



# RI TRANSPARENCY REPORT

2013/14

AXA Group



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status  |
|--------|---|
| ✓      | The signatory has completed all mandatory parts of this indicator |
| ☑      | The signatory has completed some parts of this indicator          |
| 🔒      | This indicator was not relevant for this signatory                |
| -      | The signatory did not complete any part of this indicator         |
| ⌛      | The signatory has flagged this indicator for internal review      |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

| Organisational Overview |   |        |            | Principle |   |   |   |   |   | General |
|-------------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator               | Short description                                   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OO 01                   | Signatory category and services                     | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 02                   | Headquarters and operational countries              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 03                   | Subsidiaries that are separate PRI signatories      | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 04                   | Reporting year and AUM                              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 05                   | Breakdown of AUM by asset class                     | ✓      | n/a        |           |   |   |   |   |   | ✓       |
| OO 06                   | How would you like to disclose your asset class mix | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 07                   | Segregated mandates or pooled funds                 | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| OO 08                   | Breakdown of AUM by market                          | ✓      | Private    |           |   |   |   |   |   | ✓       |
| OO 09                   | Additional information about organisation           | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 10                   | RI activities for listed equities                   | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 11                   | RI activities in other asset classes                | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OO 12                   | Modules and sections required to complete           | ✓      | Public     |           |   |   |   |   |   | ✓       |

| Overarching Approach |  |        |            | Principle |   |   |   |   |   | General |
|----------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator            | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OA 01                | RI policy and other guidance documents                             | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 02                | Publicly available policies / documents                            | ✓      | Public     |           |   |   |   |   | ✓ |         |
| OA 03                | Policy components and coverage                                     | ✓      | Public     | ✓         | ✓ |   |   |   |   |         |
| OA 04                | Conflicts of interest  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 05                | RI goals and objectives  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 06                | Main goals/objectives this year                                    | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 07                | Governance, management structures and RI processes                 | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 08                | RI roles and responsibilities                                      | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 09                | RI in performance management, reward and/or personal development   | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 10                | Collaborative organisations / initiatives                          | ✓      | Public     |           |   |   | ✓ | ✓ |   |         |
| OA 11                | Promoting RI independently   | ✓      | Public     |           |   |   | ✓ |   |   |         |
| OA 12                | Dialogue with public policy makers or standard setters             | ✓      | Public     |           |   |   | ✓ | ✓ | ✓ |         |
| OA 13                | ESG issues in strategic asset allocation                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| OA 14                | Allocation of assets to environmental and social themed areas      | ✓      | Public     | ✓         |   |   |   |   |   |         |
| OA 15                | ESG issues for internally managed assets not reported in framework | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 16                | ESG issues for externally managed assets not reported in framework | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| OA 17                | RI/ESG in execution and/or advisory services                       | 🔒      | n/a        | ✓         | ✓ |   |   |   |   |         |
| OA 18                | Innovative features of approach to RI                              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 19                | Internal and external review and assurance of responses            | ✓      | Public     |           |   |   |   |   |   | ✓       |

| Direct - Listed Equity Incorporation |   |        |            | Principle |   |   |   |   |   | General |
|--------------------------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                            | Short description   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEI 01                               | Breakdown by passive, quantitative, fundamental and other active strategies         | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 02                               | Description of ESG incorporation  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 03                               | Percentage of each incorporation strategy   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 04                               | Type of ESG information used in investment decision                                 | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 05                               | Information from engagement and/or voting used in investment decision-making        | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 06                               | Types of screening applied  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 07                               | Processes to ensure screening is based on robust analysis                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 08                               | Processes to ensure fund criteria are not breached                                  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 09                               | Types of sustainability thematic funds/mandates                                     | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 10                               | Description of ESG integration  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 11                               | Review ESG issues while researching companies/sectors                               | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 12                               | Processes to ensure integration is based on robust analysis                         | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 13                               | Aspects of analysis ESG information is integrated into                              | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 14                               | ESG issues in index construction  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 15                               | How ESG incorporation has influenced portfolio composition                          | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 16                               | Incorporation of ESG issues has improved financial/ESG performance and reduced risk | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 17                               | Examples of ESG issues that affected your investment view / performance             | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 18                               | Disclosure of approach to ESG incorporation   | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |

| Direct - Listed Equity Active Ownership |  |        |            | Principle |   |   |   |   |   | General |
|---|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                               | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEA 01                                  | Description of approach to engagement  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 02                                  | Reasoning for interaction on ESG issues                                      | ✓      | Public     | ✓         | ✓ | ✓ |   |   |   |         |
| LEA 03                                  | Process for identifying and prioritising engagement activities               | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 04                                  | Objectives for engagement activities   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 05                                  | Process for identifying and prioritising engagement activities               | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 06                                  | Objectives for engagement activities   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 07                                  | Role in engagement process   | 🔒      | n/a        |           | ✓ |   | ✓ |   |   |         |
| LEA 08                                  | Monitor / discuss service provider information                               | 🔒      | n/a        |           | ✓ |   |   |   | ✓ |         |
| LEA 09                                  | Share insights from engagements with internal/external managers              | ✓      | Private    | ✓         | ✓ |   |   |   |   |         |
| LEA 10                                  | Tracking number of engagements   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 11                                  | Number of companies engaged with, intensity of engagement and effort         | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 12                                  | Engagements on E, S and/or G issues  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 13                                  | Companies changing practices / behaviour following engagement                | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 14                                  | Examples of ESG engagements  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 15                                  | Disclosure of approach to ESG engagements                                    | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |
| LEA 16                                  | Description of approach to (proxy) voting                                    | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 17                                  | Typical approach to (proxy) voting decisions                                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 18                                  | Percentage of voting recommendations reviewed                                | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 19                                  | Confirmation of votes  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 20                                  | Securities lending programme   | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 21                                  | Informing companies of the rationale of abstaining/voting against management | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 22                                  | Percentage of (proxy) votes cast   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 23                                  | Proportion of ballot items that were for/against/abstentions                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 24                                  | Shareholder resolutions  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 25                                  | Examples of (proxy) voting activities  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 26                                  | Disclosing voting activities   | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |

| Direct - Fixed Income |   |        |            | Principle |   |   |   |   |   | General |
|-----------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator             | Short description   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| FI 01                 | Breakdown by passive, quantitative, fundamental and other active strategies         | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 02                 | Breakdown of investments by credit quality  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| FI 03                 | Description of ESG incorporation  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 04                 | Percentage of each incorporation strategy   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 05                 | Type of ESG information used in investment decision                                 | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 06                 | Types of screening applied  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 07                 | Processes to ensure screening is based on robust analysis                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 08                 | Processes to ensure fund criteria are not breached                                  | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 09                 | Types of sustainability thematic funds/mandates                                     | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 10                 | Description of ESG integration  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 11                 | Review of ESG issues while researching companies/sectors                            | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 12                 | Processes to ensure integration is based on robust analysis                         | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 13                 | Incorporation of ESG issues into analysis and decision making                       | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 14                 | ESG issues in index construction  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 15                 | How ESG incorporation has influenced portfolio composition                          | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 16                 | Incorporation of ESG issues has improved financial/ESG performance and reduced risk | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 17                 | Examples of ESG issues that affected your investment view / performance             | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 18                 | Disclosure of approach to ESG incorporation   | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |
| FI 19                 | Engagement with corporate issuers   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| FI 20                 | Engagement with government issuers  | ✓      | Public     |           | ✓ |   |   |   |   |         |

| Direct - Property |  |        |            | Principle |   |   |   |   |   | General |
|-------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator         | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| PR 01             | Breakdown of investments by equity and debt  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| PR 02             | Breakdown of assets by management  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| PR 03             | Largest property types   | ✓      | Public     |           |   |   |   |   |   | ✓       |
| PR 04             | Description of approach to RI  | ✓      | Public     | ✓         |   |   |   |   | ✓ |         |
| PR 05             | Responsible Property Investment (RPI) policy   | ✓      | Public     | ✓         |   |   |   |   | ✓ |         |
| PR 06             | Fund placement documents and RI  | 🔒      | n/a        | ✓         |   |   | ✓ |   | ✓ |         |
| PR 07             | Formal commitments to RI   | 🔒      | n/a        |           |   |   | ✓ |   |   |         |
| PR 08             | Incorporating ESG issues when selecting investments                                  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| PR 09             | ESG advice and research when selecting investments                                   | ✓      | Public     | ✓         |   |   | ✓ |   |   |         |
| PR 10             | Examples of ESG issues in investment selection process                               | ✓      | Public     | ✓         |   | ✓ |   |   |   |         |
| PR 11             | Types of ESG information considered in investment selection                          | ✓      | Public     | ✓         |   | ✓ |   |   |   |         |
| PR 12             | ESG issues impact in selection process   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| PR 13             | ESG issues in selection, appointment and monitoring of third-party property managers | 🔒      | n/a        |           |   |   | ✓ |   |   |         |
| PR 14             | ESG issues in post-investment activities   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 15             | Proportion of assets with ESG targets that were set and monitored                    | ✓      | Public     |           | ✓ | ✓ |   |   |   |         |
| PR 16             | Certification schemes, ratings and benchmarks  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 17             | Proportion of developments and refurbishments where ESG issues were considered       | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 18             | Proportion of property occupiers that were engaged with                              | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 19             | Proportion of green leases or MOUs referencing ESG issues                            | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 20             | Proportion of assets engaged with on community issues                                | ✓      | Public     |           | ✓ |   |   |   |   |         |
| PR 21             | ESG issues affected financial/ESG performance  | ✓      | Public     | ✓         | ✓ |   |   |   |   |         |
| PR 22             | Examples of ESG issues that affected your property investments                       | ✓      | Private    | ✓         |   | ✓ |   |   |   |         |
| PR 23             | Disclosure of ESG information to public and clients/beneficiaries                    | ✓      | Public     |           |   |   |   |   | ✓ |         |

# AXA Group

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic Information

|       |           |                 |         |
|-------|-----------|-----------------|---------|
| OO 01 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

**OO 01.1** Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☒ Insurance company
- ☐ Foundation or endowment
- ☐ Development bank
- ☐ Reserve - sovereign or government controlled fund
- ☐ Other, specify

|       |           |         |         |
|-------|-----------|---------|---------|
| OO 02 | Mandatory | Peering | General |
|-------|-----------|---------|---------|

**OO 02.1** Select the location of your organisation's headquarters.

France

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
- ☐ 2-5
- ☐ 6-10
- ☒ >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

113400

|       |           |             |         |
|-------|-----------|-------------|---------|
| OO 03 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☒ Yes

**OO 03.2** List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

| Name of PRI signatory subsidiary | RI implementation reported here<br>on a consolidated basis       |
|----------------------------------|--|
| AXA Investment Managers          | <input checked="" type="radio"/> Yes<br><input type="radio"/> No |
| AllianceBernstein                | <input checked="" type="radio"/> Yes<br><input type="radio"/> No |
|                                  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|                                  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|                                  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|                                  | <input type="radio"/> Yes<br><input type="radio"/> No            |

☐ No

#### OO 03.3 Additional information. [Optional]

AXA Group's responsible investment (RI) activities apply to the insurance group's general account (GA) assets only (covering Eur470bn of Group assets). As such, the responses provided in this report refer to GA RI activities only i.e. third party assets managed by either AXA Investment Managers (IM) or AllianceBernstein (AB) are not discussed. Further detail on Group assets under management are provided under questions OO 4.2 and OO 4.3.

| OO 04 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|
|-------|-----------|-----------------|---------|

#### OO 04.1 Indicate the year end date for your reporting year.

31/12/2013

#### OO 04.2 Indicate your total AUM at the end of your reporting year.

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     | 1         | 113      | 000      | 000       | 000      |
| Currency      | EUR       |          |          |           |          |
| Assets in USD | 1         | 466      | 037      | 021       | 225      |

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 04.4** Additional information. [Optional]

AXA Group's consolidated assets under management were Eur1,113bn as at 31st December 2013. Group assets are managed by a combination of AXA IM (50%), AllianceBernstein (30%) and other AXA companies (20%).

As explained under OO 3.3, the scope of AXA Group's RI Responsible Investment Committee are General Account assets only. As at 31st December 2013 AXA Group General Account invested assets were Eur470bn. The substantial majority of General Account assets are managed by AXA IM (80%) and AllianceBernstein (20%). This submission to the UN PRI therefore provides detail on RI activities that fall within the scope of the Group RI Committee, and relate to General Account assets.

Additional detail on AXA Group's business units, assets under management and financial performance is available in our annual financial results publications, all of which are available at: <http://www.axa.com/en/investor/resultsreports/earnings/>

**OO 06****Mandatory****Descriptive****General****OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as percentage breakdown

|                           | Internally managed (%) | Externally managed (%) |
|---------------------------|------------------------|------------------------|
| Listed equity             | 4                      | 0                      |
| Fixed income – corporate  | 31                     | 0                      |
| Fixed income – government | 45                     | 0                      |
| Fixed income – other      | 7                      | 0                      |
| Private debt              | 0                      | 0                      |
| Private equity            | 2                      | 0                      |
| Property                  | 5                      | 0                      |
| Infrastructure            | 0                      | 0                      |
| Commodities               | 0                      | 0                      |

|                    |      |   |
|--------------------|------|---|
| Hedge funds        | 1    | 0 |
| Forestry           | 0    | 0 |
| Farmland           | 0    | 0 |
| Inclusive finance  | 0    | 0 |
| Cash               | 4    | 0 |
| Other (1), specify | 0.05 | 0 |
| Other (2), specify | 0.9  | 0 |

|  |                       |
|--|-----------------------|
|  | 'Other (1)' specified |
|--|-----------------------|

The Group currently has approximately Eur250million committed or allocated to different private debt investments within microfinance and other impact investment opportunities.

- ☐ Publish our asset class mix as broad ranges
- ☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

|       |           |             |         |
|-------|-----------|-------------|---------|
| OO 09 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

**OO 09.1**

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

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. The identification, understanding and management of ESG issues requires an expertise that has been developed relatively recently.

It is in this context that AXA Group created a Responsible Investment Committee (RIC), presided by the Group Chief Investment Officer. The RIC's mandate is to develop a global approach to responsible investment issues which takes into account both controversial sectors on a reputation standpoint - such as the challenge posed by controversial weapons - and the more positive inclusion of ESG issues in investments processes, from a performance and risk management perspective.

Among other initiatives, the RIC developed the Group's first comprehensive RI policy. This RI Policy, which covers the Group's €470bn general account assets, sets out AXA Group's position and beliefs on RI, and defines the corporate governance practices that our asset managers are expected to encourage, including via engagement and voting. The RI Policy also allows for a structured development of investment guidelines for sectors that pose particularly acute environmental or ethical challenges, for which guidelines will be progressively defined.

