

AXA

PRESS RELEASE

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AXA Group divests tobacco industry assets

- > Smoking poses the biggest threat to public health in the world today
- > Role of health insurers is changing: healthcare, in the future, won't be just about cure, it will be about prevention
- > As a responsible health insurer and investor, the AXA Group has decided to divest its tobacco industry assets, currently valued at approximately 1.8 billion euros

The incidence of long term non-communicable diseases (NCDs), including cancer, heart disease and chronic respiratory illnesses, is sharply rising and are currently responsible for 68%¹ of all deaths worldwide. For cancer alone, unhealthy lifestyle choices contribute to nearly 50% of cases¹.

In parallel with the rise of NCDs, AXA's role as a health insurer is changing: prevention is becoming more important, with increased use of technology.

Tobacco consumption is the major cause of long term non-communicable diseases. Today, tobacco kills 6 million people per year, a figure that is expected to rise to 8 million by 2030, mostly in developing countries². Unless urgent action is taken to reverse this trend, tobacco will kill one billion people worldwide during the 21st century². Its cost, estimated at 2.1 trillion euros per year³, equals the combined expenses of war and terrorism. The damage to health from tobacco products is more costly to society than that caused by alcohol or obesity.

In this context and as a responsible health insurer, the AXA Group has decided to divest its tobacco industry assets, currently valued at approximately 1.8 billion euros, as follows:

- AXA will sell its equity holdings in tobacco companies immediately, the current estimated value of which is approximately 0.2 billion euros,
- AXA will stop all new investments in tobacco industry corporate bonds and run off its existing tobacco industry bond holdings, currently valued at approximately 1.6 billion euros.

"We strongly believe in the positive role insurance can play in society, and that insurers are part of the solution when it comes to health prevention to protect our clients. Hence, it makes no sense for us to continue our investments within the tobacco industry. With this divestment from tobacco, we are doing our share to support the efforts of governments around the world. This decision has a cost for us, but the case for divestment is clear: the human cost of tobacco is tragic; its economic cost is huge. As a major

¹ <http://www.who.int/mediacentre/factsheets/fs310/en/index2.html>

² <http://www.who.int/mediacentre/factsheets/fs339/en/>

³ Source: MGI, cited in *Connect – How companies succeed by engaging radically with society* by John Browne, with Robin Nuttall and Tommy Stadlen.

investor and a leading health insurer, the AXA Group wants to be part of the solution, and our hope is that others in our industry will do the same,” said **Thomas Buberl, Deputy CEO and incoming CEO of AXA.**

Cary Adams, CEO of the Union for International Cancer Control (UICC) added: *“UICC and its partners across the non-communicable disease community have worked diligently over the last few years to engage all parts of society in recognizing the disastrous social and economic effects the tobacco industry wreaks on us all. We need companies like AXA to signal that investing in an industry which kills its customers is simply the wrong thing to do; and this announcement to divest 1.8 billion euros is a milestone step in the right direction. The Tobacco Free Portfolios initiative, led by Dr Bronwyn King, will continue to encourage other companies to follow AXA’s outstanding lead.”*

About AXA’s responsible investment policy

Responsible Investment (RI) is the integration of environmental, social, and corporate governance (ESG) considerations into investment processes and ownership practices, in the - increasingly documented - conviction that these may impact both risks and returns.

AXA actively takes ESG considerations into account in its investment decisions for all relevant asset classes. Hence, AXA has developed a responsible investment policy, which covers the Group’s €552 billion general accounts⁴, sets out its position and beliefs on RI, and defines the corporate governance practices that its asset managers are expected to encourage, including via engagement and voting as an investor.

The Policy also allows for a better structured development of investment guidelines for sectors that pose particularly acute environmental or ethical challenges, for which guidelines are progressively defined. Guidelines cover a number of sectors, including:

- controversial weapons,
- palm oil and forestry,
- coal extraction and coal-based energy,
- soft commodities derivatives.

In 2015, AXA has decided to reduce its exposure to companies with a high involvement in coal-related activities including coal mining and electricity production. This represents a divestment of almost 500 million euros, a choice that helps not only to reduce the portfolio risk but also to develop an approach more consistent with AXA’s corporate responsibility strategy towards climate change. In parallel, the Group has pledged to triple its “green” investments in its general account assets to more than 3 billion euros by 2020.

More information about AXA’s responsible investment policy: <https://www.axa.com/en/about-us/responsible-investment>

⁴ As of 12.31.2015

About the Union for International Cancer Control (UICC)

UICC's rapidly increasing membership base of over 950 organisations in more than 150 countries, represents the world's major cancer societies, ministries of health and patient groups and includes influential policy makers, researchers and experts in cancer prevention and control. UICC also boasts more than 50 strategic partners.

The organization is dedicated to taking the lead in convening, capacity building and advocacy initiatives that unite the cancer community to reduce the global cancer burden, promote greater equity, and integrate cancer control into the world health and development agenda.

UICC and its multisectoral partners are committed to encouraging governments to look towards the implementation and scale-up of quality and sustainable programs that address the global burden of cancer and other NCDs. UICC is also a founding member of the NCD Alliance, a global civil society network that now represents almost 2,000 organizations in 170 countries.

About the Global Task Force for Tobacco Free Portfolios (GTF.TFP)

Tobacco Free Portfolios works to reduce, and ultimately eliminate, pension fund investment in tobacco. Having started in Australia and playing an integral role in the decision of over 30 Australian Funds to divest tobacco stocks, this has now expanded internationally to become a UICC initiative as the Global Task Force for Tobacco Free Portfolios.

ABOUT THE AXA GROUP

The AXA Group is a worldwide leader in insurance and asset management, with 166,000 employees serving 103 million clients in 64 countries. In 2015, IFRS revenues amounted to Euro 99.0 billion and IFRS underlying earnings to Euro 5.6 billion. AXA had Euro 1,363 billion assets under management as of December 31, 2015.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

This press release and the regulated information made public by AXA pursuant to article L. 451-1-2 of the French Monetary and Financial Code and articles 222-1 et seq. of the Autorité des marchés financiers' General Regulation are available on the AXA Group website (www.axa.com).

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