not surprising that AXA's 2021 Future Risks Report again identified climate change as the single biggest risk facing the world today.

Individuals, businesses and governments must work together to protect the environment and avoid the dramatic changes to our climate that will inevitably result if we do nothing. At the same time, we have to help people adapt to the impacts of climate change that we are already experiencing, and that are now irreversible.

In this context, we commissioned an Ipsos survey to help us understand the role the private sector – and insurers in particular – can play in tackling climate change. Drawn from 10,000 people

across Europe, Asia and the Americas, the results show a growing public awareness of climate issues. Most respondents say they have already suffered fallout from global warming first-hand and want to do something about it. Many have identified ways they can adopt more sustainable lifestyles in coming years. They are aware too of how insurers like AXA have a role to play, saying they would be interested in insurance policies that encourage them to make these lifestyle changes. That gives us a tremendous opportunity, but also an important responsibility to provide the kind of green products and services our customers will expect.

This Report coincides with the launch of our Green Business Program, which is one of AXA's answers to this challenge. Since 2015, AXA has put in place a comprehensive climate strategy, reinforced in 2021 with the inclusion of a Climate and ESG pillar in our Driving Progress 2023 strategic plan, in line with our purpose. On

investments, AXA's climate strategy is already widely recognized: we have doubled our green investment objective, and have significantly decreased the carbon footprint of our portfolio; our objective is to align our portfolio by 2050 with a +1.5°C warming scenario.

Alongside investments, we are now bringing an insurance dimension into our climate strategy. With our Green Business Program, we are making the most of our underwriting capabilities. As well as providing cover against climate-related losses, AXA also uses its expertise to advise people and companies on actions they can take to minimize their environmental risks and their carbon footprint. This may include incentives to support more sustainable business practice, encouraging people to exchange their combustion cars for electric and hybrid vehicles, or making their properties more energy efficient.

Claims management provides another means to promote better environmental practice. Through the use of claims data and

sophisticated climate models, we produce forward-looking assessments of the physical risk posed by climate change. Using these models, we can warn policyholders of extreme weather events ahead of time, and help them adapt to the climate change we're already seeing around us – such as the increased frequency and severity of storms, wildfires and floods. Then, in dealing with claims, we can ensure people and companies “build back better,” reducing losses from future events.

Protecting our planet's biodiversity is just as important as tackling climate change. Already, pollution and overfishing have degraded our rivers, lakes and seas. Deforestation has destroyed the natural habitat of thousands of species, causing them to invade other eco-systems or face extinction. Defending these environments is of the utmost importance, not least because they provide natural sinks for absorbing carbon. Their continued destruction risks either accelerating global warming or negating any advances we make in reversing climate change.

Here too, insurers can put incentives in place that will encourage industry and other manufacturing businesses to lessen their environmental impact. As an insurer, we can provide protection to the natural world, and help clean up if things go wrong, restoring nature to its original state. We can also advise



Renaud Guidée, AXA Group's Chief Risk Officer

companies on how best to avoid damaging biodiversity in the first place.

The fact is, insurers are uniquely placed to help in the fight against climate change. At AXA, we're working with others in the industry through the Net Zero Insurance Alliance (NZIA). Within the Alliance, each insurer must find its own path to net zero - in our Green Business Program, we have set out the

way AXA can help customers reduce their carbon footprint and adapt to the climate change that is already happening.

The situation could not be more urgent. Recent reports by the UN's Intergovernmental Panel on Climate Change (IPCC) have been described as a “code red for humanity.” It is vital we act - and act now.

Executive summary

We know that climate change is worsening. To stand any chance of meeting the +1.5°C target set out in the 2015 Paris Climate Agreement, we must reduce greenhouse gas emissions – and reduce them fast.

To do so, we will need to transition to a new, lower-carbon economy. Our Green Business survey shows that – across Europe, Asia and the Americas – people are increasingly willing to change their habits and lifestyles to support this transition.

In part, that is because more are seeing the effects of climate change in their own lives. Nearly three-quarters of those we surveyed said they had already experienced climate change in their local areas. Not surprisingly, figures were highest in countries such as Indonesia, Mexico, Italy and Spain, which have seen more frequent storms, floods and wildfires in recent years.

The good news is that two-thirds of respondents said they plan to make lifestyle

changes over the next five years to help tackle climate change, reduce pollution and preserve the planet's biodiversity. That includes swapping their gas or diesel cars for electric ones, insulating their homes to make them more energy efficient or even repairing household appliances rather than replacing them when they go wrong.

It is clear that business – particularly the insurance industry – has an important role to play in supporting behavior change. That may be through new products and services, discounts on cleaner, greener technologies – or by sharing data and knowledge with customers to make them more aware of the risks of climate change to both our economy and society. More than three-quarters of those surveyed said they'd be interested in insurance cover that would help prevent

This report is based on a survey of 10,000 people in Europe, Asia and the Americas. The survey, carried out jointly with Ipsos in September-October 2021, covered ten countries and territories: France, Hong Kong, Indonesia, Italy, Japan, Mexico, Spain, Switzerland, UK and US.

losses from extreme weather events, limit biodiversity loss, or encourage more recycling. Among car owners, 72% said a rebate on their insurance would help convince them make the switch to an electric or hybrid vehicle sooner rather than later.

In recent years, AXA has been at the forefront of industry climate initiatives. We believe the science shows there is need for strong collective action. To support our climate strategy, we are now launching a dedicated Green Business Program, setting out how we can help individuals and business reduce their carbon footprint, or do more to protect themselves against the effects of climate change. This Report – our first-ever Green Business Report – has been published to coincide with the release of this new Green Business Program. In this Report, we will be looking at how consumer attitudes are evolving – and at what AXA is doing, through its underwriting, its products and services and its use of data and expertise, to support the behavior change that will be critical in the fight against climate change.

Changing consumer attitudes



Consumers are more aware of climate change - and more willing to change their lifestyles to combat it.

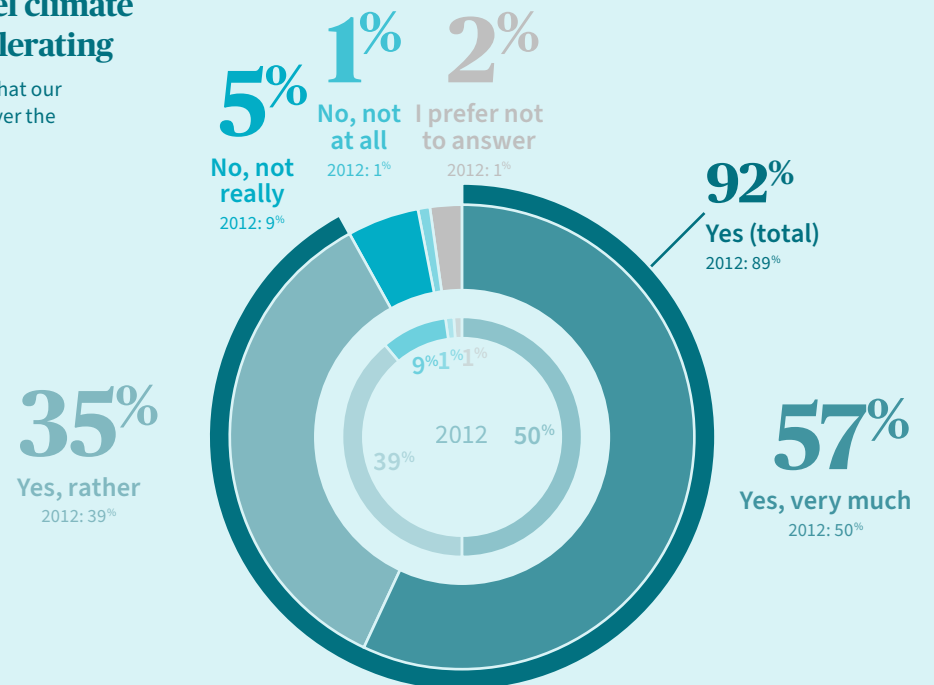
Over the past decade, consumers have become much more aware of environmental issues. More and more now have direct personal experience of the effects of climate change.