Finally, the RI Policy initiates the Group's "Impact Investment" project. Impact Investments aim to allocate capital to investment strategies whose goal is to focus on assets that address key sustainability concerns such as renewable energy, poverty, health or risk prevention.

AXA Group joined the UN PRI in 2013. Our asset management subsidiaries - AXA Investment Managers and AllianceBernstein - are also PRI signatories. 2014 represents a significant milestone in the development of the Group's RI activities, as well as RI disclosure, as it is the first year that all three entities are reporting on RI implementation.

## Gateway asset class implementation indicators

| OO 10 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|
|-------|-----------|---------|---------|

**OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

**OO 10.2**

Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ☐ Yes, our total listed equities are 10% or more of our total AUM
- ☒ No, our total listed equities are less than 10% of our total AUM

| OO 11 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|
|-------|-----------|---------|---------|

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☒ Private equity
- ☒ Property
- ☐ Hedge funds
- ☐ Cash
- ☒ Other (1)
- ☐ Other (2)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

This relates to the approximately Eur250m invested in or committed to microfinance and other impact investments. See OO11.3 and OA14 for additional details.

**OO 11.3**

Additional information. [Optional]

In 2013 AXA Group launched a pioneering "Impact Investment" project, which aims to allocate capital to organisations that address key societal challenges in the areas of environmental (e.g. climate change), life (e.g. health& longevity) or socio-economic (e.g. poverty) risks. Impact investments seek to create both financial returns and a positive social or environmental impact that is actively measured. The Group has initially committed Euro 150 million to this initiative that will invest in various social funds as well as environmental projects which also demonstrate social impacts. The Group has a further Eur100m committed to microfinance investments.

In addition, the Group has approximately Eur200m committed to renewable energy investments, predominantly in private equity.

**OO 12****Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements  
☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed Income - Corporate  
☒ Fixed Income - Government

Direct - Other asset classes with dedicated modules

- ☐ Private Equity  
☒ Property

**Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

AXA Group

Reported Information

Public version

Overarching Approach

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Responsible investment policy

| OA 01 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|
|-------|-----------|-----------------------|---------|

**OA 01.1** Indicate if you have a responsible investment policy.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

AXA Group's RI policy defines RI as follows: "the integration of environmental, social and corporate governance (ESG) considerations into investment processes and ownership practices".

The Group policy further states: "AXA believes that ESG factors have the potential to impact investment portfolios across companies, sectors, regions and asset classes over time. We believe that ESG issues can therefore affect risk and returns and as such require monitoring".

The Group's objective is to align its investments with AXA's corporate responsibility (CR) agenda of protecting people over the long term and creating stronger and more sustainable societies. This agenda is in line with the Group's interests as a global insurer and investor.

In developing the Group's Global RI Policy we aimed to align it wherever practicable with our wider CR strategy, which includes a major focus on risk research and education. More information on AXA's Group CR activities can be found here:  
<http://www.axa.com/en/responsibility/>

| OA 02 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|
|-------|-----------|---------------|-------|

**OA 02.1** Indicate if your responsible investment policy is publicly available.

☒ Yes

**OA 02.2** Provide a URL to your responsible investment policy.

| URL |
|-----|
|-----|

[http://www.axa.com/lib/axa/uploads/docsdd/AXA\\_Group\\_Responsible\\_Investment\\_Policy\\_2013.pdf](http://www.axa.com/lib/axa/uploads/docsdd/AXA_Group_Responsible_Investment_Policy_2013.pdf)

☐ No

|                |   |
|----------------|---|
| <b>OA 02.3</b> | Indicate if your other policies or guidance documents related to responsible investment are publicly available. |
|----------------|---|

☒ Yes

☒ Yes, all

☐ Yes, some

|                |   |
|----------------|---|
| <b>OA 02.4</b> | List these other policies or guidance documents related to responsible investment that are publicly available and their URLs. |
|----------------|---|

| Policy or document name                         | URL   |
|---|---|
| Food ("soft") commodities                       | <a href="http://www.axa.com/lib/axa/uploads/docsdd/AXA_Soft_commodities_derivatives_policy_2013.pdf">http://www.axa.com/lib/axa/uploads/docsdd/AXA_Soft_commodities_derivatives_policy_2013.pdf</a>   |
| Palm Oil, Agriculture, Timber & Forestry        | <a href="http://www.axa.com/lib/axa/uploads/docsdd/AXA_Palm_oil_and_forestry_policy_2013.pdf">http://www.axa.com/lib/axa/uploads/docsdd/AXA_Palm_oil_and_forestry_policy_2013.pdf</a>   |
| Controversial Weapons Policy                    | <a href="http://www.axa.com/lib/axa/uploads/docsdd/AXA_Controversial_weapons_policy_2013.pdf">http://www.axa.com/lib/axa/uploads/docsdd/AXA_Controversial_weapons_policy_2013.pdf</a>   |
| AXA IM Responsible Investment Policy            | <a href="http://www.axa-im.com/en/c/document_library/get_file?uuid=axa_RI_votingpolicy_en&amp;groupId=12504&amp;roleIds=10138-10146">http://www.axa-im.com/en/c/document_library/get_file?uuid=axa_RI_votingpolicy_en&amp;groupId=12504&amp;roleIds=10138-10146</a>                 |
| AllianceBernstein Responsible Investment Policy | <a href="https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf">https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf</a> |
| Sustainable Real Estate Policy                  | <a href="http://www.axa-realestate.com/expertise/responsible-investment/sustainable-real-estate">http://www.axa-realestate.com/expertise/responsible-investment/sustainable-real-estate</a>   |

☐ No

**OA 02.5****Additional information. [Optional]**

In addition to the policies listed above, AXA Group maintains a "sanctioned countries" policy and a related country blacklist (these documents are not disclosed publicly).

Additional Group RI and related policies are available online, specifically those published by AXA IM and AB. These are listed below.

**Additional AXA IM policies:**

- Corporate Governance and Voting policy
- UK Stewardship Code Statement

These are available at: <http://www.axa-im.com/en/responsible-investment/policies-exclusions#policies>

Information on AXA IM's approach to sustainable property can be found in its AXA Real Estate Sustainable Development report, available here: <http://www.axa-realestate.com/expertise/responsible-investment>

**Additional AllianceBernstein policies:**

- Statement on controversial weapons
- Statement of Policy and Procedures for Proxy Voting
- Proxy Voting Manual

These are available at:

[https://www.alliancebernstein.com/abcom/Our\\_Firm/About\\_Us/Responsible-Investing.htm](https://www.alliancebernstein.com/abcom/Our_Firm/About_Us/Responsible-Investing.htm)

**OA 03****Mandatory****Core Assessed****PRI 1,2****OA 03.1**

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

| Policy components/types  | Coverage by AUM  |
|--|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach<br><input checked="" type="checkbox"/> (Proxy) voting policy<br><input checked="" type="checkbox"/> Engagement/active ownership policy<br><input checked="" type="checkbox"/> Specific guidelines on corporate governance<br><input type="checkbox"/> Specific guidelines on environmental issues<br><input type="checkbox"/> Specific guidelines on social issues<br><input checked="" type="checkbox"/> Asset class-specific guidelines<br><input checked="" type="checkbox"/> Screening/exclusion policy<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> Other, specify | <input type="radio"/> Applicable policies cover all AUM<br><input checked="" type="radio"/> Applicable policies cover a majority of AUM<br><input type="radio"/> Applicable policies cover a minority of AUM |

#### OA 03.2

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

AXA Group's RI Policy covers General Account (insurance company) assets only. The policies of AXA IM and AB apply to both AXA Group's assets and assets managed for third parties.

#### OA 04

#### Mandatory

#### Core Assessed

#### General

#### OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

#### OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

AXA Group's conflicts of interest policy is set out in Section 2 of the Group Compliance and Ethics Guide, available at:

[http://www.axa.com/lib/en/uploads/refdoc/compliance/AXA\\_ComplianceGuide\\_2011.pdf](http://www.axa.com/lib/en/uploads/refdoc/compliance/AXA_ComplianceGuide_2011.pdf)

AXA IM and AB maintain their own conflicts of interests policies. Links to the respective policies are provided below.

- AXA IM: <http://www.axa-im.com/en/responsible-investment/policies-exclusions#policies>
- AB: [https://www.alliancebernstein.com/abcom/Our\\_Firm/Content/CGDocs/CodeOfBusinessConductAndEthics.pdf](https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/CodeOfBusinessConductAndEthics.pdf)

☐ No

### Objectives and strategies

| OA 05 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|
|-------|-----------|-----------------------|---------|

|                |  |
|----------------|--|
| <b>OA 05.1</b> | Indicate if your organisation sets objectives for its responsible investment activities. |
|----------------|--|

☒ Yes

|                |  |
|----------------|--|
| <b>OA 05.2</b> | Indicate how frequently your organisation sets or revises objectives for responsible investment. |
|----------------|--|

☒ At least once per year

☐ Less than once per year

|                |   |
|----------------|---|
| <b>OA 05.3</b> | Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment. |
|----------------|---|

☒ Quarterly

☐ Biannually

☐ Annually

☐ Every two years or less

☐ It is not reviewed

☐ No

|                |                                    |
|----------------|------------------------------------|
| <b>OA 05.4</b> | Additional information. [Optional] |
|----------------|------------------------------------|

The AXA Group RIC meets quarterly to review and discuss ongoing RI implementation related to the Group's general account insurance assets - RI objectives are set and reviewed within these meetings.

The RIC published the AXA Group RI Policy in 2013. This policy is accompanied by an implementation and monitoring framework, which ensures progress against the UN PRI as well as specific items defined in the RI policy. The Group has also signed the UN Principles for Sustainable Insurance (PSI), a "sister" initiative dedicated to integrating ESG in the insurance value chain.

| OA 06 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|
|-------|-----------|-------------|---------|

|                |  |
|----------------|--|
| <b>OA 06.1</b> | List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives. |
|----------------|--|

☒ Add responsible investment objective 1

|                                |  |
|--------------------------------|--|
| Objective 1                    | Publish AXA Group RI Policy  |
| Key performance indicators     | Group RI Policy publicly available on AXA Group website. Press release issued. |
| Describe the progress achieved | Achieved   |

☒ Add responsible investment objective 2

|                                |  |
|--------------------------------|--|
| Objective 2                    | Launch Group Impact Investment initiative.   |
| Key performance indicators     | Investment universe researched and potential managers identified. Several investments implemented. |
| Describe the progress achieved | Achieved.  |

☒ Add responsible investment objective 3

|                                |   |
|--------------------------------|---|
| Objective 3                    | Start Group roll-out of ESG integration project within main funds.  |
| Key performance indicators     | Define process and methodology for Group-wide ESG risk assessments. |
| Describe the progress achieved | Achieved  |

|                |   |
|----------------|---|
| <b>OA 06.2</b> | List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress. |
|----------------|---|

☒ Add responsible investment objective 1 for the next reporting year

|   |   |
|---|---|
| Objective 1 for the next reporting year | Further roll-out of the Group ESG integration initiative.     |
| Key performance indicators              | Majority of Group assets screened for ESG performance / risk. |

☒ Add responsible investment objective 2 for the next reporting year

|   |  |
|---|--|
| Objective 2 for the next reporting year | Proactive internal and external communications on RI progress.   |
| Key performance indicators              | Evidence provided in next UN PRI reporting framework submission. |

☒ Add responsible investment objective 3 for the next reporting year

|   |  |
|---|--|
| Objective 3 for the next reporting year | Further roll-out of the Impact Fund and launch of the Renewable Energy Fund. |
| Key performance indicators              | Evidence provided in next UN PRI reporting framework submission.             |

## Governance and human resources

|       |           |             |         |
|-------|-----------|-------------|---------|
| OA 07 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

## OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

At the Group level, RI governance is organised as follows:

The RI Committee (RIC) is chaired by the Group Chief Investment Officer, and features members of the Investment and ALM management teams, certain local CIOs, representatives from Legal, risk management and CR, as well as AXA IM and Alliance Bernstein.

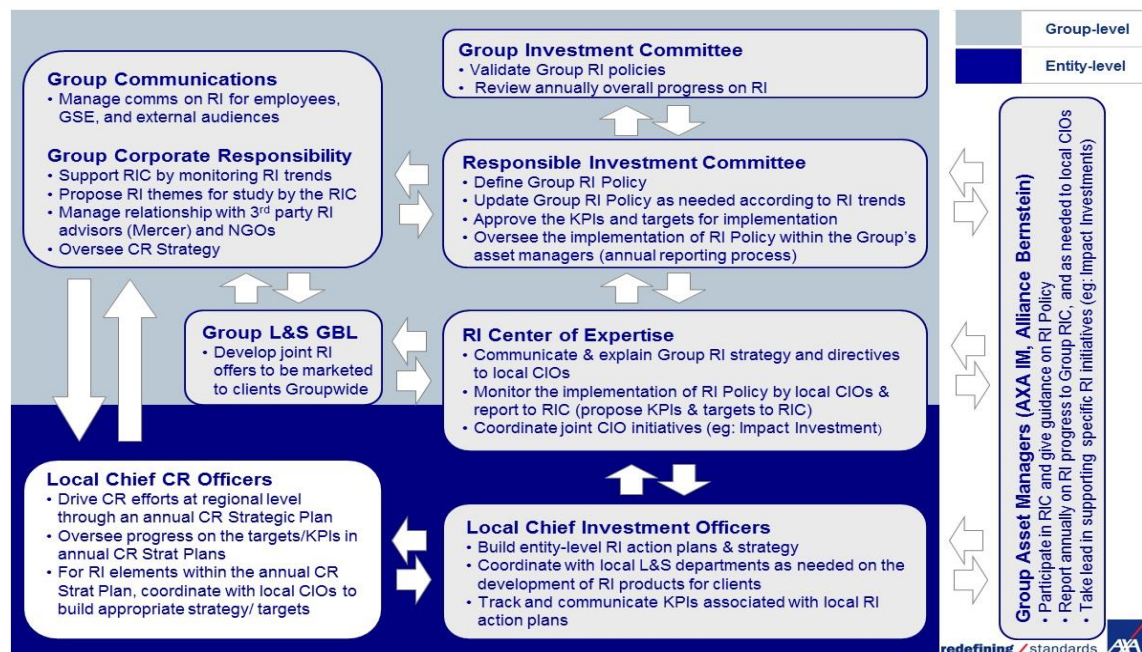
The RIC is responsible for developing a comprehensive approach to RI, addressing both reputation management and the inclusion of ESG issues in investments processes. Its investment perimeter covers AXA's general account insurance assets. The RIC meets quarterly.

