

## Minutes of the Bureau Meeting of 10 March 2021

3 points on the agenda of this new EWC Board meeting. First of all, an update on the trend in the insurance ecosystem associated with the current macroeconomic context and its impact on the Group. Then Thomas Buberl wished to present and comment on the Group's results to the EWC and for the occasion will participate in a question and answer session with the members of the Secretariat. Finally, on a different theme, a presentation of the motivation and ambition of the AXA employer value proposition campaign.

### Insurance market ecosystem

At the request of the Secretary of the EWC, Gilles Moec (Group Chief Economist) gave a presentation of his subject with a great deal of pedagogy to enable the participants to analyse the information given and to understand the messages being conveyed.

A first study reveals that our developed economies will go through the successive waves of the crisis with more resilience at the end of 2020 and the beginning of 2021.

Indeed, if we refer to the indicator of the degree of intensity of the health restrictions imposed by the states and look at the indicator of the level of economic activity of the countries, the latter is much less deteriorated today than it was during the first wave in 2020. There are several reasons for this: the adaptation of companies to this situation (teleworking), the agility of companies' offer to adapt to customer needs, and sectors that are allowed to restart their activity at the end of the year (construction). This being said, the financial margins of European companies have deteriorated and the consequences on investments and employment may be heavy. In the United States, the level of economic activity is very positive and has surpassed that of Europe following a plan of very rapid health measures in recent months and especially a very powerful stimulus programme by the Biden administration which could eventually create economic overheating, high inflation and pressure on interest rates. In China, the health crisis has been well managed and the recovery is already underway with market share gains with very little financial stimulation from the Chinese state.



Next, Gilles Moec discusses the speed of the recovery of post-crisis economies, which will largely depend on household consumption. The savings accumulated over the last few months belong mainly to a senior age group. On the other hand, for the younger age group, there is a strong concern about employment prospects, as we know that resistance to unemployment is now artificially maintained by the states.

Exit strategies from the crisis are an essential point for states and companies faced with the weight of the current public debt, which will weigh on the next few years, and at the same time the structural problems have not disappeared, for example the weight of pensions on public finances. Secondly, inter-generational inequalities have increased because the health crisis has affected the youngest populations, and this is a point that must be considered so as not to make them a sacrificed generation.

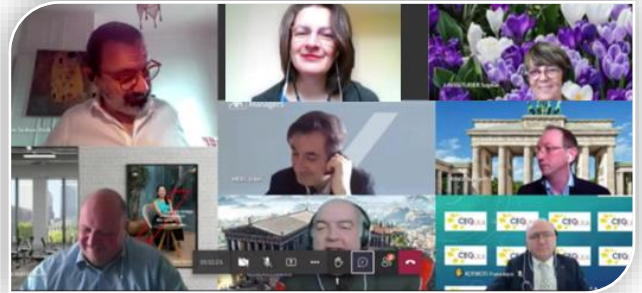
Finally, Gilles Moec mentioned the central issue of the battle against climate change, which is currently weighing on the world economy. China has recently given very encouraging signs of its willingness to reduce its carbon emissions by 2060. This would give Europe a 10-year reprieve to reach an acceptable temperature level for the planet.

## Questions Answers

On the question of possible support for economies in a situation of lasting crisis and the difficulty of repaying any loans, Gilles stressed that in the short term there was no urgency because the European Central Bank would continue to support the states, but it would be necessary to find longer-term exit routes.

On the subject of the possibility of relocating companies in Europe in 2020 in the face of supply difficulties, particularly from China, the answer is that we must be wary of the trend towards national retrenchment, we have had to continue to import Chinese products to meet demand and the example of the failure of French laboratories in the race for the Anti Covid 19 vaccine illustrates the point.

With regard to AXA's positioning in terms of its insurance and service offer for new risks, the Group has moved from a logic of insurance risk and the certainty of compensation for the client to a broader approach of protection but also of experience in the health field. For the energy transition, companies will be obliged to provide data on their carbon risks and on their involvement in this area. The idea is not to abruptly pull out of certain investments but to support companies in their approach



## 2020 results & feedback from the investor market



Following the presentation of the accounts on February 25th, Thomas Buberl, CEO of the AXA Group, gave the CEG a feedback on these results. The Group has shown great resilience during this crisis and 3 elements confirm this, revenues remained almost stable at 97 billion Euros, profit reached 4.3 billion and solvency ratio reached 200% after integration of XL in the internal model. The payment of a dividend of €1.43 convinced financial analysts of the Group's good health. Business in the

health/prevention and corporate risk segments has progressed well and this will be confirmed at the beginning of 2021.

XL continues to progress along a clearly defined path, despite a difficult year (2020 was the 5th highest year in terms of weather events since the 1970s). The rate increases on 2021 renewals are very encouraging. Reserves are at the right level and cover has been taken out to protect XL against the volatility of long-tail risks (liability, etc.), which reassures the markets.

AXA's involvement in society during this crisis has led to a significant increase in the satisfaction of employees, customers and agents who distribute insurance products.

Thomas Buberl reaffirmed his satisfaction and confidence in the 2021 result, which is based on 3 pillars of growth for the Group: XL, the France and Europe zone at the heart of AXA, the Asia / International zone and AXA AIM.

## Questions Answers



By way of introduction to these questions, **Hedi Ben Sedrine** reaffirmed the EWC's desire to follow and support the Group's strategy through social dialogue at the local level in the entities, but he wished to point out to the Group Director the points that still need to be improved.

Simplification is a key element of this strategy, but coordination at Group level is not yet complete and needs to be clarified. Cost reduction may be a necessity for the Group but we must be careful not to put entities in difficulty. The implementation of this cost reduction policy should be refined and the situation of

local entities taken into account.

A charter has been signed between the Management and the EWC on the well-being of employees and it is time to focus on and be vigilant about the current suffering of employees in a certain number of entities, which is the result of the current crisis and its impacts, reorganizations, integration, workload ....

Thomas confirms that the Group may have sometimes gone too far in the freedom given to the entities in terms of simplification and autonomy, particularly on the technology side, and this issue needs to be revisited in terms of the best way to operate without calling into question the internal model. As far as cost reduction is concerned, it is necessary to avoid simple decisions to meet the Group's investment needs and to consider other challenges that the entities may face in order to regain profitability or to succeed in their IT migration for example. He will follow up on this last point which is a problem at XL.



Thomas also reaffirmed the Group's support for XL and AXA Partners which are experiencing profitability difficulties but have good growth prospects. He is also very aware of the suffering of the employees after a year of crisis and hopes that they will continue to be supported while waiting for a return to normalcy, which he hopes will happen as soon as possible.

**All the questions and answers that followed this exchange are listed in the attached document**

## The AXA employer value proposition



**Amanda Vaughan** (Head of Talent and Development) presented this communication topic, which is the result of the diversity policy and the values held by the Group and its employees.

Workshops and exchanges have been taking place internally and externally for several months to work on AXA's raison d'être and to come up with 4 pillars of value proposition for employees: Grow your

potential, shape the way you work (smartworking), achieve in a diverse community and in well-being and move the world towards a better future.

The EWC Secretariat welcomes this initiative but has questions about the methodology and implementation in different cultural contexts. In the current, particularly difficult context, explanatory work is needed to correlate this concept with the reality on the ground.