Of those we surveyed, 57% said our climate has already changed considerably, up from 50% ten years ago when we carried out a similar poll¹. Figures are highest in Italy, Indonesia, Mexico and Japan – where climate change is already producing more frequent extreme weather events.

¹ <https://www.axa.com/en/press/publications/climate-risks-ipsos>

Consumers feel climate change is accelerating

Question: Do you feel that our climate has changed over the past twenty years?

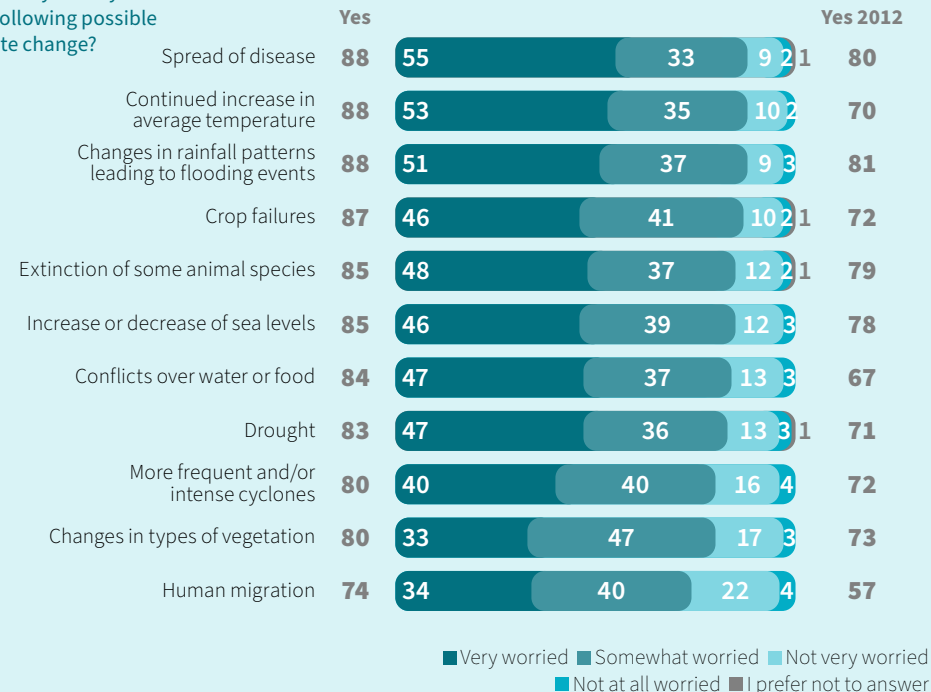


Anxiety over climate change is increasing. In the wake of the Covid-19 pandemic, “spread of disease” is the most feared consequence of global warming. More than half – 55% – of our respondents said they were “very worried” about disease as a result of climate change, sharply higher than in our 2012 survey. Respondents are also worried about other risks associated with a changing climate – including rising temperatures, changes in rainfall patterns, crop failures and the extinction of animals.

People feel not only that climate change is getting worse globally; they are also seeing its effects locally. In our survey, 71% said the climate had worsened either “a little” or “a lot” in their own city or town. Again, the highest figures were seen in Indonesia, Italy and Mexico. In Mexico, nearly half of respondents said their climate locally had deteriorated “a lot” – recently, the country has been among the worst affected by climate change, with rising temperatures, a lack of rain and increasingly violent tropical storms.

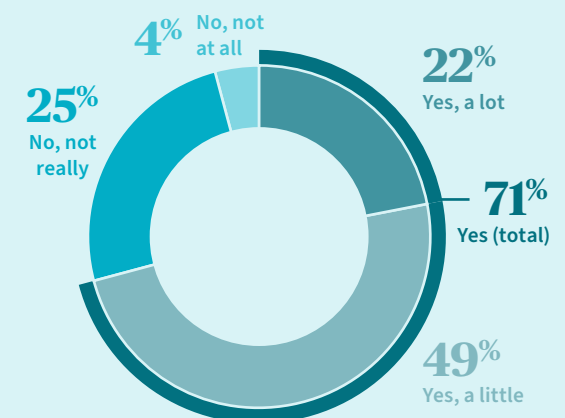
Post-Covid consumers see spread of disease as the most important climate risk

Question: How worried are you for yourself or your family about the following possible consequences of climate change?



More people are experiencing climate change at a local level

Question: Do you feel that the effects of climate changes are getting worse in the city or area where you live?

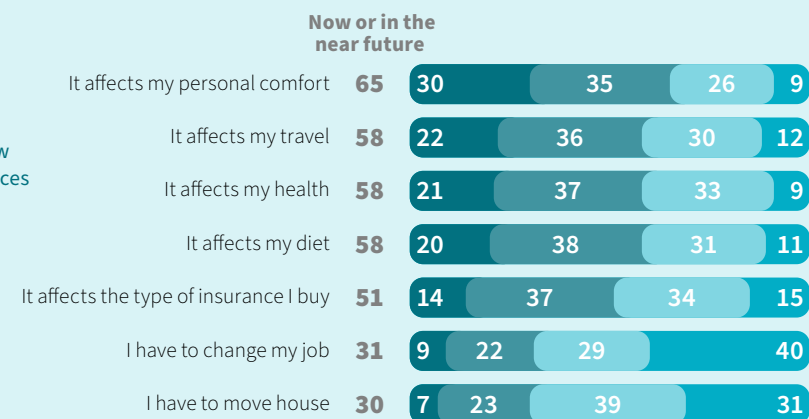


It is clear from our survey that climate change is already affecting the way people live their lives. Nearly two-thirds of respondents said the main impact was on personal comfort. Because of climate change, they have had to adapt their clothing or regulate the temperature in their homes. More than half also see an impact on travel, their diet and their personal health – as well as on the type of insurance they buy.

Increasingly, consumers are willing to change their lifestyles to support the fight against climate change. In our survey, more than 40% said they would take steps to avoid long-distance flights, and switch to an electric or hybrid car. Nearly two-thirds said they would repair and recycle more, or use more second-hand products to help reduce waste and save resources.

Climate change is already impacting people's way of life

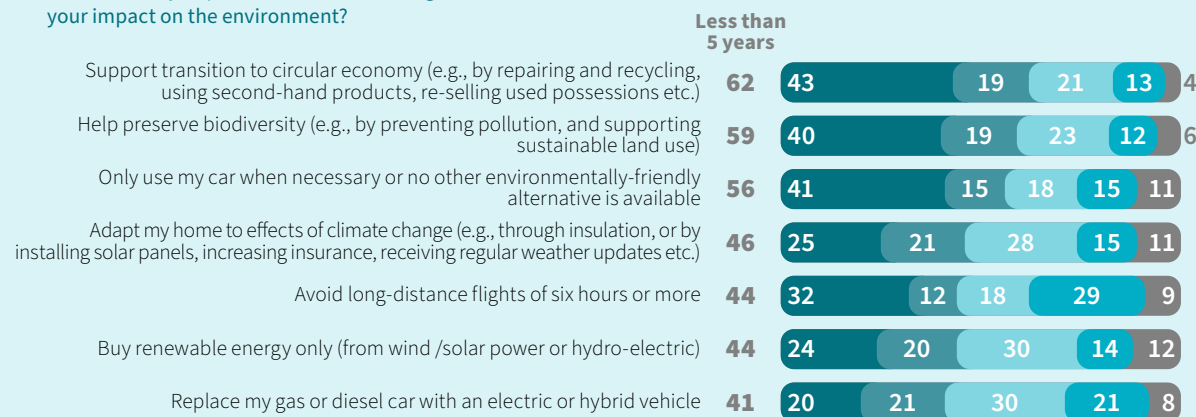
Question: What is your personal view of the following possible consequences of climate change?