The RIC reports to the Group Investments Committee, and relies on an "RI Center of Expertise" (coordinated by one of the Group CIOs) for implementation, in liaison with local CIOs.

The RIC receives support and input by Group CR, the Global Business Line Life and Savings and both AXA IM and AllianceBernstein. On a local level, the network of Chief CR Officers coordinate with their local CIOs to ensure the entities' CR strategy planning is consistent with RI developments.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## Group RI Governance Model



To upload the image click the Save button below

OA 08

Mandatory

Gateway/Core Assessed

General



**OA 08.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles present in your organisation**

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify  
**Responsible Investment Committee**
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify  
**AXA Group CSR staff**

- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

|                |   |
|----------------|---|
| <b>OA 08.2</b> | Indicate the number of dedicated responsible investment staff your organisation has. [Optional] |
|----------------|---|

|  |        |
|--|--------|
|  | Number |
|--|--------|

15

|                |                                    |
|----------------|------------------------------------|
| <b>OA 08.3</b> | Additional information. [Optional] |
|----------------|------------------------------------|

The Group's RI resources are spread across the Group as follows:

- Group CR function and CIO's office (2)
- AXA IM - in-house RI team (11)
- AllianceBernstein - Chair of AB RI Committee + additional support (2)

|              |                  |                            |                |
|--------------|------------------|----------------------------|----------------|
| <b>OA 09</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>General</b> |
|--------------|------------------|----------------------------|----------------|

|                |   |
|----------------|---|
| <b>OA 09.1</b> | Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element. |
|----------------|---|

#### Board members/Board of trustees

- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Other C-level staff or head of department

##### Responsible Investment Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Portfolio managers

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Investment analysts

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Dedicated responsible investment staff

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Other role

##### AXA Group CR staff

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

The Group Corporate Responsibility function has specific annual objectives on RI. The Group RI Committee has a general objective to make progress on RI implementation (as supported by the objectives highlighted under OA6.1 and 6.2.

Within AXA IM, investment staff (including portfolio managers and analysts) have RI included in their personal development and /or goals.

### Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

**OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

**OA 10.2**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

☒ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Providing support to ACGA's collaborative engagements with regulatory authorities to improve the regulatory regime for corporate governance.

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA Group has been a CDP member since 2006.

AXA IM engages with companies in industries with potentially significant supply chain emissions on measurement in order to set reduction targets for supply emissions.

- ☐ CDP Forests
- ☐ CDP Water
- ☒ CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA IM submitted an article on ESG Integration to the CFA UK magazine. In addition, two members in the RI Team received financial and technical support to pass CFA tests.

- ☒ Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Developing and contributing to the forum discussion.

- ☒ Eumedion

|  |
|--|
| Your organisation's role in the initiative during the reporting period (see definitions) |
|--|

- ☐ Basic  
☒ Moderate  
☐ Advanced

|  |
|--|
| Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|

AXA IM is a member of this organisation and wants to be active. The representative who is living in Netherlands benefits from the RI Team's analyst support to prepare the meetings regarding the Dutch corporates discussed in the forum.

- ☐ Extractive Industries Transparency Initiative (EITI)  
☒ Global Investors Governance Network (GIGN)

|  |
|--|
| Your organisation's role in the initiative during the reporting period (see definitions) |
|--|

- ☐ Basic  
☐ Moderate  
☒ Advanced

|  |
|--|
| Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|

AXA IM participates in collaborative engagement activities within GIGN.

- ☐ Global Real Estate Sustainability Benchmark (GRESB)  
☐ Institutional Investors Group on Climate Change (IIGCC)  
☐ Interfaith Center on Corporate Responsibility (ICCR)  
☒ International Corporate Governance Network (ICGN)

|  |
|--|
| Your organisation's role in the initiative during the reporting period (see definitions) |
|--|

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA IM is an active member of ICGN and supports the Network's goals.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA Group has been a signatory since late 2012.

AXA IM had an active role in the PRI Fixed Income Working Group by preparing positions papers and acted as public spokesperson for the initiative.

AB joined the PRI in 2011.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

1. French SIF (FIR) and 2. Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

1. AXA IM is vice president of the FIR and promotes SRI in France within the public administration

2. AXA IM sponsored the 2013 SRI Market study

☐ Shareholder Association for Research and Education (Share)

☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☒ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA Group signed up to UNEP-FI in 2002. AXA was involved in the creation of the Insurance Working Group. This working group drafted the Principles for Sustainable Insurance.

☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☒ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

AXA Group provides an annual "Communication on Progress".

☒ Other collaborative organisation/initiative, specify

Carbon Action Initiative



|  |
|--|
| Your organisation's role in the initiative during the reporting year (see definitions) |
|--|

- ☐ Basic  
☐ Moderate  
☒ Advanced

|  |
|--|
| Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|

AXA IM participates in collaborative engagement activities and leads engagement work on behalf of designated companies.

☒ Other collaborative organisation/initiative, specify

Association Française de Gestion Financière (AFG) Corporate Governance Committee and SRI Committee

|  |
|--|
| Your organisation's role in the initiative during the reporting year (see definitions) |
|--|

- ☐ Basic  
☐ Moderate  
☒ Advanced

|  |
|--|
| Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|

AXA IM participates actively to the Working group on the RI label project, and the KPI's definition measuring the impact.

☒ Other collaborative organisation/initiative, specify

ABI Association of British Insurers

|  |
|--|
| Your organisation's role in the initiative during the reporting year (see definitions) |
|--|

- ☐ Basic  
☐ Moderate  
☒ Advanced

|  |  |
|--|--|
|  | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

AXA IM is a member of the Investment Committee and the Remuneration & Share Schemes. AXA IM representatives participate in targeted engagement with companies and in their role as Committee members work to improve corporate governance and remuneration expectations of companies in the UK.

☒ Other collaborative organisation/initiative, specify

EFAMA European Fund and Asset Management Association

|  |  |
|--|--|
|  | Your organisation's role in the initiative during the reporting year (see definitions) |
|--|--|

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

|  |  |
|--|--|
|  | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

AXA IM is a member of the EFAMA Corporate Governance Working Group.

☐ No

|                |                                    |
|----------------|------------------------------------|
| <b>OA 10.3</b> | Additional information. [Optional] |
|----------------|------------------------------------|

Further information regarding the more general CSR-related commitments of the AXA Group can be found here:

<http://www.axa.com/en/responsibility/strategy-commitments/Commitments/>

|              |                  |                      |              |
|--------------|------------------|----------------------|--------------|
| <b>OA 11</b> | <b>Mandatory</b> | <b>Core Assessed</b> | <b>PRI 4</b> |
|--------------|------------------|----------------------|--------------|

|                |  |
|----------------|--|
| <b>OA 11.1</b> | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|----------------|--|

☒ Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

**OA 11.3**

Additional information. [Optional]

AXA Group aims to promote high standards of both corporate responsibility and responsible investment across its activities. CR and RI require interdisciplinary sector-wide solutions and dialogue. As a consequence, AXA Group is an active member of many international and national organisations whose aim it is to advance CR and RI. These have been listed previously, but include UNEP-Fi, the PSI, Global Compact and the UN PRI. The Group's asset management subsidiaries are also active in some of the same, but also additional RI and related initiatives.

AXA IM also plays an active role in promoting acceptance and implementation of ESG issues within the investment industry:

- During 2013 it devoted significant resources to assisting its insurance clients to integrate ESG issues into their day-to-day activities e.g. through demonstrations of its RI Research Tool (10 clients were reached).
- AXA IM continues to provide tailored training programmes for clients on ESG issues.
- AXA IM sponsors academic research to explore the linkage between ESG factors and long term company performance, believing it is necessary to build a foundation of empirical evidence to support acceptance of ESG consideration within the industry.
- AXA IM published research papers on RI in 2012 and 2013 (e.g. Future-proofing Company Leadership: Board Diversity in EURO STXX 50 Companies, Sovereign Debt Investing: ESG Framework and Applications, 2012).

**OA 12**

Voluntary

Additional Assessed

PRI  
4,5,6

**OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

☒ Yes

- ☐ Yes, individually
- ☒ Yes, in collaboration with others

|                |                                   |
|----------------|-----------------------------------|
| <b>OA 12.2</b> | Select the methods you have used. |
|----------------|-----------------------------------|

- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☒ Drafted your own written submissions to governments, regulators or standard-setters
- ☐ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

|                |  |
|----------------|--|
| <b>OA 12.3</b> | Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available. |
|----------------|--|

- ☐ Yes, publicly available
  - ☒ No
- ☐ No

|                |                         |
|----------------|-------------------------|
| <b>OA 12.4</b> | Additional information. |
|----------------|-------------------------|

AXA Group responds to public policy developments on an ad-hoc basis. For example, in 2013 the Group responded to the EU Green Paper on the insurance of natural and man-made disasters. See: [http://ec.europa.eu/internal\\_market/consultations/2013/disasters-insurance/docs/contributions/non-registered-organisations/axa-group\\_en.pdf](http://ec.europa.eu/internal_market/consultations/2013/disasters-insurance/docs/contributions/non-registered-organisations/axa-group_en.pdf)

AXA IM is a member of Eurosif. As a member of this RI industry initiative it indirectly supported EU policy discussions undertaken by Eurosif during the year, for example on proposed changes to the corporate governance regime in the EU.

## ESG issues in asset allocation

| OA 13 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|
|-------|-----------|-------------|-------|

|                |  |
|----------------|--|
| <b>OA 13.1</b> | Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets. |
|----------------|--|

- ☒ Yes

**OA 13.2**

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

AXA Group operates a country exclusion or blacklist, focused on countries which are under international embargoes or sanctioned.

AXA IM includes a qualitative assessment of ESG Issues in the analysis of country exposures. A specific "reputational high risk country" framework has been set up to flag high risk countries on ESG practices specifically for emerging markets.

AXA IM and AB must comply with AXA Group's country exclusion policy.

☐ No

| OA 14 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|
|-------|-----------|-------------|-------|

**OA 14.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes

**OA 14.2**

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

0.1

**OA 14.3**

Please specify which thematic area(s) you invest in and provide a brief description.

Area

☒ Clean technology

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Private equity
- ☐ Property
- ☐ Other (1)

| Brief description of investment |
|---------------------------------|
|---------------------------------|

AXA Group has established and committed Eur150m to an Impact Investment fund that will invest in a range of impact themes, including those related to the environment and climate change.

In addition, the Group has committed approximately Eur200m in a renewable energy / clean technologies fund.

☒ Green buildings

| Asset class invested |
|----------------------|
|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☒ Property
- ☐ Other (1)

| Brief description of investment |
|---------------------------------|
|---------------------------------|

Our Property module submission provides additional information on our property investments. Further information can be found on the AXA Real Estate website: <http://www.axa-realestate.com/expertise/responsible-investment>

☒ Sustainable forestry

| Asset class invested |
|----------------------|
|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☐ Property
- ☒ Other (1)

Forest / Timberland

| Brief description of investment |
|---------------------------------|
|---------------------------------|

AXA Group forest assets are managed by AXA Real Estate. These assets are primarily located in France. The approach taken is consistent with previous guidance issued by the UN PRI (e.g. its 2011 publication "Responsible Investment in Commodities").

- ☐ Sustainable agriculture
- ☒ Microfinance

| Asset class invested |
|----------------------|
|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☐ Property
- ☒ Other (1)
- Private debt.

| Brief description of investment |
|---------------------------------|
|---------------------------------|

The AXA Group invests directly in various organizations specializing in solidarity finance. These include investments in the Global Commercial Microfinance Consortium, the International Finance Corporation, the Société d'Investissement France Active, the Association pour le Droit à l'Initiative Economique, Habitat et humanisme, as well as investments in social housing schemes in the USA.

- ☒ SME financing

| Asset class invested |
|----------------------|
|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☐ Property
- ☒ Other (1)
- Commercial loans

|  |                                 |
|--|---------------------------------|
|  | Brief description of investment |
|--|---------------------------------|

AXA works in close partnership with Banks to provide loans to European SMEs. There is no explicit approach to ESG integration at present.

- ☐ Social enterprise / community investing
- ☒ Affordable housing

|  |                      |
|--|----------------------|
|  | Asset class invested |
|--|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☒ Property
- ☐ Other (1)

|  |                                 |
|--|---------------------------------|
|  | Brief description of investment |
|--|---------------------------------|

See comments above.

- ☒ Education

|  |                      |
|--|----------------------|
|  | Asset class invested |
|--|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☐ Property
- ☒ Other (1)

Private debt



|  |                                 |
|--|---------------------------------|
|  | Brief description of investment |
|--|---------------------------------|

The AXA Group Impact Investment initiative is a global fund of funds focusing on investments in basic services including financial services, healthcare and education. These investments will be in private equity and private debt instruments.

☒ Global health

|  |                      |
|--|----------------------|
|  | Asset class invested |
|--|----------------------|

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Private equity
- ☐ Property
- ☒ Other (1)

Private debt

|  |                                 |
|--|---------------------------------|
|  | Brief description of investment |
|--|---------------------------------|

The AXA Group Impact Investment initiative is a global fund of funds focusing on investments in basic services including financial services, healthcare and education. These investments will be in private equity and private debt instruments.

☐ Other area, specify

☐ No

#### Asset class implementation not reported in other modules

| OA 15   | Voluntary  | Descriptive | General |
|---------|--|-------------|---------|
| OA 15.1 | Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold. |             |         |

| Asset Class  | Describe what processes are in place and the outputs or outcomes achieved  |
|--|--|
| Fixed income - other                                     | Fixed income assets other than government and corporate bonds (a small proportion of General Account assets - 7%) are not currently subject to systematic consideration of ESG issues.   |
| Private equity   | <p>AXA Group's private equity investments relate to two closed funds - an Impact Investment fund and a Renewable Energy / Clean Tech fund - financed exclusively by General Account assets.</p> <p>AXA Group's pioneering Impact Investment fund was launched in 2013. It aims to allocate Eur150m to investments that address key societal challenges in the areas of environmental (e.g. climate change), life (e.g. health and longevity) or socio-economic (e.g. poverty) risks.</p> <p>The Renewable Energy / Clean Tech fund has commitments of Eur 200m and focuses on assets such as wind energy generation.</p> |
| Other (1) [as defined in Organisational Overview module] | AXA Group has allocations to private debt (e.g. microfinance) via direct investments and via its Impact Investment fund. In relation to the latter, potential investments are assessed based on their ability achieve measurable social and/or environmental impact as well as a level of financial return. This initiative was launched in 2013 and will continue to develop throughout 2014.   |

## Innovation

| OA 18   | Voluntary   | Descriptive | General |
|---------|---|-------------|---------|
| OA 18.1 | Describe any specific features of your approach to responsible investment that you believe are particularly innovative. |             |         |

1. The Group Impact Investing fund of funds, which is deploying €150m to invest in private projects with social and environmental impact and a financial return.
2. AXA IM has published research and thought pieces on the integration of ESG issues into corporate and sovereign bonds. These pieces support ongoing integration efforts within the AXA Group RIC.

