



## AXA investments under fire

AXA's ethical policy came under much criticism at the Paris European Works Council with trade union representatives from across Europe attacking the company's policy on investments. Delegates were unhappy with AXA's investments which exhibit little in the way of ethics or corporate social responsibility and could damage the reputation of AXA and consequently its capacity to attract customers.

The UK delegation handed AXA CEO Henri de Castries an email from a customer who had cancelled his healthcare portfolio because of AXA's "unethical activities" in "heavily investing in the modernization of the US white phosphorus bomb producing factory". Henri de Castries was asked if he would respond directly to the customer to justify AXA's investment policy in such companies which the EWC itself could not understand.

Henri de Castries responded that AXA was not going to change its position when there was no international treaty, or recommendations, on weapons such as white phosphorus bombs and that investment in weapons production was "important to maintain democracy".

British representatives also raised their concerns over AXA's standing in the **Trucost Carbon Footprint Ranking**. AXA's investment and mutual funds had been rated worst in



the UK for investing in major carbon producing businesses with a rating of 1,719 compared to **Scottish Widows** whose rating was 337 (the impact of moving £10,000 of investment from the worst to the best fund is 14 tonnes of carbon dioxide, the annual equivalent of two households).

Claude Brunet responded that AXA is conscious of this report but as with weapons investment it was important to "deliver performance to the customer" and that the fund in question was one designed to provide the maximum possible return.

### Pension cuts due to UK margins...

British EWC delegates criticised AXA's plans to reduce pension benefits as unsubstantiated and just a cost cutting move to benefit shareholders.



Claims Management    Offshoring    IT

2010 Offshoring Plan: over 5,000 FTEs in multiple AXA off-shored centers...

Offshoring targets

In FTEs	2005	2006E	2010E
UK	1,500	1,800	2,500
France	95	180	1000
Australia / N-Z	230	230	320
Canada	0	30	250
Others	225	260	930
<b>TOTAL</b>	<b>2,050</b>	<b>2,500</b>	<b>5,000</b>

Offshoring savings <sup>(1)</sup>	€34m	€50m	€100m
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AXA BS  
Bangalore

AXA BS  
Pune

Avanssur  
Morocco

### UK set 2010 offshore target not Paris...

Henri de Castries and Claude Brunet categorically stated that it was the AXA UK not Paris that had provided the target estimate of 2,500 offshored UK FTE by 2010.

This contradicted what the UK union had been advised in October by AXA UK who had denied any knowledge of how the figure had been arrived at. The matter has been referred back to the UK operation for an explanation.

Alain Rohaut (Group HR Director) told the EWC that changes were required because of the national pensions crisis in the UK. Henri de Castries stated that AXA cannot afford to leave the pension benefits unchanged because of the economic position of AXA UK. He claimed profit margins were not high enough, although if they were AXA would be able to adopt a different approach.

When asked (twice) neither could explain how the cuts fitted in with their stated desire to make AXA a preferred employer



(1) Difference between (i) off-shore costs and (ii) on-shore salaries & benefits and other on-shore costs, gross of project costs, before tax and PB

Pic: Slide from PowerPoint on AXA.com stating 2,500 target