■ It is already happening ■ It could happen in the near future
■ It could happen in the long term ■ It will not happen

People are willing to make major changes to combat global warming

Question: Do you plan to take the following action to reduce your impact on the environment?



■ Yes, in less than 2 years ■ Yes, in less than 5 years ■ Yes, but it will take longer
■ Not really a priority ■ Not possible where I live

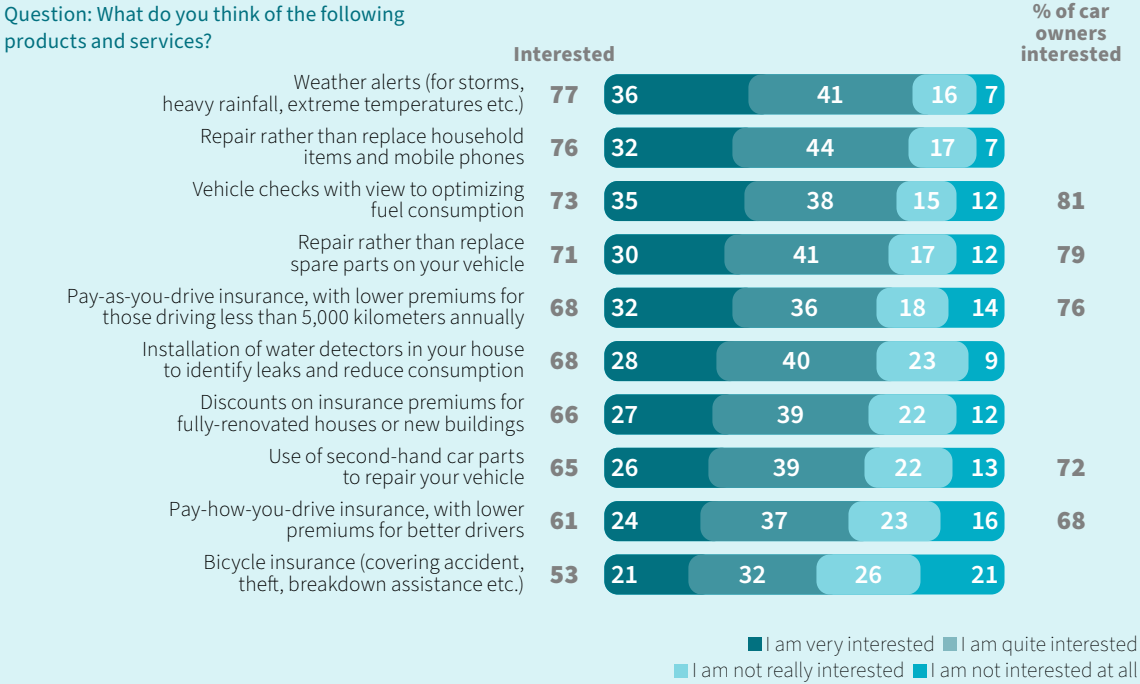
Consumers want insurers to help them make these lifestyle changes – most surveyed said they would be interested in insurance cover that would encourage them to reduce their impact on the environment, or help them adapt to consequences of climate change. This could include weather alerts, a “repair rather than replace” program for household appliances and mobile phones, or even rebates on insurance premiums for homeowners who reduce their domestic energy consumption. More than six in ten respondents to the survey said insurance companies have a role to play in combating climate change, not only by insuring against climate risk but also through research and education. In Indonesia, that figure rises to 68%; in Mexico, it’s 75%.

What is more, 60% of those we surveyed said they would be willing to pay more for insurance products that had a positive impact on the environment. According to our survey, nearly one in three consumers already has a savings product with a commitment to sustainable development – a clear sign of growing consumer interest in “green” financial products.

Consumers want insurers to help them make lifestyle changes.

Growing interest in green products and services

Question: What do you think of the following products and services?



Reducing our impact on climate change



Reducing our impact on climate change

Confronted by climate change, we have to reduce our impact on the environment. The insurance industry can help by insuring new green technologies like electric cars, or by providing incentives to individuals and businesses to reduce their carbon emissions and move closer to a net-zero economy.

encourage both individuals and businesses to reduce their carbon footprint. We provide insurance cover for renewable energy equipment, for example, and car insurance where premiums are linked to how – and how *much* – our customers choose to drive. We are also encouraging more consumers to repair their old appliances rather than replace them with newer models.

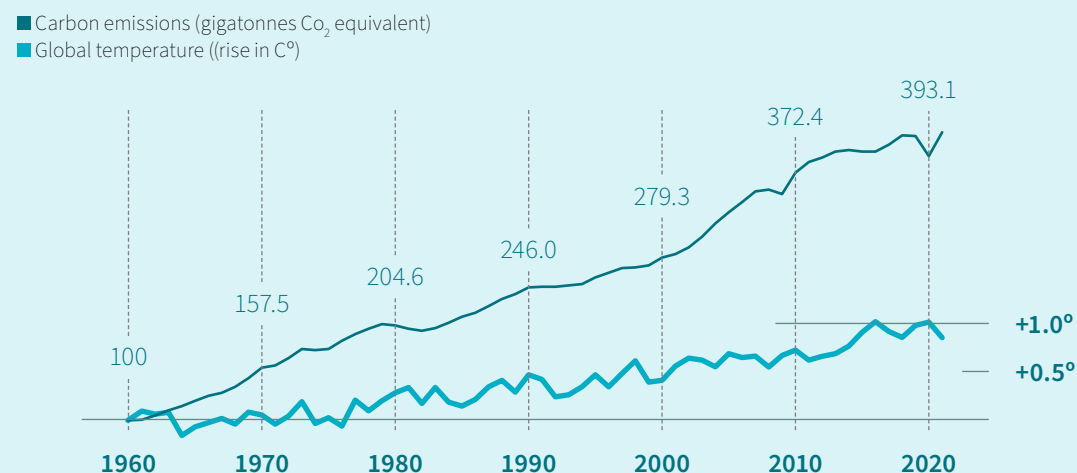
Why we need to act – and act now

As part of the 2015 Paris Climate Agreement, we are committed to a global warming target of “well below +2°C”¹. To achieve this, the plan is for carbon emissions to peak in the next few years, paving the way for a “climate-neutral” planet by the middle of the century. Since 2015, progress has been slow. Carbon emissions between 2010–2019 were the highest ever – though new policies, regulations and lower prices for solar and wind energy are slowing the rate of increase. Further significant reductions in emissions are possible – but these will require widespread behavior change among individuals and businesses.

How AXA can help

Our businesses offer a range of products and services that benefit the environment – and

Up and up: total carbon emissions vs. rise in average global temperature (vs. 1960 base)



Sources: International Energy Agency (IEA), Global Energy Review 2021 /National Aeronautics and Space Administration's Goddard Institute for Space Studies (NASA /GISS). Carbon emissions are those resulting from energy combustion and other industrial processes. NASA /GISS figures are taken from the Global Land / Ocean Temperature Index, and show comparison with 1951-1980 average temperatures.

¹ Compared with pre-industrial levels. The Paris Climate Agreement also commits countries to pursue efforts to limit warming even further to +1.5°C.