## Assurance of responses

| OA 19   | Voluntary   | Additional Assessed | General |
|---------|---|---------------------|---------|
| OA 19.1 | Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties. |                     |         |

☒ Yes

**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☐ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

**OA 19.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

AXA's UN PRI report has been developed and reviewed by the Group RI Committee, in close collaboration with AXA IM and AllianceBernstein representatives.

☐ No

AXA Group

Reported Information

Public version

Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

### Strategies

☒ Passive

% of internally managed listed equities

☒ <10%

**Report on your strategies that represent <10% of listed equities**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active – quantitative (quant)

% of internally managed listed equities

☐ <10%

☒ 10-50%

☐ >50%

☒ Active – fundamental and other active strategies

% of internally managed listed equities

☐ <10%

☐ 10-50%

☒ >50%

LEI 02

Voluntary

Descriptive

PRI 1

**LEI 02.1**

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

One of AXA Group's main innovations in 2013 has been to develop, and begin implementing, a Group-wide ESG integration project. This project applies to all Group assets (fixed income, equities, property etc.).

The project is overseen by the Group RIC, which is working closely with AXA IM and AB. The main objectives of the ESG Integration project are:

3. To identify ESG risks across Group assets (using a proprietary methodology)
4. Use the information obtained from (1) to track, and ultimately reduce, ESG risk exposure over time

The RIC is in the process of defining part 1 and will continue to work on this during 2014.

## ESG incorporation in actively managed listed equities

### Implementation processes

**LEI 03****Mandatory****Gateway/Core Assessed****PRI 1****LEI 03.1**

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)

%

96

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☒ No incorporation strategies applied

|   |  |
|---|--|
| Percentage of active listed equity to which no incorporation strategy is applied (estimate +/- 10%) | <div> <div></div> <div>%</div> </div> <div>4</div> |
|---|--|

#### Total actively managed listed equities

100%

#### LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

As outlined above, AXA Group's approach to RI is driven by its objective of aligning its corporate responsibility agenda with its investment activities. Building on this, the Group RIC has initiated a Group-wide focus on ESG integration as a means of understanding, identifying and reducing ESG risk drivers that can impact long-term investment performance.

The ESG Integration project applies to all Group assets. This is further supported by the Group's existing approach to exclusions - specifically on the areas outlined in the Group RI Policy (which includes controversial weapons and sanctioned countries) - which apply to all Group assets. Thematic allocations account for a minority of Group assets (approximately 0.1% of total AUM) although are meaningful amounts in absolute terms. These allocations are focused on "impact investments".

| LEI 04   | Voluntary   | Additional Assessed | PRI 1 |
|----------|---|---------------------|-------|
| LEI 04.1 | Indicate what ESG information you use in your ESG incorporation strategies and who provides this information. |                     |       |

#### Type of ESG information

- ☒ Raw ESG company data

#### Indicate who provides this information

- ☒ ESG research provider  
☐ Sell-side  
☒ In-house – specialised ESG analyst or team  
☒ In-house – analyst or portfolio manager  
☒ Company-related analysis or ratings

#### Indicate who provides this information

- ☒ ESG research provider  
☒ Sell-side  
☒ In-house – specialised ESG analyst or team  
☒ In-house – analyst or portfolio manager  
☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

**LEI 04.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

At the Group level the RIC is developing a proprietary methodology for assessing and tracking ESG risk across all Group assets. This process will draw on the existing expertise within AXA IM and AB to aggregate Group wide data.

At the entity level, AXA IM has a well-established approach to ESG integration and has invested significant resources into building a team of 11 experienced RI professionals who work with its investment platforms to integrate ESG issues into its investment work. AXA IM investment teams have access to a variety of in-house generated and externally sourced ESG data. AB provides all analysts with third party ESG data via existing research tools. Sell-side (broker) research on ESG issues is used when relevant.



|                 |  |
|-----------------|--|
| <b>LEI 04.3</b> | Indicate if you incentivise brokers to provide ESG research. |
|-----------------|--|

☒ Yes

|                 |                                       |
|-----------------|---------------------------------------|
| <b>LEI 04.4</b> | Describe how you incentivise brokers. |
|-----------------|---------------------------------------|

5% of AXA IM's broker review is allocated for incentivising external research.

☐ No

|               |                  |                            |              |
|---------------|------------------|----------------------------|--------------|
| <b>LEI 05</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>PRI 1</b> |
|---------------|------------------|----------------------------|--------------|

|                 |   |
|-----------------|---|
| <b>LEI 05.1</b> | Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making. |
|-----------------|---|

☒ Engagement

☒ We have a systematic process to ensure the information is made available.

☐ We occasionally make this information available.

☐ We do not make this information available.

☒ (Proxy) voting

☒ We have a systematic process to ensure the information is made available.

☐ We occasionally make this information available.

☐ We do not make this information available.

## (A) Implementation: Screening

|               |                  |                    |              |
|---------------|------------------|--------------------|--------------|
| <b>LEI 06</b> | <b>Mandatory</b> | <b>Descriptive</b> | <b>PRI 1</b> |
|---------------|------------------|--------------------|--------------|

|                 |  |
|-----------------|--|
| <b>LEI 06.1</b> | Indicate and describe the type of screening you apply to your internally managed active listed equities. |
|-----------------|--|

### Type of screening

☒ Negative/exclusionary screening

#### Screened by

☒ Product

☐ Activity

☒ Sector

☒ Country/geographic region

☐ Environmental and social practices and performance

☐ Corporate governance

|  | Description |
|--|-------------|
|--|-------------|

AXA Group recognises that some ESG issues are particularly sensitive and require investors to consider this in their handling of them. Some activities and products may be in conflict with AXA's corporate responsibility goals of protecting people over the long-term and may be detrimental to AXA's global brand and reputation. Within this context, AXA has developed specific "sector guidelines" that seek to address those issues. These policies currently include the following topics:

5. Controversial weapons
6. Sanctioned countries (identified as having high levels of corruption or political risk)
7. Agricultural derivatives ("soft commodities") and
8. Palm oil and forestry

Group wide exclusions have been established based on the above sector guidelines.

☐ Positive/best-in-class screening

☐ Norms-based screening

|                 |   |
|-----------------|---|
| <b>LEI 06.2</b> | Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made. |
|-----------------|---|

AXA Group works with its investment management entities (AXA IM and AB) as well as external advisers to develop its screening criteria.

|               |                  |                      |              |
|---------------|------------------|----------------------|--------------|
| <b>LEI 07</b> | <b>Mandatory</b> | <b>Core Assessed</b> | <b>PRI 1</b> |
|---------------|------------------|----------------------|--------------|

|                 |   |
|-----------------|---|
| <b>LEI 07.1</b> | Indicate which processes your organisation uses to ensure that screening is based on robust analysis. |
|-----------------|---|

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

|               |                  |                            |              |
|---------------|------------------|----------------------------|--------------|
| <b>LEI 08</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>PRI 1</b> |
|---------------|------------------|----------------------------|--------------|

|                 |   |
|-----------------|---|
| <b>LEI 08.1</b> | Indicate which processes your organisation uses to ensure that fund criteria are not breached |
|-----------------|---|

☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:

☒ Systematic

☐ Occassional

☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.

☒ Audits of fund holdings are undertaken regularly by internal audit function

☐ Other, specify

☐ None of the above

|                 |  |
|-----------------|--|
| <b>LEI 08.2</b> | If breaches of fund screening criteria are identified - describe the process followed to correct those breaches. |
|-----------------|--|

Breaches of screening criteria are monitored by Group Risk Management (GRM) and Group Legal. GRM and Legal follow up directly with AXA IM and AB in the event of a breach, which is rare.

## (C) Implementation: Integration of ESG issues

|               |                  |                    |              |
|---------------|------------------|--------------------|--------------|
| <b>LEI 10</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>PRI 1</b> |
|---------------|------------------|--------------------|--------------|

**AXA Group:**

As discussed in our responses to earlier questions in this module, in 2013 the RIC established a Group-wide ESG Integration project. Its aim is to identify ESG risks across the portfolio of Group assets and, over time, track and manage ESG risk exposure. The objective is to improve the ESG risk profile of the Group's assets. The RIC is currently focused on developing an in-house ESG risk assessment methodology, leveraging the expertise of AXA IM and AB.

Additional details of the existing ESG integration activities of AXA IM and AB are provided below.

**AXA IM:**

AXA IM integrates ESG factors into the investment processes through various approaches:

RI Search platform: To assist in mainstreaming (the integration of ESG factors), the AXA IM RI team launched its RI tool 'RI Search' in 2007. This tool provides access to a wide range of extra-financial data and analysis on ESG factors across asset classes and thus enables its portfolio managers to incorporate ESG criteria into their investment decisions. The range of functionalities on RI-Search include investment universe screening, ESG portfolio footprints, carbon data calculations, sector screening, as well as company specific ratings, research and analysis.

Company reports: AXA IM's fundamental analyst team produces detailed reviews looking at the ESG issues impacting investee companies. These reports are shared with fund managers and analysts by email and also stored on RI Search which is accessible by all of AXA IMs investment teams.

Investment team meetings: The RI team participates in the investment team meetings where we share our particular insights into ESG issues impacting on investee companies.

Engagement: AXA IM's approach is for an integrated engagement approach with the full participation of relevant fund managers and analysts in setting up the particular engagement strategy and the follow-up meetings with companies. For example, AXA IM is conducting a coordinated engagement programme which focuses on ESG risk issues which are impacting on company valuation for targeted companies. The target companies have been jointly identified by the Investment and RI teams and the follow-up engagement is coordinated and attended by representatives of both teams.

ESG Impact: ESG ex-post analysis of portfolios is conducted with the aim of identifying the main ESG risks in top holding positions. In addition, ESG key criteria are calculated by portfolio in order to assess the ESG performance provided by the sector and stock allocation.

Training: The RI team organises ongoing training on ESG issues to AXA IM staff. These sessions cover the team's activity (research methodology, proxy voting, etc.); emerging ESG issues and the ESG initiatives in which AXA IM participates. In addition, each investment platform receives formal training on the features and functions of the RI Search tool.

**AllianceBernstein:**

AB includes ESG factors in its investment process and considers them carefully when it

believes they are material to forecasts and investment decisions. If AB determines that these aspects of an issuer's past, current, or anticipated behaviour are material to its future expected returns, these concerns are addressed in AB's forecasts, research reviews, investment decisions, and engagement. For most teams, analysts are required to bring copies of AB's third-party service provider's ESG ratings to research reviews. Portfolio managers and/or directors of research seek to understand drivers of low ratings and how those factors impact the analyst's investment thesis.

|        |           |               |       |
|--------|-----------|---------------|-------|
| LEI 11 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

|          |   |
|----------|---|
| LEI 11.1 | Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies. |
|----------|---|

| ESG issues           | Coverage/extent of review on these issues   |
|----------------------|---|
| Environmental        | <input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly<br><input type="radio"/> We do not review environmental issues                      |
| Social               | <input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly<br><input type="radio"/> We do not review social issues   |
| Corporate Governance | <input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly<br><input type="radio"/> We do not review corporate governance issues |

|        |           |             |       |
|--------|-----------|-------------|-------|
| LEI 12 | Voluntary | Descriptive | PRI 1 |
|--------|-----------|-------------|-------|

|          |   |
|----------|---|
| LEI 12.1 | Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis. |
|----------|---|

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

|          |   |
|----------|---|
| LEI 12.2 | Describe how ESG information is held and used by your portfolio managers. |
|----------|---|

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

|          |                         |
|----------|-------------------------|
| LEI 12.3 | Additional information. |
|----------|-------------------------|

Within our Group entities, AXA IM has the most established process for disseminating ESG information to investment teams. The in-house AXA IM RI team does this through the following means:

9. Monthly email: this contains the RI team's latest company ESG reports, including a recommendation scale (positive, negative or neutral)
10. RI Search Platform: all portfolio managers have access to this platform that contains ESG scores, ESG fundamental research and voting activity for every company/issuer.
11. Bloomberg platform: Bloomberg is used to communicate with fund managers through the IRH (In House Research) function. The information uploaded here is only for internal users.
12. Investment Committees: AXA IM RI team members take part in investment committees, in which the team's ESG opinions are provided and discussed with equity fund managers.

|        |           |                     |       |
|--------|-----------|---------------------|-------|
| LEI 13 | Voluntary | Additional Assessed | PRI 1 |
|--------|-----------|---------------------|-------|

|                 |   |
|-----------------|---|
| <b>LEI 13.1</b> | Indicate into which aspects of investment analysis you integrate ESG information. |
|-----------------|---|

- ☒ (Macro) economic analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Industry analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Analysis of company strategy and quality of management
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Idea generation
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Portfolio construction
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Fair value/fundamental analysis
  - ☐ Systematically
  - ☒ Occasionally

|                 |  |
|-----------------|--|
| <b>LEI 13.2</b> | Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis. |
|-----------------|--|

- ☒ Adjustments to income forecasts (sales, earnings, cash flows)
- ☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☐ Other adjustments to fair value projections, specify
- ☐ Other, specify

|                 |                         |
|-----------------|-------------------------|
| <b>LEI 13.3</b> | Additional information. |
|-----------------|-------------------------|

The above selections reflect the activities of both AXA IM and AB.

## Outputs and outcomes

| LEI 16          | Voluntary  | Descriptive | PRI 1 |
|-----------------|--|-------------|-------|
| <b>LEI 16.1</b> | Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance. |             |       |
|                 | a) Impacted funds' financial performance   |             |       |

| Screening                            | Integration of ESG issues           |
|--------------------------------------|-------------------------------------|
| <input checked="" type="radio"/> Yes | <input type="radio"/> Yes           |
| <input type="radio"/> No             | <input checked="" type="radio"/> No |

#### b) Reduced funds' risk or volatility

| Screening                            | Integration of ESG issues           |
|--------------------------------------|-------------------------------------|
| <input checked="" type="radio"/> Yes | <input type="radio"/> Yes           |
| <input type="radio"/> No             | <input checked="" type="radio"/> No |

#### c) Improved funds' ESG performance

| Screening                            | Integration of ESG issues            |
|--------------------------------------|--------------------------------------|
| <input checked="" type="radio"/> Yes | <input checked="" type="radio"/> Yes |
| <input type="radio"/> No             | <input type="radio"/> No             |

#### LEI 16.2

Describe how you are able to determine these outcomes and your actual performance.

