AXA Group divests tobacco industry assets

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- 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 cases (1).

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 countries (2). Unless urgent action is taken to reverse this trend, tobacco will kill one billion people worldwide during the 21st century (2). Its cost, estimated at 2.1 trillion euros per year (3), 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.

**AXA DIVESTS FROM THE TOBACCO INDUSTRY**

"Insurers should always be a part of the solution rather than the problem when it comes to health risk prevention. Hence, it makes no sense for us to continue our investments within the tobacco industry."

Thomas Buberl | Deputy CEO and incoming CEO of AXA

**TOBACCO: A GLOBAL HEALTH HAZARD**

- **Leading preventable causes of death**


- **6 million** people killed each year worldwide including 600,000 from second-hand smoke


- **8 million** people killed each year by 2030 80% in low- and middle income countries


(1) World Health Organization

**AND A FINANCIAL BURDEN ON SOCIETY**

- **$2.1Tn** annual cost to the global economy


- **15%** of aggregate healthcare expenditures in high-income countries


(2) McKinsey Global Institute - (3) National Center for Biotechnology Information
AS A RESPONSIBLE HEALTH INSURER AND INVESTOR, THE AXA GROUP HAS DECIDED TO DIVEST ITS TOBACCO INDUSTRY ASSETS.

This initiative represents a divestment of €1.8Bn

Broken down as follows:

€0.2Bn
amount of equity holdings in tobacco companies the Group will sell immediately

€1.6Bn
value of existing corporate bonds AXA will run off

THOMAS BUBERL
CHIEF EXECUTIVE OFFICER OF AXA

“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 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.”

CARY ADAMS
CEO OF THE UNION FOR INTERNATIONAL CANCER CONTROL (UICC)

“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.”

(1) http://www.who.int/mediacentre/factsheets/fs310/fr/
(2) http://www.who.int/mediacentre/factsheets/fs339/fr/
(3) Source: MGI, cited in Connect – How companies succeed by engaging radically with society by John Browne, with Robin Nuttall and Tommy Stadlen.