At home

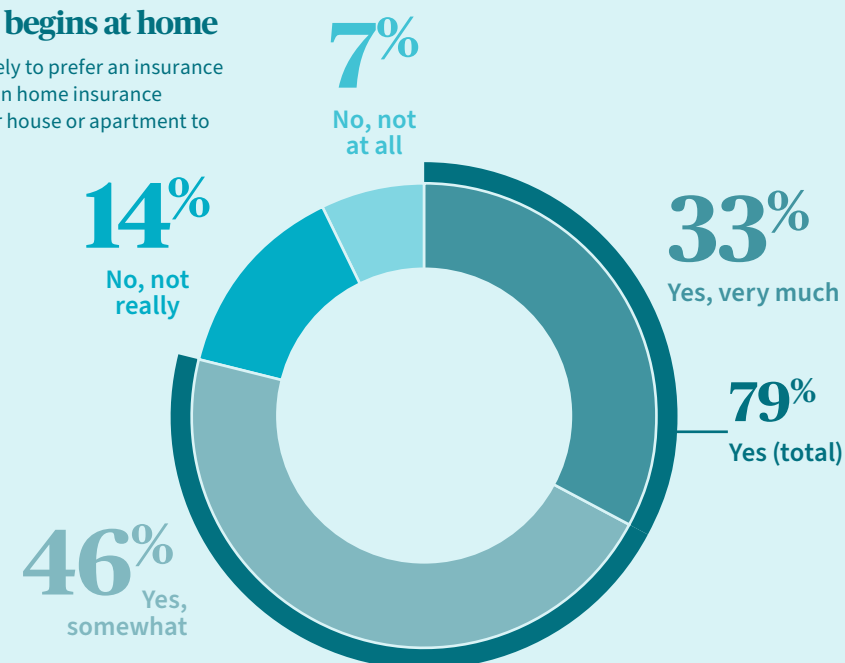
Homes account for 8-12% of all greenhouse gas emissions, mainly through heating and cooling. So it is important we reduce the impact our homes have on the climate. Our survey shows that 79% of consumers would prefer an insurer that offers a rebate to homeowners who adapt their houses or apartments to consume less energy – through roof insulation, for example, or by installing solar panels.

In recent years, many of us have made our homes more sustainable. Higher energy prices are likely to support this trend. We are also using more renewable energy and reducing our dependence on gas and other fossil fuels. That said, refitting houses and apartments requires significant upfront investment – difficult at a time when consumers are facing rising household bills. Government policy can help in this respect – subsidising insulation, for example, as happened recently in France. Insurers also have an important role, we believe, in providing incentives to finance improvements that will make our homes more energy-efficient.

Homes account for 8-12% of all greenhouse gas emissions.

Energy efficiency begins at home

Question: Would you be likely to prefer an insurance provider offering a rebate on home insurance premiums if you adapt your house or apartment to consume less energy?





At home: Examples of AXA's green products & services

Home improvements

AXA Belgium customers qualify for a 15% discount for properties refurbished in line with the country's latest energy performance norms. The same applies to new builds under ten years old. Under our Energy Performance of Buildings cover, AXA will pay for improvements required to bring homes – including roofs, boilers, windows etc. – fully into compliance.

Insuring renewable energy equipment

In Germany, our standard home insurance covers renewable energy equipment, such as solar panels and heat pumps against damage from fire, mains water leaks, storms and hailstones. Customers can also add guarantees against theft, material defects and shoddy workmanship, among others. We also insure renewable energy equipment in France, Italy and Belgium.

Financing more energy-efficient alternatives

In Hong Kong, our ResidenceSurance coverage allows customers to replace damaged household appliances like fridges, washing machines and cooling units with greener, more energy-efficient models. We have similar options in both France and Germany. Switching appliances can help tackle climate change and lower household utility bills.

On the road

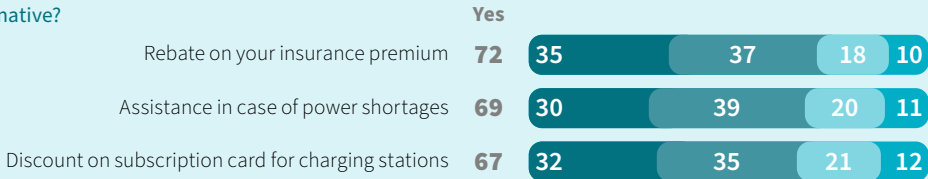
Almost a quarter of all CO₂ emissions from fuel combustion come from transport. Cars, trucks, buses and two or three-wheel vehicles make up nearly 75% of these emissions. For years, we have been working hard to reduce environmental damage from our transport systems. The good news is that the increase in transport emissions is slowing – down to just 0.5% in 2019, the last year before the Covid-19 pandemic. Slower growth is a result mainly of efficiency improvements, electrification and greater use of biofuels¹. We are also switching more to electric vehicles (EVs). In 2021, in Europe, hybrid cars outsold diesel cars for the first time ever. Both the EU and US have set clear targets for EVs. At the same time, many countries have announced plans to phase out fossil-fuel cars altogether². One in ten respondents to our survey said they already drive an electric or hybrid car – for the rest, rebates on insurance premiums, help during power shortages or a discount at charging stations might persuade them to make the switch.

1 Source: International Energy Association (IEA), Tracking Transport 2021 <https://www.iea.org/reports/tracking-transport-2021>
2 Including most EU countries, US, UK, India, China and Japan.

Almost a quarter of all CO₂ emissions from fuel combustion come from transport.

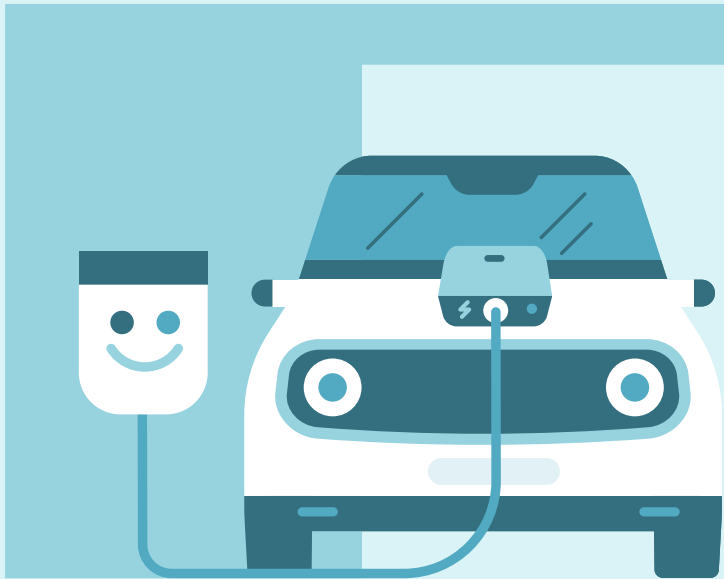
Turning away from gas

Question: Would the following measures or services persuade you to swap your gas or diesel car for a hybrid or electric alternative?



■ Yes, absolutely ■ Yes, rather
■ No, not really ■ No, not at all

On the road: Examples of AXA's green products & services



Electric and hybrid vehicles

In Switzerland, we offer insurance for electric or hybrid cars at lower premiums than those available for ordinary diesel or gas cars. Roadside assistance and discounted access to charging stations are also included in the package. Similar rebates are available in Italy.

Pay as you drive

Our pay-as-you-drive insurance in Belgium offers a 10% reduction in premiums to those driving fewer than 10,000 kilometers a year, rising to 15% if you drive fewer than 5,000 kilometers. We offer similar reductions in both Italy and South Korea.