As set out in OO 9.1, the AXA Group RI Committee believes that ESG issues can impact risk and returns. This belief supports the Group-wide ESG integration initiative established in 2013. However, it is too early to state that this initiative has had an impact on either fund performance or risk.

AXA IM has developed several methods to identify ESG impacts on financial performance, funds' risk or volatility and ESG performance - see below:

13. Back tests of funds to correlate ESG criteria with financial performance and volatility
14. Launched an ESG impact report, to help clients and portfolio managers to measure the ESG fund's performance with that of the benchmark, review the top ESG risks, and assess the most meaningful Key Performance Indicators such as carbon and water footprint as well as the independence and gender balance of Boards.
15. Issuing research pieces that demonstrate the correlation between ESG and financial performance e.g. "Taking Carbon Risk into account" (2010), "Mind the Gap: Experienced Engineers Wanted" (2012); "Piloting ESG Integration" (2013) and "A Responsible Investment Approach: to Smart Beta Equity Investing" (2014)

## Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6



**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☐ We disclose it publicly
- ☒ We disclose it to clients and/or beneficiaries only

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
  - ☒ Between quarterly and annually
  - ☐ Less frequently than annually
  - ☐ Other, specify
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.5**

Additional information. [Optional]

Details of the Group RIC's ESG Integration project are not currently disclosed publicly. As the initiative develops the RIC may decide to disclose details of its approach and progress, for example, in future PRI reports.

AXA Group

Reported Information

Public version

Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

| LEA 01   | Voluntary   | Descriptive | PRI 2 |
|----------|---|-------------|-------|
| LEA 01.1 | Provide a brief overview of your organisation's approach to engagement. |             |       |

AXA Group aims to use its influence as a large asset owner to encourage ESG best practice within the companies in which it invests. We aim to do this by:

- Ensuring that all investment mandates related to the management of general account assets comply with the requirement of this policy
- Developing our ESG expectations of the companies in which we invest and how we will exercise our rights as a shareholder in order to achieve them.
- Encouraging high standards of corporate governance as well as good management of environmental and social risks.
- Monitoring its asset managers' adherence to this policy.

Because ESG issues also require collective actions, the AXA Group is a signatory of the UN Principles for Responsible Investment since 2012. Both of AXA's internal asset managers, AXA IM and AllianceBernstein, are also UN PRI signatories since 2007 and 2011, respectively.

AXA is also an active member of the United Nations Environment Programme - Finance Initiative ([www.unepfi.org](http://www.unepfi.org)) and supports the development and implementation of the UN Principles for Sustainable Insurance with industry peers. Such collaborative initiatives enable us to work with other investors to understand the impacts of environmental and social considerations on financial performance.

Additional details on our approach to RI can be found in the AXA Group Global RI policy: <http://www.axa.com/en/responsibility/shareholders-esg-risk-management/responsible-investment/>

| LEA 02   | Mandatory   | Gateway | PRI 1,2,3 |
|----------|---|---------|-----------|
| LEA 02.1 | Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions. |         |           |

| Type of engagement                           | Reason for interaction   |
|--|--|
| <b>Individual/Internal staff engagements</b> | <input checked="" type="checkbox"/> To support investment decision-making (e.g. company research)<br><input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues<br><input checked="" type="checkbox"/> To encourage improved ESG disclosure<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> We do not engage via internal staff            |
| <b>Collaborative engagements</b>             | <input checked="" type="checkbox"/> To support investment decision-making (e.g. company research)<br><input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues<br><input checked="" type="checkbox"/> To encourage improved ESG disclosure<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> We do not engage via collaborative engagements |
| <b>Service provider engagements</b>          | <input type="checkbox"/> To support investment decision-making (e.g. company research)<br><input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues<br><input type="checkbox"/> To encourage improved ESG disclosure<br><input type="checkbox"/> Other, specify<br><input checked="" type="checkbox"/> We do not engage via service providers                               |

## Process

### Process for engagements run internally

|                 |   |                      |              |
|-----------------|---|----------------------|--------------|
| <b>LEA 03</b>   | <b>Mandatory</b>  | <b>Core Assessed</b> | <b>PRI 2</b> |
| <b>LEA 03.1</b> | Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff. |                      |              |

☉ Yes

**LEA  
03.2**

Describe how you identify and prioritise engagements.

AXA Group does not engage directly with issuers of the assets it owns. Instead we expect our investment managers - AX IM and AB - to engage our behalf and we monitor their activities as set out in the AXA Group Global RI policy. The engagement approach taken by each Group entity is summarised below.

**AXA IM:**

AXA IM has established a process which guides its ESG engagement priorities. It proactively establishes engagement themes for the relevant period, in addition to reactive engagement that is conducted on an ongoing basis.

AXA IM also takes account of the following factors in determining engagement priorities:

- Impact/benefit of the engagement
- Relevance of the issue
- Risk exposure
- Relevant weight holdings
- Ability to influence company either solely or through collaboration with other investors.

**AB:**

AB does not have a formal process for engaging with the issuers of the assets it manages. However, its research analysts, portfolio managers, and/or directors of research engage with senior management of companies on a regular basis, as part of the research process.

In addition, AB's proxy team engages with companies. AB decides whether to engage on ESG issues based on whether it believes the issue is material or may become material to forecasts.

One of AB's goals for 2014 is to develop a framework for engagement on proxy-related issues.

☐ No

| LEA 04              | Mandatory  | Core Assessed | PRI 2 |
|---------------------|--|---------------|-------|
| <b>LEA<br/>04.1</b> | Indicate if you define specific objectives for your engagement activities. |               |       |

- ☒ Yes
- ☒ Yes, for all engagement activities
  - ☐ Yes, for the majority of engagement activities
  - ☐ Yes, for a minority of engagement activities
- ☐ No

**LEA  
04.2**

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
- ☒ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

**LEA  
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

AXA Group monitors the activities of its investment managers annually via an internal manager monitoring process. Reports are received and reviewed by the RIC. The RIC continues to work closely with both AXA IM and AB, especially on ESG integration.

Brief comments are provided below on the approach taken by each of the Group entities.

**AXA IM:**

AXA IM has a monitoring process which tracks its engagements and progress against established objectives. Its process is as follows:

- Establish engagement plan including concerns and objectives
- Raise issues of concern with company representatives
- Evaluate company response against engagement objectives
- If appropriate, escalation of engagement would involve further meetings with the Chairman or other board representatives; collaborative engagement; exercise of investor rights to support engagement
- Review results

**AB:**

AB does not have a formal approach to engagement. However, engagement occurs within the existing investment process.

AB's analysts regularly engage with companies and follow up on material ESG issues to understand what actions the company has taken. The AB Proxy team may also have follow up discussions with companies to provide feedback and hear their plans to address issues raised in proxies.

- ☐ No

**Process for engagements conducted via collaborations****LEA 05****Mandatory****Core Assessed****PRI 2**

**LEA  
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

**LEA  
05.2**

Describe how you identify and prioritise collaborative engagements.

Within the AXA Group investment management entities, only AXA IM conducts collaborative engagement. An overview of its approach is provided below:

**AXA IM:**

AXA IM reviews collaborative engagements from a range of sources including engagement being conducted by organizations it belongs to. In addition to its established process for identifying engagement, AXA IM takes account of the following in determining whether to participate in collaborative initiatives :

- The relevance of the engagement objective(s) to AXA IM and its clients
- The profile and aims of other participating institutions
- Alignment of the engagement with AXA IM's identified engagement themes
- Exposure to companies or issues impacted by the engagement focus

☐ No

**LEA 06**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA  
06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

- ☒ Yes, for all collaborative engagement activities
- ☐ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

**LEA  
06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

- ☒ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

**LEA  
06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Typically, progress on collaborative engagement activities are monitored and evaluated via periodic meetings between the participants. These meetings are used to evaluate progress relative to objectives.

☐ No

## General processes for all three groups of engagers

**LEA 10**

**Mandatory**

**Gateway/Core Assessed**

**PRI 2**

**LEA  
10.1**

Indicate if you track the number of companies you engage with.

| Type of engagement                             | Tracking engagements  |
|--|---|
| <b>Individual / Internal staff engagements</b> | <input type="radio"/> Yes, we track the number of our engagements in full<br><input checked="" type="radio"/> Yes, we partially track the number of our engagements<br><input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers<br><input type="radio"/> No, we do not track and cannot estimate our engagements |
| <b>Collaborative engagements</b>               | <input type="radio"/> Yes, we track the number of our engagements in full<br><input checked="" type="radio"/> Yes, we partially track the number of our engagements<br><input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers<br><input type="radio"/> No, we do not track and cannot estimate our engagements |

**LEA  
10.2**

Additional information. [Optional]

AXA IM tracks all engagements and reports publicly on these activities - further information is provided under LEA15. Additional information is available via the AXA IM website at: <http://www.axa-im.com/en/responsible-investment/publications>

AllianceBernstein launched an engagement database during 2013 to begin capturing ESG-related engagements. Given the volume of analyst interactions with companies, and the wide variety and materiality of ESG issues discussed, AB does not capture every single discussion. In 2014, AB is focusing on increasing the tracking of its significant engagements.



## Outputs and outcomes

LEA 11

Mandatory to Report Voluntary to Disclose

Core Assessed

PRI 2

LEA  
11.1

Indicate the number of companies with which your organisation engaged during the reporting year.

|   | Number of companies engaged<br>(avoid double counting, see explanatory notes) |
|---|---|
| Individual / Internal staff engagements | 46  |
| Collaborative engagements               | 2   |

LEA  
11.2

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

| Type of engagement                      | % Comprehensive engagements  |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="radio"/> > 50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> None |
| Collaborative engagements               | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> None  |

LEA  
11.3

Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

| Type of engagement        | % Leading role  |
|---------------------------|---|
| Collaborative engagements | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> None |

|                 |                                    |
|-----------------|------------------------------------|
| <b>LEA 11.5</b> | Additional information. [Optional] |
|-----------------|------------------------------------|

Information on the number and scope of engagements relate to activities conducted by AXA IM only.

|               |                  |                            |              |
|---------------|------------------|----------------------------|--------------|
| <b>LEA 12</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>PRI 2</b> |
|---------------|------------------|----------------------------|--------------|

|                 |  |
|-----------------|--|
| <b>LEA 12.1</b> | Indicate if your engagements in the reporting year covered E, S and/or G issues. |
|-----------------|--|

| Type of engagement                      | Coverage   |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> Environmental<br><input checked="" type="checkbox"/> Social<br><input checked="" type="checkbox"/> Corporate Governance<br><input type="checkbox"/> We do not track this information |
| Collaborative engagements               | <input checked="" type="checkbox"/> Environmental<br><input checked="" type="checkbox"/> Social<br><input checked="" type="checkbox"/> Corporate Governance<br><input type="checkbox"/> We do not track this information |

|                 |   |
|-----------------|---|
| <b>LEA 12.2</b> | Provide an estimated breakdown by E, S and/or G issues. |
|-----------------|---|

|  |   |
|--|---|
|  | Individual / Internal staff engagements |
|--|---|

|  |                             |
|--|-----------------------------|
|  | % Corporate Governance only |
|--|-----------------------------|

60

|  |                          |
|--|--------------------------|
|  | % Overlapping ESG issues |
|--|--------------------------|

40

100%

|  |                           |
|--|---------------------------|
|  | Collaborative engagements |
|--|---------------------------|

|  |                      |
|--|----------------------|
|  | % Environmental only |
|--|----------------------|

100

100%

|                 |                         |
|-----------------|-------------------------|
| <b>LEA 12.3</b> | Additional information. |
|-----------------|-------------------------|

Information on the number and scope of engagements relate to activities conducted by AXA IM only.

|               |                  |                    |              |
|---------------|------------------|--------------------|--------------|
| <b>LEA 13</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>PRI 2</b> |
|---------------|------------------|--------------------|--------------|

|                 |  |
|-----------------|--|
| <b>LEA 13.1</b> | Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities. |
|-----------------|--|

☒ Yes

|                 |  |
|-----------------|--|
| <b>LEA 13.2</b> | Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities. |
|-----------------|--|

|   | Number of company changes or commitments to change |
|---|--|
| Individual / Internal staff engagements | 11   |
| Collaborative engagements               | 1  |

☐ No

|               |                  |                    |              |
|---------------|------------------|--------------------|--------------|
| <b>LEA 14</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>PRI 2</b> |
|---------------|------------------|--------------------|--------------|

|                 |   |
|-----------------|---|
| <b>LEA 14.1</b> | Provide examples of the engagements that your organisation carried out during the reporting year. |
|-----------------|---|

☒ Add Example 1

|                    |  |
|--------------------|--|
| Topic or ESG issue | ESG Integration  |
| Conducted by       | <input checked="" type="checkbox"/> Individual / Internal<br><input type="checkbox"/> Collaborative  |
| Objectives         | To develop AXA Group's approach to ESG integration across its asset allocation and narrow the valuation discount derived from poor ESG performance.  |
| Scope and Process  | <p>1. AXA IM developed a methodology to integrate ESG issues into mainstream fundamental company analysis.</p> <p>2. AXA IM White Paper - Piloting ESG Integration (<a href="http://www.axa-im.com/en/responsible-investment/publications">http://www.axa-im.com/en/responsible-investment/publications</a>) - a collaboration between AXA IM's RI and Insurance Investment Equity teams.</p> <p>3. The paper identified six core ESG criteria material to the long-term performance of companies - Performance, Remuneration, Control, Employees, Environment and Board Oversight.</p> <p>4. Companies evaluated by mainstream sectors analysts using publicly available information and meetings with senior executives and board members.</p> <p>5. Information integrated into the valuation process and used to identify 'undervalued' companies where ESG performance is a material contributory factor to the discount between market price and our assessment of the company's intrinsic value.</p> <p>6. Proactive and targeted engagement with the Chairman and senior non-executives directors of six undervalued companies to correct identified ESG concerns.</p> |
| Outcomes           | <p>AXA IM has recorded positive changes with four of the target companies. Changes include;</p> <p>16. Appointment of non-executive directors with appropriate background and skillsets for a more effective oversight of strategy and executive performance.</p> <p>17. Improved safety risk oversight processes</p> <p>18. Alignment of remuneration with company strategy by adopting relevant performance measures rewarding operational excellence and not just stock market performance</p> <p>19. Improved disclosure and management of environmental impacts</p>   |

☒ Add Example 2

|                    |  |
|--------------------|--|
| Topic or ESG issue | Management of Environmental and Social Risks   |
| Conducted by       | <input checked="" type="checkbox"/> Individual / Internal<br><input type="checkbox"/> Collaborative  |
| Objectives         | Improved Board oversight of material environmental and social risks of relevance to the company.   |
| Scope and Process  | <p>AX IM focused its engagement on companies in high impact sectors which did not have focused board committees on relevant environmental or social issues or were not able to demonstrate particular process for monitoring relevant risks in the absence of such committees.</p> <p>Letters and meetings with target company executives and board members.</p>   |
| Outcomes           | <p>Following AXA IM's engagement it found the following:</p> <ul style="list-style-type: none"> <li>• Several companies had appropriate Board oversight processes but needed to improve disclosure to shareholders. These companies have now improved disclosure.</li> <li>• Two companies have now established board committees to lead on environmental and social issues oversight on behalf of the Board.</li> </ul> |

☒ Add Example 3

|                    |  |
|--------------------|--|
| Topic or ESG issue | Governance   |
| Conducted by       | <input checked="" type="checkbox"/> Individual / Internal<br><input type="checkbox"/> Collaborative  |
| Objectives         | AllianceBernstein's objective was to influence the company to increase shareholder value by spinning off one of its businesses.  |
| Scope and Process  | <p>The engagement target was a public company with a strong influence by the founding family members where AllianceBernstein believed there was potential to unleash shareholder value. Subsequent to its investment, an activist fund took a significant position to push the company to spin-off one of its businesses.</p> <p>AllianceBernstein engaged with the activist fund and with company management to weigh opposing views about the operational improvements made to the business, asset allocation, potential dissynergies from spinning off the business, and corporate governance more generally including the compensation of the CEO and separate Chairman (a founding family member). Ultimately, the company retained an investment bank to perform an analysis of a spin off.</p> <p>AllianceBernstein also discussed the Chairman's role and that another acquisition would not be a good idea as dividends and repurchases would be a better use of capital.</p> |
| Outcomes           | AllianceBernstein's next steps will be driven by the quality and helpfulness of the analysis which it intends to evaluate independently. In the meantime, AllianceBernstein continues to hold the position and closely monitors the situation and progress - it appears the Board is taking its responsibilities to shareholders seriously.  |

☒ Add Example 4

|                    |   |
|--------------------|---|
| Topic or ESG issue | Environmental and Governance  |
| Conducted by       | <input checked="" type="checkbox"/> Individual / Internal<br><input type="checkbox"/> Collaborative   |
| Objectives         | To understand the company's plans for infrastructure and address governance concerns.   |
| Scope and Process  | This mining company has an area that contains very large deposits that have been mined for years. Much of the processing technology was old and did not meet modern pollution standards. Governance issues at the company have historically been poor. AllianceBernstein engaged with the company on governance issues, to encourage them to produce greater disclosure on their emissions and get an update on their new facility to replace old technology. |
| Outcomes           | Maintained position. The company improved emissions disclosure and have reduced sulphur emissions significantly through a new processing facility. Enhancements have been made to improve shareholder value, including establishing significant minimum dividend payout targets.  |

- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## Communication

|        |           |               |         |
|--------|-----------|---------------|---------|
| LEA 15 | Mandatory | Core Assessed | PRI 2,6 |
|--------|-----------|---------------|---------|

|          |  |
|----------|--|
| LEA 15.1 | Indicate whether your organisation proactively discloses information on its engagements. |
|----------|--|

- ☒ We disclose it publicly

|  |                    |
|--|--------------------|
|  | please provide URL |
|--|--------------------|

<http://www.axa.com/en/responsibility/customers-products/asset-management/>

|  |                    |
|--|--------------------|
|  | please provide URL |
|--|--------------------|

<http://www.axa-im.com/en/responsible-investment/publications>

**LEA  
15.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☐ Yes

☒ No

**LEA  
15.3**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

| Reporting to the public   | Reporting to clients/beneficiaries   |
|---|--|
| <b>Engagement information disclosed</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</li><li><input checked="" type="checkbox"/> Number of engagements</li><li><input type="checkbox"/> Breakdown of engagements by type/topic</li><li><input type="checkbox"/> Breakdown of engagements by region</li><li><input type="checkbox"/> An assessment of the current status of the engagement</li><li><input type="checkbox"/> Outcomes that have been achieved from the engagement</li><li><input type="checkbox"/> Other information</li></ul> | <b>Engagement information disclosed</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</li><li><input checked="" type="checkbox"/> Number of engagements</li><li><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</li><li><input checked="" type="checkbox"/> Breakdown of engagements by region</li><li><input type="checkbox"/> An assessment of the current status of the engagement</li><li><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</li><li><input type="checkbox"/> Other information</li></ul> |

**LEA  
15.4**

Indicate how frequently you typically report engagements information.

| Reporting to the public  | Reporting to clients/beneficiaries   |
|--|--|
| <ul style="list-style-type: none"><li><input type="radio"/> Disclosed continuously (prior and post engagements)</li><li><input type="radio"/> Disclosed quarterly</li><li><input checked="" type="radio"/> Disclosed annually</li><li><input type="radio"/> Disclosed every two years or less</li><li><input type="radio"/> Other, specify</li></ul> | <ul style="list-style-type: none"><li><input type="radio"/> Disclosed continuously (prior and post engagements)</li><li><input type="radio"/> Disclosed quarterly</li><li><input checked="" type="radio"/> Disclosed annually</li><li><input type="radio"/> Disclosed every two years or less</li><li><input type="radio"/> Other, specify</li></ul> |

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries.



|             |                                    |
|-------------|------------------------------------|
| LEA<br>15.6 | Additional information. [Optional] |
|-------------|------------------------------------|

Both AXA IM and AB are required to report to the AXA Group RIC on an annual basis. This includes information on voting and engagement activities conducted during the year.

The information disclosed above (under 15.1, 15.2& 15.3) relates to AXA IM activities only.

## (Proxy) voting and shareholder resolutions

### Overview

|        |           |             |       |
|--------|-----------|-------------|-------|
| LEA 16 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

**AXA Group:**

AXA Group's approach to active ownership is set out in its Group RI policy, available here:  
[http://www.axa.com/lib/axa/uploads/docsdd/AXA\\_Group\\_Responsible\\_Investment\\_Policy\\_2013.pdf](http://www.axa.com/lib/axa/uploads/docsdd/AXA_Group_Responsible_Investment_Policy_2013.pdf)

The exercise of voting is substantially delegated to its investment management entities - brief details of the activities of AXA IM and AB are provided below.

**AXA IM:**

AXA IM believes that voting at company meetings is an important part of the dialogue between a company and its shareholders and a fundamental aspect of its fiduciary duty. Considered voting is at the core of AXA IM's corporate governance activity.

The AXA IM Corporate Governance & Voting Policy provides a robust framework for the proper governance of companies and guides our voting activities - the policy is available here:  
<http://www.axa-im.com/en/responsible-investment/publications>.

AXA IM's policy is based on principles of good corporate governance which serve to protect the long-term interests of shareholders. In addition to this global policy, AXA IM has also developed voting guidelines for specific markets taking account of the fact that practices vary in different jurisdictions and that the companies in which we invest are subject to different local laws and regulations on governance matters.

AXA IM has established a Corporate Governance Committee which guides and oversees the application of the Corporate Governance and Voting Policy. Members include fund managers and senior AXA IM personnel who have a well-established corporate governance profile in their respective markets.

The RI team, working under the direction of the Corporate Governance Committee, actively monitors resolutions proposed for shareholder approval at general meetings and exercises voting rights on behalf of clients. When reviewing resolutions proposed at general meetings AX IM judges resolutions against fundamental principles of good corporate governance, while taking account of best practice standards pertinent to the relevant market and each Company's particular circumstances.

**AllianceBernstein:**

As an investment advisor, AB is a shareholder advocate and has a fiduciary duty to make investment decisions that are in its clients' best interests (including those of AXA Group) by maximizing the value of the shares held. Proxy voting is an integral part of this process through which AB supports strong corporate governance structures, shareholder rights, and transparency.

AB believes a company's ESG practices may have a significant effect on the value of the company, and takes these factors into consideration when voting. AB's Proxy Policy, which is developed and updated annually by the Proxy Committee, drives voting decisions. This policy and the results of AB's proxy votes are available on our public website, see:  
[https://www.alliancebernstein.com/abcom/Our\\_Firm/About\\_Us/Responsible-Investing.htm](https://www.alliancebernstein.com/abcom/Our_Firm/About_Us/Responsible-Investing.htm)

**Process**

|        |           |             |       |
|--------|-----------|-------------|-------|
| LEA 17 | Mandatory | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

|          |   |
|----------|---|
| LEA 17.1 | Indicate how you typically make your (proxy) voting decisions and what this approach is based on. |
|----------|---|

|          |
|----------|
| Approach |
|----------|

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

|                    |
|--------------------|
| Based primarily on |
|--------------------|

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

|          |                                   |
|----------|-----------------------------------|
| LEA 17.2 | Additional information.[Optional] |
|----------|-----------------------------------|

AXA Group instructs AXA IM and AB to act in its best interests when exercising voting rights. As already disclosed, the RIC monitors the voting and engagement activities of both entities annually, via its internal asset management monitoring process.

Details of the voting activities of AXA IM and AB are disclosed via their respective websites - see:

**AXA IM:** <http://www.axa-im.com/en/responsible-investment/publications>

**AllianceBernstein:** <http://vds.issproxy.com/SearchPage.php?CustomerID=447>

|        |           |             |       |
|--------|-----------|-------------|-------|
| LEA 19 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

|          |   |
|----------|---|
| LEA 19.1 | To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following. |
|----------|---|

- ☒ Obtain confirmation that votes have been lodged:
- ☐ for a majority of votes
- ☒ for a minority of votes
- ☒ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA  
19.2

Provide additional information on your organisation's vote confirmation efforts.

Brief details of how AXA IM and AB approach this issue are provided below.

**AXA IM:** AXA IM's Middle Office works with custodians, registers and companies to conduct an 'end to end' tracking of selected votes.

**AB:** AB has a two-tier voting process. Votes are cast by AB's proxy manager and a separate team is responsible for quality control, which includes ensuring votes are cast in a timely manner. In addition, AB's service providers generate reports of upcoming proxies that have not been voted.

LEA 21

Mandatory

Core Assessed

PRI 2

LEA  
21.1

Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
- ☒ votes in selected markets
  - ☒ votes on certain issues (all markets)
  - ☒ votes for significant shareholdings (all markets)
  - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

## Outputs and outcomes

LEA 22

Mandatory

Core Assessed

PRI 2

LEA  
22.1

For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ☒ We do track or collect this information

Votes cast (to the nearest 1%)

%

92

|  |  |
|--|--|
|  | Specify the basis on which this percentage is calculated |
|--|--|

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

|                 |  |
|-----------------|--|
| <b>LEA 22.2</b> | If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional] |
|-----------------|--|

Issues that resulted in votes not being cast during the year included share blocking and markets.

☐ We do not track or collect this information

|               |           |             |       |
|---------------|-----------|-------------|-------|
| <b>LEA 23</b> | Voluntary | Descriptive | PRI 2 |
|---------------|-----------|-------------|-------|

|                 |  |
|-----------------|--|
| <b>LEA 23.1</b> | Indicate if you track the voting instructions that you and/or your third party have issued on your behalf. |
|-----------------|--|

☒ Yes, we track this information

|                 |   |
|-----------------|---|
| <b>LEA 23.2</b> | Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were: |
|-----------------|---|

| Voting instructions                     | Breakdown as percentage of votes cast   |
|---|---|
| For (supporting) management proposals   | <div style="display: flex; align-items: center;"> <div style="width: 93%; height: 15px; background-color: #808080; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <div style="display: flex; align-items: center;"> <span style="width: 93%; border-bottom: 1px solid black; margin-right: 5px;"></span> <span style="margin-left: 5px;">93</span> </div> |
| Against (opposing) management proposals | <div style="display: flex; align-items: center;"> <div style="width: 7%; height: 15px; background-color: #808080; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <div style="display: flex; align-items: center;"> <span style="width: 7%; border-bottom: 1px solid black; margin-right: 5px;"></span> <span style="margin-left: 5px;">7</span> </div>    |
| Abstentions                             | <div style="display: flex; align-items: center;"> <div style="width: 0%; height: 15px; background-color: #808080; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <div style="display: flex; align-items: center;"> <span style="width: 0%; border-bottom: 1px solid black; margin-right: 5px;"></span> <span style="margin-left: 5px;">0</span> </div>    |

100%

**LEA  
23.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

Brief details on the approach of AXA IM and AB to shareholder resolutions is provided below:

**AXA IM:** AXA IM reviews shareholder resolutions taking account of the company's particular circumstances, its own position as a long-term responsible investors and its wider stewardship responsibilities. AXA IM voted in favour of 23% of resolutions proposed by shareholders in 2013.

**AB:** AB evaluates all shareholder resolutions and votes according to its policy. If an issue arises which isn't addressed by the AB policy, the Proxy Committee Chair and/or the Proxy Committee and Portfolio Manager or analyst are consulted. AB may engage with the entity putting forth the shareholder resolution as well as the company involved.