Rewarding careful drivers

In Belgium, our driveXperience cover rewards careful drivers with lower premiums – more careful driving can reduce energy consumption. AXA XL, meanwhile, helps drivers develop more sustainable driving habits through the use of telematics – it provides drivers with a score based on their speed, acceleration, braking, lane changes, cornering, concentration and “eco-driving.”

“In Switzerland, charging an electric vehicle at home works out at about one-third of the cost of a gas car. In the end, it’s good for the planet and for people’s pockets.”

Dominique Kasper, Head of Property & Casualty at AXA Switzerland, outlines what AXA and other insurers can do to encourage more people to switch to electric or hybrid cars.

In Switzerland, between 40% and 50% of new cars sold are now electric or hybrid. This trend has only been in place for the past two or three years, so it still has a long way to go. Typically, people keep their cars for six years, a turnover which means that within ten years there will be significantly more green cars on the road.

“For many of those thinking of buying electric cars, the concern is usually about charging facilities and range. Range has improved considerably, and the most powerful cars can now travel for 400-600 kilometers without recharging. Fast charging points are also now widely available at service stations. Plugging in for only 20 minutes can add up to 200 kilometers.

“At AXA Switzerland, we’re encouraging people to switch to greener cars by offering guarantees that suit those vehicle types. For example, if customers run out of power, we’ll come to recharge the battery or get them to their destination.

“Electric cars come with new risks (e.g. batteries catching fire, heavier and faster cars causing more damage in case of collisions. We need to assess these risks carefully, so they can be properly reflected when we calculate the premium.



Dominique Kasper

Head of Property & Casualty at AXA
Switzerland

“AXA Switzerland also offers a subscription service through a subsidiary that allows people to try out electric cars before committing. It’s especially suited to commercial clients with car fleets who want to be sure they’re right for their businesses.

“There are other options that we don’t yet offer but could consider – these include guaranteeing the battery life of an electric or hybrid car. A new battery may have a range of over 500 kilometers but in 3-5 years the quality tends to decline. This could have an impact on the car’s resale price. It may be possible to cover the lost value.

“Beyond anything insurance companies can do, one of the biggest incentives is that electricity is much cheaper than driving on fuel. It depends on the relative price of gasoline and electricity in different countries. In Switzerland, charging an EV at home works out at about one-third of the cost. In the end, it’s good for the planet and for people’s pockets.”

Repair rather than replace

As part of the fight against climate change, we need to move towards a more circular economy. That means repairing machines and appliances when they go wrong rather than simply replacing them with new ones. It is an approach that saves money and reduces consumption of raw materials. It also cuts back on customer waiting times, and lowers energy use in production and delivery – critical at a time when energy prices are rising significantly. According to the Ellen MacArthur Foundation, applying circular economy principles in just five key areas – cement, aluminum, steel, plastics and food – could eliminate more than 9 billion tonnes of CO₂ emissions by 2050¹.

There is clear political support for a more circular approach to our economy. In March, the EU Commission outlined proposals for new rules² in this area. If adopted, these rules would compel manufacturers to tell consumers how long products are expected to last and how to repair them, if they break or go wrong. Under the proposals, the EU would amend directives on both consumer rights and unfair commercial practices, which covers everything from mobile phones and kitchen appliances to paying

energy bills and buying music online.

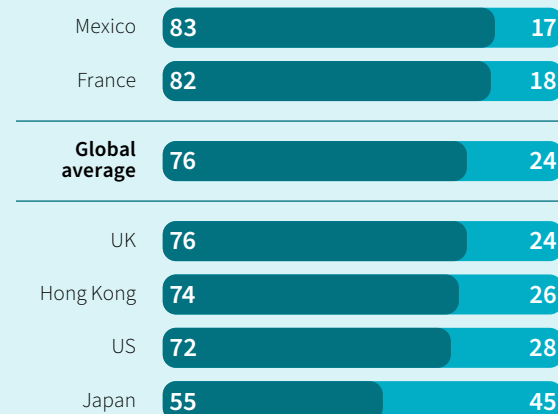
The car industry is especially well suited to this circular approach. Even so, there are clear constraints, not least the availability of spare parts and the reluctance of drivers with top-of-the-range cars to choose cheaper, reconditioned spares instead of new ones. Through many of our products, we are encouraging a “repair rather than replace” approach. That is the case in Spain, Germany and Switzerland where we work with select partners to offer high-quality repair of car parts. In Switzerland and at AXA Partners, we apply the same principle to broken smartphones and tablets – often, if replacement is unavoidable, we will suggest a refurbished, good-as-new phone rather than a brand new model.

¹ Source: Ellen MacArthur Foundation, Completing the Picture (How the circular economy tackles climate change), published in 2021 jointly with Material Economics.

² Circular Economy: Commission proposes new consumer rights and a ban on greenwashing. https://ec.europa.eu/commission/presscorner/detail/en/IP_22_2098

Built to last

Question: What do you think of “repair rather than replace” for your household items and mobile phone?



Selected countries and territories only.

■ Yes, interested ■ No, not interested

“Using spare parts supports the fight against climate change by reducing the environmental impact involved in producing and shipping brand new parts.”

Jérémie Viscuso, Chief Claims Officer, describes how Direct Assurance uses its claims procedure to promote more environmentally-friendly car repairs.

“In 2021, we launched an initiative to use recycled parts instead of new ones in car repairs, aware that our clients are increasingly keen to lower their environmental impact. When customers make a claim, we always suggest using recycled parts - if the customer agrees, we then let the body shop and mechanics know.

“There are clear advantages for clients. Generally speaking, using recycled parts is 30-40% cheaper than new parts. That means a car is less likely to be written off because it won't cost as much to repair. In turn, that extends the car's economic life, so the owner can wait longer before having to buy a new one.

“Ultimately, with this initiative, we're supporting the fight against climate change by reducing the environmental impact involved in producing and shipping brand new parts.

“The recycled parts come from wrecks and total losses, or vehicles that have come to the end of their useful lives. They're cleaned and reconditioned before being used again.



Jérémie Viscuso

Chief Claims Officer at Direct Assurance

“What we do involves mainly body parts rather than mechanical components that have a direct bearing on the safety of the car, such as brake pads. Whatever we use has to comply with all safety standards with the quality guaranteed, as it is for new parts. In France, their use has to be approved by an expert and the customers themselves.

“The take-up of green repairs varies between countries. It's especially well developed in the US, where it counts for 20% of repairs.

“In Europe, the Nordic countries are closest to the US situation. France is also starting to grow, up from 6% to 7% in 2021. At Direct Assurance and AXA France, we're slightly higher – recycled or repaired parts already account for 10%. Since 2019, body shops in France have been required to offer clients the option of using recycled parts. Spain and the UK are now in the early stages of using recycled parts. We believe that, overall, it's a market that is going to continue to grow, particularly with the emphasis on climate change.’

Adapting to climate change



Adapting to climate change

Reducing our environmental impact is only half the challenge. We must also deal with the climate change that is already here and irreversible. Doing so means making our homes, businesses and economies more climate resilient. Insurers can support this process by sharing their data and expertise – and by providing advice to customers on how to reduce risk and losses from the effects of floods, storms and other natural disasters.