☐ No, we do not track this information

| LEA 24 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|
|--------|-----------|-------------|-------|

**LEA  
24.1**

Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☐ Yes

☒ No

| LEA 25 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|
|--------|-----------|-------------|-------|

**LEA  
25.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1

|                    |  |
|--------------------|--|
| Topic or ESG issue | Oversight of banks   |
| Decision made by   | <input checked="" type="checkbox"/> Internal staff<br><input type="checkbox"/> Service provider  |
| Objectives         | AXA IM's objective was to align voting activities with investment and engagement view taking account of regulatory and conduct issues impacting on banks and the Board's oversight on behalf of shareholders.  |
| Scope and Process  | <p>Guidance on voting provided by AXA IM Corporate Governance Committee. Where regulatory/conduct issues have been identified as a consequence of which significant regulatory fines or other sanctions have been imposed, AXA IM takes account of the following points in reaching voting decisions:</p> <ol style="list-style-type: none"> <li>20. Company circumstances and the period over which the conduct issues happened</li> <li>21. The tenure of current leadership and whether they were in charge at the time conduct issues occurred</li> <li>22. The level of fines imposed on company</li> <li>23. The reputational impact on company</li> <li>24. Overall impact on the economic interests of shareholders.</li> </ol> <p><b>Voting options include:</b></p> <ol style="list-style-type: none"> <li>25. Voting against annual discharge of management and board members in markets where this is a voting option</li> <li>26. Voting against/abstention on the election or re-election of directors if the directors were in a position of leadership at the time conduct issue occurred; or if company's approach to resolving issue puts into question the directors' discharge of their oversight responsibilities.</li> <li>27. Voting against remuneration reports where the board did not take sufficient account of events/fines and impact on shareholders' economic interests in determining remuneration outcomes.</li> </ol> <p>Separate from these issues highlighted above, for banks who have reached a satisfactory level of capital and a reasonable restoration of sustainable profitability AXA IM's AGM votes will be linked to the goal of raising the dividend. For these banks AXA IM will vote against increases in executive remuneration where there has been no increase to/payment of dividends.</p> |
| Outcomes           | <ul style="list-style-type: none"> <li>- Voted against/abstained on the Remuneration Reports of several Banks</li> <li>- Voted against/abstained on re-election of directors</li> <li>- Ongoing Engagement on improving board oversight of Banks and alignment of rewards with performance.</li> </ul>   |

☒ Add Example 2

|                    |  |
|--------------------|--|
| Topic or ESG issue | Management and Board   |
| Decision made by   | <input checked="" type="checkbox"/> Internal staff<br><input type="checkbox"/> Service provider  |
| Objectives         | AllianceBernstein's objective was to minimise the impact on the company's share price and support a smooth transition of exiting Board members   |
| Scope and Process  | <p>One of AB's holdings had been criticised for overpaying for an acquisition which resulted in a multi-billion dollar write-down. A campaign was administered by a third party to oppose two directors deemed most responsible for the continuing poor oversight and lack of accountability.</p> <p>AB had discussions with the third party to fully understand their concerns and also engaged with company management and the Chairman of the Board to hear their response and their plans to resolve the evident problems. AB was given indications that there was a likelihood that the two directors targeted by the third party's vote-no campaign would resign after the annual meeting in order to ensure a smooth transition as opposed to sudden departure.</p>   |
| Outcomes           | <p>Based on these discussions, AB chose not to vote against the directors at the 2013 shareholder meeting. AB believed change was expected and did not want to give the impression to the public that a shareholder revolt was occurring as that could cause an unwanted distraction to management and place negative pressure on share price.</p> <p>Following the shareholder meeting, the two directors narrowly received majority support. An announcement was made that these two directors would leave the board within a few months. The Chairman also stepped down, but he would remain a director.</p> <p>AB feels the inherent distraction from these announcements should be manageable and were not surprised by the outcome. AB continues to monitor the impact of the changes on the rebuilding and recovery of the company.</p> |

☒ Add Example 3



|                    |  |
|--------------------|--|
| Topic or ESG issue | Diversity  |
| Decision made by   | <input checked="" type="checkbox"/> Internal staff<br><input type="checkbox"/> Service provider                                |
| Objectives         | AXA IM's objective was to increase the number of women on company boards.  |
| Scope and Process  | AXA IM decided to support shareholder resolutions on board diversity.  |
| Outcomes           | AXA IM voted in support of diversity-related resolutions/ This issue (diversity) is one of AXA IM's ongoing engagement themes. |

☒ Add Example 4

|                    |   |
|--------------------|---|
| Topic or ESG issue | Social  |
| Decision made by   | <input checked="" type="checkbox"/> Internal staff<br><input type="checkbox"/> Service provider   |
| Objectives         | AllianceBernstein's objective was to assess this company's position on disclosure related to Genetically Modified Organisms (GMOs).   |
| Scope and Process  | In 2013, a shareholder proposal was put forth for the company to report on genetically engineered materials. AllianceBernstein voted in favor of the disclosure. Subsequently, the company reached out in anticipation for the shareholder proposal to be on the 2014 ballot.<br><br>AllianceBernstein met with the CEO and investor relations in late 2013 to further discuss its perspective for supporting GMO disclosure. |
| Outcomes           | AllianceBernstein supported the shareholder proposal for additional disclosure on GMOs.   |

- ☐ Add Example 5  
☐ Add Example 6  
☐ Add Example 7  
☐ Add Example 8  
☐ Add Example 9  
☐ Add Example 10

## Communication

|        |           |               |         |
|--------|-----------|---------------|---------|
| LEA 26 | Mandatory | Core Assessed | PRI 2,6 |
|--------|-----------|---------------|---------|

|          |  |
|----------|--|
| LEA 26.1 | Indicate if your organisation proactively discloses information on your voting activities. |
|----------|--|

☒ We disclose it publicly

|             |
|-------------|
| provide URL |
|-------------|

<http://vds.issproxy.com/SearchPage.php?CustomerID=2281>

|             |
|-------------|
| provide URL |
|-------------|

<http://vds.issproxy.com/SearchPage.php?CustomerID=447>

|          |   |
|----------|---|
| LEA 26.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. |
|----------|---|

☒ Yes

|          |  |
|----------|--|
| LEA 26.3 | Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries. |
|----------|--|

|  |
|--|
| Indicate how much of your voting record you disclose |
|--|

- ☐ All voting decisions
- ☒ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

|  |
|--|
| Indicate what level of explanation you provide |
|--|

- ☐ Explain all voting decisions
- ☒ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA  
26.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA  
26.6

Additional information. [Optional]

The links disclosed above provide access to the voting records of AXA IM and AB. These voting records cover the significant majority of Group listed equity assets. We do not currently disclose voting activity conducted by entities other than AXA IM and AB.

AXA Group

Reported Information

Public version

Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

FI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

### Strategies

☒ Passive

Percentage of internally managed fixed income - corporate

☒ <10%

**Report on your strategies that represents <10% of corporate fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active – quantitative (quant)

Percentage of internally managed fixed income - corporate

☒ <10%

**Report on your strategies that represents <10% of corporate fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

☐ <10%

☐ 10-50%

☒ >50%

Fixed income – government

### Strategies

☒ Passive

Percentage of internally managed fixed income - government

☒ <10%

**Report on your strategies that represents <10% of government fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active – quantitative (quant)

Percentage of internally managed fixed income - government

☒ <10%

**Report on your strategies that represents <10% of government fixed income**

☐ Yes

☒ No

☐ 10-50%

☐ >50%

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

☐ <10%

☐ 10-50%

☒ >50%

FI 02

Mandatory to Report Voluntary to Disclose

Peering

General

FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

| Credit quality   | Fixed Income - Corporate  | Fixed Income - Government   |
|------------------|---|---|
| Investment grade | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50% | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50% |
| High yield       | <input type="radio"/> 0%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% | <input type="radio"/> 0%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% |
| Distressed       | <input type="radio"/> 0%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% | <input checked="" type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% |

**FI 02.2**

Provide a breakdown of your fixed income investments between primary and secondary market.

| Market                      | Fixed Income - Corporate  | Fixed Income - Government   |
|-----------------------------|---|---|
| Primary market (new issues) | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input checked="" type="radio"/> 10-50%<br><input type="radio"/> >50% | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input checked="" type="radio"/> 10-50%<br><input type="radio"/> >50% |
| Secondary market            | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50% | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50% |

**FI 02.3**

Additional information. [Optional]

The selections above represent our best approximation of the breakdown of fixed income investments across AXA IM and AllianceBernstein.

**ESG incorporation in actively managed fixed income**
**FI 03**

Voluntary

Descriptive

PRI 1

**FI 03.1**

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

The approaches taken by AXA IM and AB are set out below:

**AXA IM:**

- For corporate investments, AXA IM has developed an ESG framework relying on the inputs from several extra-financial agencies and internal conviction. This framework is composed of around 15 criteria across E, S and G dimensions, the overall ESG assessment being a weighted average of E, S and G taken separately, where the weights depend on the sector of the company. This framework currently covers more than 4000 companies, providing an ESG score accessible through the RI internal tool RI Search by every portfolio manager.
- Regarding Fixed Income, aside the quantitative ESG assessment of issuers, ESG fundamental analysts work closely with portfolio managers and credit analysts. ESG scores are directly integrated in the credit research platform, and ESG comments are systematically included within credit analysts issuer report.

**AllianceBernstein:**

- AB's long-standing policy has been to include ESG factors in its investment process and to consider them carefully when it believes they are material to forecasts and investment decisions. If AB determines that these aspects of an issuer's past, current, or anticipated behaviour are material to its future expected returns, it addresses these concerns in its forecasts, research reviews, investment decisions, and engagement.
- For Corporate Issuers: AB incorporates ESG factors into the fundamental credit research process for all portfolios. As part of their in-depth research, its credit analysts analyse all aspects of a company, including how ESG issues are currently affecting that company's profitability as well as how they may in the future. If they deem ESG factors material enough that they contribute to the risk of that issuer, that assessment will be reflected in the analyst's formal opinion and forecast and it will be discussed with the portfolio managers and the traders during regular credit meetings.



As above, the approaches taken by AXA IM and AB are set out below:

**AXA IM:**

- For government and quasi-government issuers, AXA IM has developed internally an ESG framework relying on the Environmental, Social and Governance indicators published by recognised international sources.
- 28. For the Environment: CO2 emissions
- 29. For Social: the UN HDI (Human Development Index)
- 30. For Governance: the World Bank indicators.
- An ESG score is calculated, taking into account not only the current level of the indicator but also the way it has developed over a 5 year cycle. The ESG score is complemented by a "political commitment" score which measures the countries' commitment to a number of key international conventions (human rights, labour rights, controversial weapons, the environment).
- A dedicated ESG analyst covers countries from a more qualitative point of view. This analyst participates to the "Rates" committee where the fund management will define interest rates scenarios on a quarterly basis.

**AllianceBernstein:**

- For Sovereign Issuers: ABs economists consider ESG factors as part of their overall evaluation of a sovereign issuer. They evaluate how ESG issues are currently affecting the country's ability to meet payment obligations as well as how they may affect them in the future. If ESG factors are deemed material enough that they impact the risk/return profile of the sovereign issuer, that assessment will be reflected in the analyst's opinion and forecast for that issuer and will be discussed with the portfolio managers and the traders during regular research review/investment strategy meetings. ESG issues may also be addressed with government officials and central bankers via engagement.

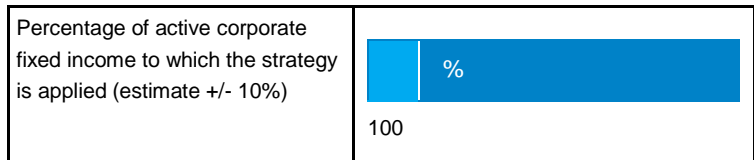
## Fixed Income - Corporate

### Implementation processes

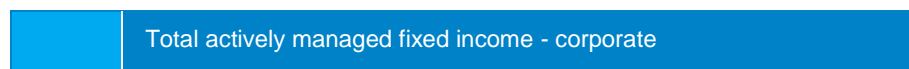
| FI 04   | Mandatory  | Gateway/Core Assessed | PRI 1 |
|---------|--|-----------------------|-------|
| FI 04.1 | Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies. |                       |       |

**ESG incorporation strategy** (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies



- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied



100%

**AXA Group:**

As outlined in the LEI module (3.1), AXA Group's approach to RI is driven by its objective of aligning its corporate responsibility agenda with its investment activities. Building on this, the Group RIC has initiated a Group-wide focus on ESG integration as a means of understanding, identifying and reducing ESG risk drivers that can impact long-term investment performance.

The ESG Integration project applies to all Group assets. This is further supported by the Group's existing approach to exclusions - specifically on the areas outlined in the Group RI Policy (which includes controversial weapons and sanctioned countries) - which apply to all Group assets. Thematic allocations account for a minority of Group assets (approximately 0.1% of total AUM) although are meaningful amounts in absolute terms. These allocations are focused on "impact investments" - these assets include (private) debt assets, for example within microfinance investments.

Additional comments, specific to AXA IM and AB, are set out below.

**AXA IM:**

- In line with AXA's Group objective to align investments with AXA's corporate responsibility agenda, AXA IM has chosen to enhance the integration strategy across its actively managed corporate fixed income investments. This approach is completed by thematic and screening strategies. AXA IM systematically monitors strong ESG risks (controversial weapons, palm oil, soft commodities) for all AXA Group assets under management.

**AllianceBernstein:**

- AB incorporates ESG factors into its fundamental research process across all portfolios. When it believes ESG issues may be material or likely to become material enough to impact the risk/return profile of the issuer, AB's credit research analysts discuss them during their on-site visits and meetings with company management, vendors, suppliers, and bankers. They supplement their own research with the external ratings and research available to them through third-party provider, GMI.

| FI 05   | Voluntary   | Additional Assessed | PRI 1 |
|---------|---|---------------------|-------|
| FI 05.1 | Indicate what ESG information you use in your ESG incorporation strategies and who provides this information. |                     |       |

**Type of ESG information**

- ☒ Raw ESG company data
- ☒ Issuer-related analysis or ratings
- ☒ Sector-related analysis or ratings
- ☒ Country-related analysis or ratings
- ☒ Screened bond list
- ☒ Issue-specific analysis or ratings
- ☐ Other, specify

**FI 05.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

The Group entities (AXA IM& AB) use a combination of:

- ESG data providers (Vigeo, Oekom, Sustainalytics, GMI, Ethix, MSCI)
- International organisations (such as the World Bank and IMF), and
- In-house research teams.

## (A) Implementation: Screening

**FI 06**

**Mandatory**

**Descriptive**

**PRI 1**

**FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

### Type of screening

- ☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

| Description |
|-------------|
|-------------|

AXA Group maintains sector guidelines on the following activities / issues:

- Controversial weapons (antipersonnel landmines, cluster bombs, depleted uranium, chemical and biological weapons)
- Sanctioned countries and/or countries identified as having high levels of corruption or political risk
- Soft commodities derivatives
- Palm oil and forestry

Group-wide exclusions have been established based on the above sector guidelines. AXA IM and AB are required to implement these exclusions on our behalf.

☒ Positive/best-in-class screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☐ Sector
- ☒ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

|  | Description |
|--|-------------|
|--|-------------|

AXA IM operates positive/best in class screening for fixed income assets. Its approach is briefly described below:

**Sector-level:**

- AXA IM has developed an ESG framework relying on the inputs from several extra-financial agencies and internal ESG convictions. This framework is composed of circa 15 criteria across E, S and G dimensions, the overall ESG assessment being a weighted average of E, S and G taken separately, where the weights depend on the sector of the company
- In the end, AXA IM invests in companies that have historically performed better than their peers within a particular industry or sector on environmental, social and corporate governance (ESG) issues. These factors are systematically taken into consideration in the selection of the investment and therefore have an impact on the eligible universe by eliminating the companies or the countries which deliver poor ESG performance or when they present serious controversial matters.