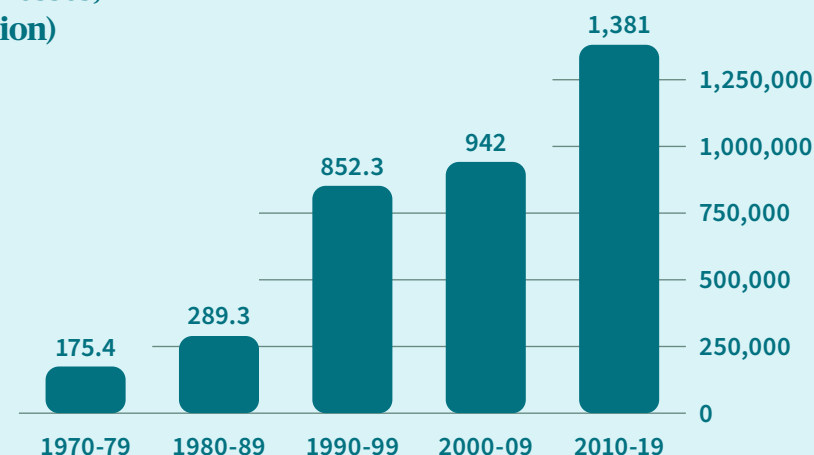
Why we need to act – and act now

Extreme weather events are becoming more frequent – and more severe. In 2022 alone, we have witnessed devastating floods in Australia, Africa and South-East Asia. In Brazil and Ecuador, flooding was compounded by mudslides. At the same time, there have been wildfires in California, Argentina and Chile, as well as damaging wind storms and tornadoes in Europe and the US. According to the World Meteorological Organization (WMO), the number of natural catastrophes has increased five-fold since 1970 due to climate change¹.

¹ Source: World Meteorological Organization 2021 Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes.

We must deal with the climate change that is already here and irreversible.

Reported economic losses, worldwide (US\$ billion)



Source: World Meteorological Organization

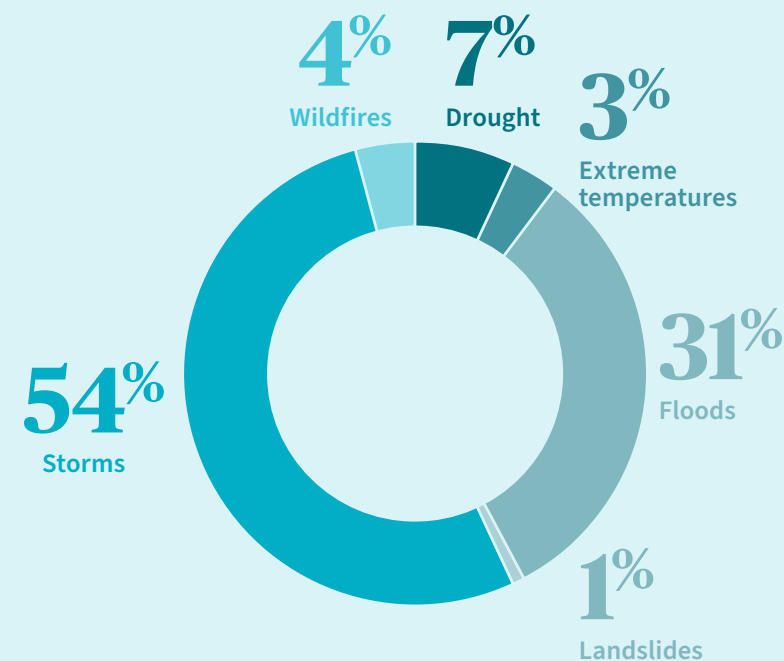
Each year, these natural catastrophes cause billions of euros of structural damage to our economies, as well as to the livelihoods of millions of people. Clearly, we need to adapt to climate change. There is already considerable government support for doing so – through investment in new, stronger infrastructure, for example, in building new sea defences and levees, or introducing tougher building codes that take into account rising temperatures or new rainfall patterns.

Increasing climate resilience won't be easy. The insurance industry can help, but often those most vulnerable to climate change are outside the insurance net. That is true even in more developed countries, where people can't afford the premiums or simply aren't in the habit of buying insurance. When Hurricane Harvey hit Texas in 2017, an astonishing 80% of homes in Houston had no insurance against flooding².

² Source: Munich Re, Towards a Flood Resilient Future – A US Perspective (2018)
<https://www.munichre.com/topics-online/en/climate-change-and-natural-disasters/natural-disasters/floods/flood-resilient-future-in-us.html>

Over the past decade, natural catastrophes have cost our economies close to \$1.4 trillion.

Storms account for more than half of economic losses from natural catastrophes



Source: World Meteorological Organization

How AXA can help

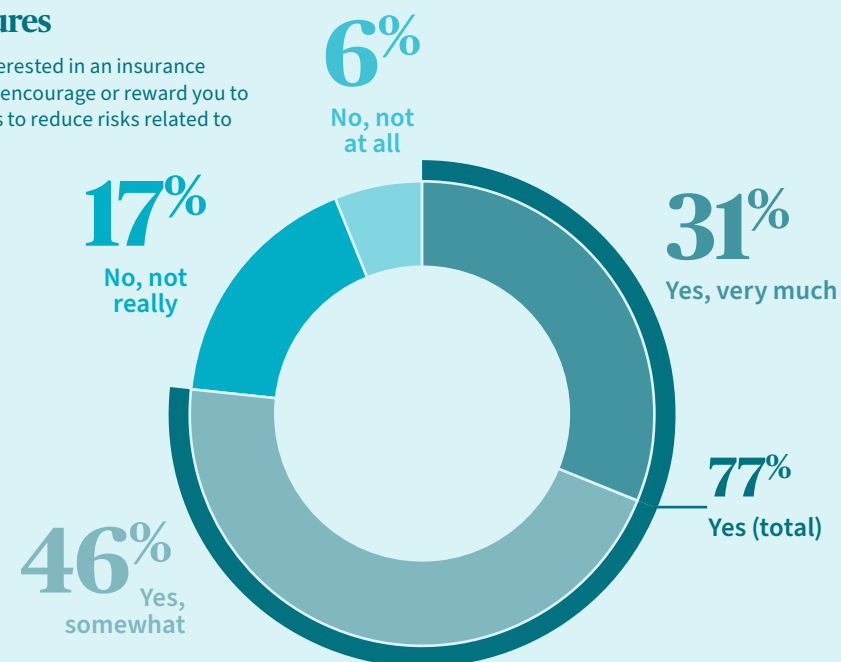
We are working hard to improve climate resilience. For customers in France, we provide severe weather warnings. We also help small businesses adapt to climate change through our Green Guarantee. Perhaps most importantly of all, we share our data and knowledge to model climate risks, so clients can take effective measures to protect themselves from the effects of extreme weather events. In doing so, we can reduce losses for clients – and for ourselves. Over the past decade, insured losses from natural disasters have averaged more than €80 billion a year³. Losses in 2021 – at €112 billion – were the fourth highest since 1970. In our survey, 77% of respondents said they would be interested in insurance cover that would help them take preventative measures – including weather alerts and tips on how to strengthen the climate resilience of their houses and apartments.

³ Source: Swiss Re (global insured catastrophe losses, 2021). <https://www.swissre.com/media/press-release/nr-20211214-sigma-full-year-2021-preliminary-natcat-loss-estimates.html>

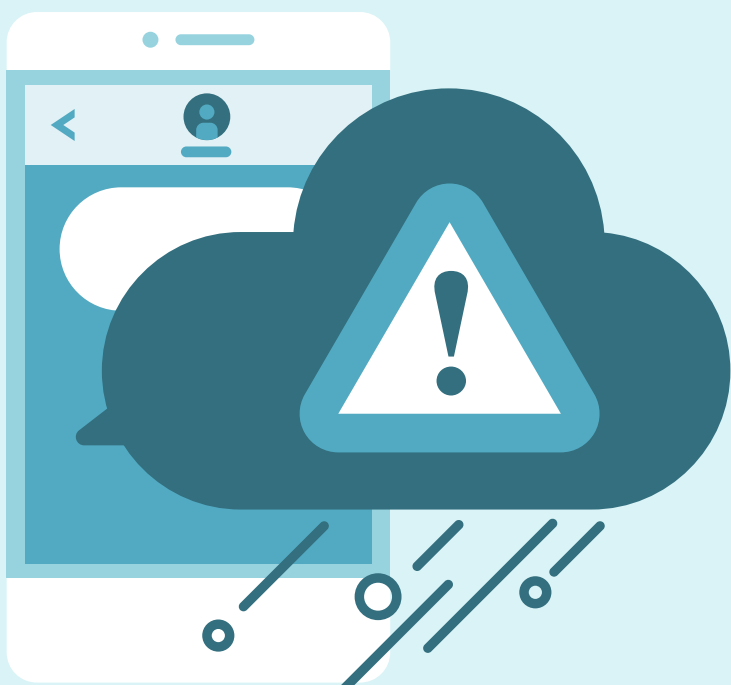
We share data and model risks so clients can take effective measures to protect themselves from extreme weather.

Prevention measures

Question: Would you be interested in an insurance cover or service that would encourage or reward you to take preventative measures to reduce risks related to extreme weather events?



Adapting to climate change: Examples of AXA's green products & services



Weather warnings

In France, we send severe weather warnings to customers as part of our home and motor insurance. AXA customers in areas threatened by floods, storms, hail, snow, ice or other extreme conditions receive a warning email or SMS, advising them what to do in case of difficulties.

Green guarantee

Our Green Guarantee is aimed at small businesses, usually with revenue below €20 million a year. The Green Guarantee allows businesses to replace damaged plant and equipment with greener alternatives that are more resilient to climate change. Businesses can claim as much as 50% of the extra cost of these alternatives up to a limit of €100,000 or 10% of their total claim.

Data, knowledge and expertise

We work closely with companies to reduce their climate risk. AXA XL helps clients identify risks associated with natural hazards like flood, storms and wildfire – it also carries out specific site assessments. We have a wealth of data to draw on to model risks, and advise on possible mitigation measures.

“Perhaps a side effect of the massive energy price hikes we’ve seen lately will be that people will be more willing to invest in renewable energy.”

Cindy Tans, Head of customer journeys at AXA Belgium, describes initiatives to help clients improve the energy efficiency of their homes and to better protect themselves against the impact of climate change.

“**A**t AXA Belgium, we offer a 15% premium discount on insurance for fully renovated homes or buildings less than ten years old, provided they conform to the government’s energy performance rules.

“The biggest obstacle to people making their homes more energy efficient is the high investment cost. Some incentives previously offered in Belgium to help finance the installation of more energy efficient equipment are disappearing because the government is no longer prepared to cover the cost. For example, with the introduction of smart meters, people will no longer be paid for excess solar energy they pump back into the grid.

“Perhaps a side effect of the massive energy price hikes we’ve seen lately will be that people will be more willing to invest in renewable energy as a way of reducing their bills.

“It may also encourage them to look more closely at the energy characteristics of their homes. When you buy a property in Belgium these days you get a report showing its energy efficiency. People who bought their homes before may have no idea how good or bad their building is from an energy point of view.



Cindy Tans

Head of customer journeys at AXA Belgium

At the same time, it’s important that we help build resilience. We use our claims procedure, for example, to make sure we build back better – in other words, that we have buildings better able to resist the impact of climate change.

“The data we gather can be used to assist with prevention. With regard to flooding, we can map flood risk zones and provide recommendations on where building permits can be granted. We had very serious floods last year in Belgium. And this same principle of prevention can be applied to droughts and their consequences, particularly on clay soils that swell and shrink depending on weather conditions.

“Defining standards of prevention is important, but it needs to be supported by regulation. It isn’t up to insurance companies alone. Lawmakers need to be involved too. That’s why we work with the Belgian government to find ways of incentivizing people to build ecologically and protect their homes against possible losses.

“This is done through Assuralia, a federation representing most insurers in Belgium. Sometimes we’ll suggest something to the government, or they’ll come to us. It’s a good relationship – and we need that to support what we’re doing, as insurers, to tackle climate change.”

Protecting the natural world



Protecting the natural world

There is growing public awareness of biodiversity loss and the need to protect the natural world. AXA views the topic as a natural extension of its work on climate change; biodiversity is at the heart of our sustainability strategy. As such, we are working on ways to preserve biodiversity through both our insurance and investment activities, often in partnership with international organizations like the World Wildlife Fund (WWF).

Why we need to act – and act now

Biodiversity is declining at an alarming rate. According to the WWF's Living Planet Index, we have lost 60% of our biodiversity in the past four decades. Scientists regularly talk of a sixth mass extinction. Already most of our land and marine environments have been altered by human activity; three-quarters of our freshwater resources are now devoted to crop or livestock production. It is clear that climate change is one of the main drivers of biodiversity loss. IPBES – the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services – believes it will become the main driver in the coming years.

Biodiversity loss matters because so much of our economy and society depend on the natural world – everything from food and water to vital medicines. Biodiversity also helps tackle the effects of climate change – by absorbing carbon and acting as a natural defense against flooding, storms, and temperature change.

International policymakers are beginning to address biodiversity loss. In October 2021, the UN Biodiversity Conference at Kunming in China committed to implementing a global biodiversity framework, and to putting biodiversity on a “path to recovery” by 2030 at the latest¹. There is still a long way to go – we would like biodiversity to be given more weight, alongside discussions on carbon reduction. But IPBES has said it's not too late; nature can still be conserved, restored and used sustainably, provided we act now² – that includes not only governments, but also business, civil society and the insurance industry.

¹ The UN Biodiversity Conference in Kunming was originally scheduled for 2020, but was postponed because of Covid-19. The Conference will now take place in two parts; the first was held in October 2021, the second has now been scheduled for later in 2022.

² IPBES: Global Assessment Report on Biodiversity and Ecosystem Services <https://ipbes.net/global-assessment>

How AXA can help

Insurers have an important role in helping protect nature. We insure many of the activities affected by biodiversity loss. In our business, we don't produce harmful plastic waste, pollute the soil or deplete natural resources. But we have a responsibility to make sure the companies we insure or invest in don't either. To reverse biodiversity loss, we are working with international partners, providing insurance against environmental damage and developing new, innovative impact investments alongside governments and NGOs to protect both natural resources and the local communities that depend on them.

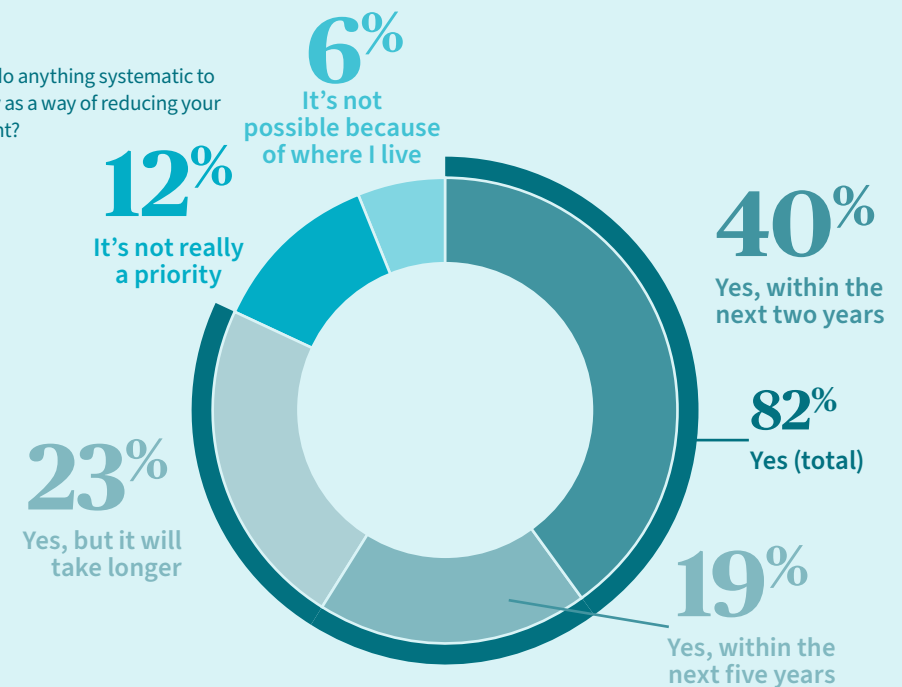
It is clear that consumers are becoming more concerned about biodiversity. In our survey, 59% of respondents said they intend to make a lifestyle change in the next five years to help preserve the natural world – by preventing pollution affecting animals and plant-life, or by encouraging more sustainable use of land.

That said, developing products to protect biodiversity still faces challenges. It is a relatively new area for insurers, and the emphasis has to be on prevention, rather than remediation. Innovation in this area is looking at how we can protect biodiversity – through data-based parametric insurance, for instance, or by insuring “green infrastructure” like rainforests and mangroves that offer a natural protection against extreme weather and the effects of climate change.

People are becoming more concerned about biodiversity - more intend to make changes to their lifestyles to help preserve the natural world.

Nature lovers

Question: Do you plan to do anything systematic to help preserve biodiversity as a way of reducing your impact on the environment?





Protecting the natural world: Examples of AXA's green products & services

Environmental risk

In France, AXA XL offers Environmental Risk Insurance, covering pollution and biodiversity loss. Coverage also helps companies rehabilitate polluted former industrial sites and limits what is known as “soil artificialization”¹. For SMEs, AXA France offers a special G.R.E.E.N. package² covering civil liability, clean-up costs and environmental responsibility.

Protecting trees and shrubs

In Spain, we offer insurance to homeowners for damage to trees and shrubs, covering clean-up and replanting costs. Coverage includes damage by fire, high winds, subsidence and vandalism; trees and shrubs are replaced by plants of the same species to ensure we protect existing biodiversity.

Parametric insurance

We are looking at ways to use parametric insurance to reduce wildfire risk. Parametric insurance makes pay-outs based on specific “triggers” – a prolonged drop in rainfall, for example, or winds recorded above a certain speed. Through AXA XL, we are also looking at insuring mangroves, which provide a natural barrier in coastal areas to storms and sea surges.

- 1 Artificialization involves the transformation of soil, through human activity, resulting in total or partial waterproofing; this is usually irreversible and has consequences for the environment and agricultural use.
- 2 Environmental Risks Guarantee (Garantie des risques environnementaux, or G.R.E.E.N in French).

“Environmental losses tend to be low-frequency but, when they do happen, are usually catastrophic, especially when they involve chemicals.”

Isabelle Kremer,
Environmental Risk
Underwriting Manager,
explains how AXA France
can help businesses
reduce their impact on
biodiversity.

In the past, people’s environmental concerns centered on reducing greenhouse gases rather than protecting biodiversity. That’s now starting to change. Over the past few years, we’ve grown closer to nature, more aware of the environment. We’re beginning to understand that nature is essential to our survival – it provides our food, shelter and many of our medicines.

“What’s more, eco-systems are vital in the fight against climate change. Forests and oceans help absorb carbon emissions. But climate change also damages those very eco-systems, accelerating biodiversity loss and creating a vicious circle.

“Insurance companies have an important role to play in protecting biodiversity. At AXA France, we attach great importance to environmental risk management. We offer our commercial clients diagnostic services to help them identify areas where they can reduce pollution risks that could potentially have an impact on biodiversity.



Isabelle Kremer

Environmental Risk Underwriting Manager
for AXA France

“We also provide guarantees so that, if pollution does occur, we can supply our clients with the means necessary to restore eco-systems to their original state, in line with the EU’s Environmental Liability Directive.

“Environmental losses tend to be low-frequency but, when they do happen, are usually catastrophic, especially when they involve chemicals. We have suffered several such disasters in France in the last few decades that have caused real ecological damage. Following those disasters, France tightened its laws to better protect eco-systems and biodiversity.

“With events like these, insurers don’t only pay the clean-up costs. They also help in crisis management to limit further biodiversity loss. At AXA, we work with experts to advise clients on how to restore nature after accidents like these. Importantly, we also suggest preventative measures to avoid similar losses in the future.”

AXA's Green Business Program

Our Green Business Program is about providing insurance coverage or services that have a positive impact on the environment. Green Business is an important part of AXA's overall approach to sustainability, and the group's Driving Progress 2023 strategic plan.

How do we define green business?

Our green products and services must deliver a positive impact in at least one of four areas:

- Mitigation – i.e., reducing greenhouse gas emissions. Examples might include insurance for electric vehicles or coverage that encourages businesses to adopt new, low-carbon technologies.
- Adaptation – i.e., adapting to the effects of climate change that are already being felt through increased natural catastrophe insurance, for example, or incentives to strengthen the resilience of buildings to extreme weather events.

- Circular economy – i.e., increasing recycling and reducing waste through a “repair rather than replace” approach to car parts, household appliances and mobile phones etc.
- Biodiversity & pollution – i.e., working to prevent pollution and limit biodiversity loss. Examples include AXA XL's Environmental Risk Insurance and work to develop new insurance products covering coastal mangrove forests.

Our Green Business Program focuses on our Property & Casualty business. In this respect, we want to make sure our activities are in line with the new sustainable taxonomy, part of the EU's broader Sustainable Finance Initiative¹. The Program applies across our Retail, SME and Commercial Lines businesses – and covers three main aspects:

- Incentivizing environmentally-sustainable behavior
- Green claims management
- Green assets /identifying green clients and activities.

¹ In effect, the EU taxonomy defines what may be considered as a “sustainable” economic activity; the taxonomy forms the basis of the EU's recent sustainable finance regulations, including the planned Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosure Regulation (SFDR), which applies to AXA's investment and asset management business.

Our Green Business Program fits into a wider approach to sustainability, which takes into account the group's role not only as an insurer, but also an investor and an exemplary company in this area. As part of this approach, we have set clear targets – to reduce the carbon footprint of our investment portfolio, to increase green investments, and – in insurance – to develop our green business, promoting responsible behavior post-damage and in claims management. We also want to increase insurance protection for vulnerable populations – those that often suffer the most during natural disasters.

To support our Program, we've set clear targets for the next several years (see opposite). Among these is our target to increase gross written premiums from green insurance to €1.3 billion by 2023 (vs. €1.1 billion in 2020) – to be achieved by redesigning existing products and developing new services, where possible. We will also be measuring the carbon footprint of our products and services to make sure we're delivering a positive impact on the environment.

All targets are monitored as part of our AXA for Progress Index, which measures the overall impact of the group's purpose and sustainable development strategy.

Green Business is an important part of our overall sustainability strategy.



Note on products & services

Please note, this report does not provide an exhaustive list of AXA’s green products and services. Some products may not be available beyond their specific country or territory. All offers and products referred to in the text were valid at the time of publication.


Use of abbreviations


This Report makes use of the abbreviations listed below:


CRO	Chief Risk Officer
CSRD	Corporate Sustainability Reporting Directive
EV	Electric vehicle
GISS	Goddard Institute for Space Studies
IEA	International Energy Agency
IPBES	Intergovernmental Panel on Biodiversity & Ecosystem Services
NASA	National Aeronautics & Space Administration
NGO	Non-Governmental Organization
SFDR	Sustainable Finance Disclosure Requirement
SME	Small & medium-sized enterprise
WMO	World Meteorological Organization
WWF	World Wildlife Fund


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