**Country:**

- For government and quasi-government issuers, AXA IM relies on the ESG indicators published by recognised international sources, including:
  - For the Environment: CO2 emissions
  - For Social: the UN HDI (Human Development Index), and
  - For Governance: the World Bank indicators.
- An ESG score is then calculated, taking into account not only the current level of the indicator but also the way it has developed over a 5 year cycle. The ESG score is complemented by a "political commitment" score which measures the countries' commitment to a number of key international conventions (human rights, labour rights, controversial weapons, the environment).

☐ Norms-based screening

|                |   |
|----------------|---|
| <b>FI 06.2</b> | Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made. |
|----------------|---|

AXA Group developed its sector guidelines as part of its broader objective of aligning its investment activities with the Group Corporate Responsibility strategy and themes.

Exclusion lists are reviewed and updated quarterly with any changes communicated to Group entities.

|              |                  |                      |              |
|--------------|------------------|----------------------|--------------|
| <b>FI 07</b> | <b>Mandatory</b> | <b>Core Assessed</b> | <b>PRI 1</b> |
|--------------|------------------|----------------------|--------------|

**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**FI 07.2**

Additional information. [Optional]

AXA Group's Group Risk Management (GRM) function oversees the implementation of Group exclusion policies. Research into the excluded securities is entrusted to AXA IM's RI team who use third party experts to augment their own knowledge. The sensitive countries exclusion list is reviewed by Group Legal.

Implementation of the exclusion list is the responsibility of each manager. Monitoring is conducted by GRM and Group Legal. If a breach occurs the Group functions liaise directly with the relevant manager.

## (C) Implementation: Integration of ESG factors

|       |           |             |       |
|-------|-----------|-------------|-------|
| FI 10 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|

**AXA Group:**

As discussed in our responses to earlier questions in this module, in 2013 the RIC established a Group-wide ESG Integration project. Its aim is to identify ESG risks across the portfolio of Group assets and, over time, track and manage ESG risk exposure. The objective is to improve the ESG risk profile of the Group's assets. The RIC is currently focused on developing an in-house ESG risk assessment methodology, leveraging the expertise of AXA IM and AB.

Additional details of the existing ESG integration activities of AXA IM and AB are provided below.

**AXA IM:**

AXA IM integrates ESG factors into investment decisions making processes through various approaches:

RI Search platform: To assist in mainstreaming (the integration of ESG factors) the AXA IM RI team launched its RI tool 'RI Search' in 2007. This tool provides access to a wide range of extra-financial data and analysis on environmental, social and governance 'ESG' factors across asset classes and thus enables its portfolio managers to incorporate ESG criteria into their investment decisions. The range of functionalities on RI-Search include investment universe screening, ESG portfolio footprints, carbon data calculations, sector screening, as well as company specific ratings, research and analysis.

Company reports: AXA IM's fundamental analyst team produces detailed reviews looking at the ESG issues impacting investee companies. These reports are shared with fund managers and analysts by email and also stored on RI Search which is accessible by all of AXA IM's investment teams. For Fixed Income, ESG risks are studied as having a significant impact on the probability of default. For this reason, ESG issues are taken into account by the credit research team as a true component of the risk profile of the issuer. Given a same level of duration risk or credit risk, ESG risk analysis can be a way to discriminate inside a range of different issuers.

Investment team meetings: The RI team participates in the investment team meetings where it shares particular insights into ESG issues impacting on investee companies.

Engagement: AXA IM approach is for an integrated engagement approach with the full participation of relevant fund managers and analysts in setting up the particular engagement strategy and the follow-up meetings with companies.

ESG Impact: Ex-post ESG analysis of portfolios is conducted with the aim of identifying the main ESG risks in top holding positions. In addition, ESG key criteria are calculated by portfolio in order to assess the ESG performance provided by the sector and stock allocation.

Training: The RI team organises ongoing training on ESG issues to AXA IM staff. These sessions cover the team's activity (research methodology, proxy voting, etc.); emerging ESG issues and the ESG initiatives in which AXA IM participates. In addition, each investment platform receives formal training on the features and functions of the RI Search tool.

**AllianceBernstein:**

AB's long-standing policy has been to include ESG factors in its investment process and



to consider them carefully when it believe they are material to forecasts and investment decisions. If AB determines that these aspects of an issuer's past, current, or anticipated behaviour are material to its future expected returns, it addresses these concerns in its forecasts, research reviews, investment decisions, and engagement.

For Corporate Issuers: AB incorporates ESG factors into its fundamental credit research process for all portfolios. As part of their in-depth research, AB's credit analysts analyse all aspects of a company, including how ESG issues are currently affecting that company's profitability as well as how they may in the future. If they deem ESG factors material enough that they contribute to the risk of that issuer, that assessment will be reflected in the analyst's formal opinion and forecast and it will be discussed with the portfolio managers and the traders during the weekly investment grade credit meetings.

AB incorporates ESG factors into its fundamental research process for all portfolios. Its credit analysts are responsible for determining an ESG rating for each of the issuers in their universe, and it is their responsibility to monitor these issuers-including the ESG factors that may impact them-on an ongoing basis. As part of this process, they review third-party ESG research that is available through an automated feed. They synthesize these insights, and based on this analysis, they derive an ESG rating for each credit: "Strong," "Average" or "Weak." A rating is not to be viewed in absolute terms but rather in terms relative to that issuer's peers. All ratings are entered into the credit scoring model of RAP, AB's proprietary research tool.

|       |           |               |       |
|-------|-----------|---------------|-------|
| FI 11 | Mandatory | Core Assessed | PRI 1 |
|-------|-----------|---------------|-------|

|         |   |
|---------|---|
| FI 11.1 | Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies. |
|---------|---|

| ESG issues           | Coverage/extent of review on these issues   |
|----------------------|---|
| Environmental        | <input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly<br><input type="radio"/> We do not review environmental issues                      |
| Social               | <input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly<br><input type="radio"/> We do not review social issues   |
| Corporate Governance | <input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly<br><input type="radio"/> We do not review corporate governance issues |

|       |           |             |       |
|-------|-----------|-------------|-------|
| FI 12 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|

|         |   |
|---------|---|
| FI 12.1 | Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis. |
|---------|---|

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

|         |   |
|---------|---|
| FI 12.2 | Describe how ESG information is held and used by your portfolio managers. |
|---------|---|

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify

|         |                         |
|---------|-------------------------|
| FI 12.3 | Additional information. |
|---------|-------------------------|

Within our Group entities, AXA IM has the most established process for disseminating ESG information to investment teams. The in-house AXA IM RI team does this through the following means:

- Monthly email: this contains the RI team's latest company ESG reports, including a recommendation scale (positive, negative or neutral)
- RI Search Platform: all portfolio managers have access to this platform that contains ESG scores, ESG fundamental research and voting activity for every company/issuer.
- Bloomberg platform: Bloomberg is used to communicate with fund managers through the IRH (In House Research) function. The information uploaded here is only for internal users.
- Investment Committees: AXA IM RI team members take part in investment committees, in which the team's ESG opinions are provided and discussed with equity fund managers.

## Fixed income - Government

|       |           |               |       |
|-------|-----------|---------------|-------|
| FI 13 | Mandatory | Core Assessed | PRI 1 |
|-------|-----------|---------------|-------|

|         |   |
|---------|---|
| FI 13.1 | Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments. |
|---------|---|

☒ Yes

**FI 13.2**

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☐ <10%  
☐ 10-50%  
☒ 51-90%  
☐ >90%

**FI 13.3**

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

| ESG issues           | Coverage/extent of review on these issues   |
|----------------------|---|
| Environmental        | <input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly<br><input type="radio"/> We do not review environmental issues                      |
| Social               | <input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly<br><input type="radio"/> We do not review social issues   |
| Corporate Governance | <input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly<br><input type="radio"/> We do not review corporate governance issues |

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

The approaches taken by AXA IM and AB are described briefly below:

**AXA IM:**

- For government and quasi-government issuers, AXA IM has developed internally an ESG framework relying on the ESG indicators published by recognised international sources:
- For the Environment: CO2 emissions
- For Social: the UN HDI (Human Development Index), and
- For Governance: the World Bank indicators.
- An ESG score is calculated, taking into account not only the current level of the indicator but also the way it has developed over a 5 year cycle. The ESG score is complemented by a "political commitment" score which measures the countries' commitment to a number of key international conventions (human rights, labour rights, controversial weapons, the environment).
- A dedicated ESG analyst covers countries from a more qualitative viewpoint. This analyst participates to the "Rates" committee where the fund management will define interest rates scenarios on a quarterly basis.
- From a portfolio management view point, it is possible for the portfolio manager to get an ESG footprint for its government fixed income portfolio/carve out against its benchmark on a daily basis through the RISearch platform. He/She also has access to the ESG qualitative analysis on countries to better appreciate ESG risks embedded to his/her strategies.

**AllianceBernstein:**

- ABs economists consider ESG factors as part of their overall evaluation of a sovereign issuer. They evaluate how ESG issues are currently affecting the country's ability to meet payment obligations as well as how they may affect them in the future. If ESG factors are deemed material enough that they impact the risk/return profile of the sovereign issuer, that assessment will be reflected in the analyst's opinion and forecast for that issuer and will be discussed with the portfolio managers and the traders during regular research review/investment strategy meetings. ESG issues may also be addressed with government officials and central bankers via engagement.

☐ No

**Outputs and outcomes**

| FI 15   | Voluntary  | Descriptive | PRI 1 |
|---------|--|-------------|-------|
| FI 15.1 | Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe. |             |       |

**Fixed Income - Corporate**

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

#### Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

| FI 16 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|
|-------|-----------|-------------|-------|

|                |   |
|----------------|---|
| <b>FI 16.1</b> | Indicate if you believe (by applicable strategy) that incorporating ESG factors has:<br>(a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c)<br>Improved funds' ESG performance. |
|----------------|---|

#### Fixed Income - Corporate

|  |
|--|
| a) Impacted funds' financial performance |
|--|

| Screening                            | Integration of ESG issues           |
|--------------------------------------|-------------------------------------|
| <input checked="" type="radio"/> Yes | <input type="radio"/> Yes           |
| <input type="radio"/> No             | <input checked="" type="radio"/> No |

|                                      |
|--------------------------------------|
| b) Reduced funds' risk or volatility |
|--------------------------------------|

| Screening                            | Integration of ESG issues           |
|--------------------------------------|-------------------------------------|
| <input checked="" type="radio"/> Yes | <input type="radio"/> Yes           |
| <input type="radio"/> No             | <input checked="" type="radio"/> No |

|                                    |
|------------------------------------|
| c) Improved funds' ESG performance |
|------------------------------------|

| Screening                            | Integration of ESG issues            |
|--------------------------------------|--------------------------------------|
| <input checked="" type="radio"/> Yes | <input checked="" type="radio"/> Yes |
| <input type="radio"/> No             | <input type="radio"/> No             |

#### Fixed Income - Government

|  |
|--|
| a) Impacted funds' financial performance |
|--|

|  |  |
|--|--|
| <b>ESG incorporation (for actively managed funds)</b>            |  |
| <input type="radio"/> Yes<br><input checked="" type="radio"/> No |  |

b) Reduced funds' risk or volatility

|  |  |
|--|--|
| <b>ESG incorporation (for actively managed funds)</b>            |  |
| <input type="radio"/> Yes<br><input checked="" type="radio"/> No |  |

c) Improved funds' ESG performance

|  |  |
|--|--|
| <b>ESG incorporation (for actively managed funds)</b>            |  |
| <input checked="" type="radio"/> Yes<br><input type="radio"/> No |  |

**FI 16.2**

Describe how you are able to determine these outcomes and your actual performance.

AXA Group believes that the short and long term performance of companies can be materially affected by ESG factors. This view supports all of our RI activities, for example the Group-wide ESG integration project which we launched in 2013. However, it is too early to state that this initiative has had an impact on either fund performance or risk.

AXA IM in particular has developed several methods to identify ESG impacts on financial performance, funds' risk or volatility and ESG performance - brief examples are provided below:

- AXA IM has conducted back-testing to correlate ESG criteria with financial performance and volatility
- AXA IM has launched an ESG Impact report, which helps clients and portfolio managers to measure the ESG performance of a particular fund with that of its benchmark. Funds are also reviewed against key ESG risks, carbon and water footprint as well as the independence and gender balance of company Boards.

AXA IM has also published research pieces that demonstrate this correlation. Examples of these papers are provided below:

- "Mind the Gap: Experienced Engineers Wanted" (2012) - see: <http://www.bieee.org/wpcms/wp-content/uploads/Mind-the-gap-experienced-engineers-wanted.pdf>
- "Sovereign Debt Investing: ESG Framework and Applications" (2012) - see: <http://www.axa-im-webtv.com/corp/sovereign-debt-investing-esg-framework-and-applications-video-1529.html>

**FI 17**

**Voluntary**

**Descriptive**

**PRI 1**

**FI 17.1**

Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.

☒ ESG issue 1

|  |  |
|--|--|
| Fixed Income - Corporate and/or Government   |  |
| <input checked="" type="checkbox"/> Corporate  |  |
| <input type="checkbox"/> Government  |  |
| ESG issue and explanation  |  |
| Green bond issues have been subscribed by AXA IM portfolio managers in order to both optimize the liquidity/financial returns of their portfolio with a general objective of assets reallocation towards low carbon/energy efficient activities. |  |
| ESG incorporation strategy applied   |  |
| <input checked="" type="checkbox"/> Screening  |  |
| <input type="checkbox"/> Thematic  |  |
| <input type="checkbox"/> Integration   |  |
| <input type="checkbox"/> Combination of ESG incorporation strategies   |  |
| Impact on investment view or performance   |  |
| In the short term, no impact on performance per se but similar characteristics in terms of risk/returns as compared to traditional issues  |  |

☒ ESG issue 2

|  |  |
|--|--|
| Fixed Income - Corporate and/or Government   |  |
| <input checked="" type="checkbox"/> Corporate  |  |
| <input type="checkbox"/> Government  |  |
| <div>ESG issue and explanation</div> <p>A global gold mining company, domiciled in South Africa, had material ESG concerns, including its safety record, labor relations, and other operational risks.</p> <p>As AllianceBernstein looked across the universe of emerging-market miners, it believed the company was ahead of its peers on these issues. The issuer's corporate governance standards were high, especially when compared to other emerging market companies-including a listing on the NYSE, membership in the ICMM (one of only two mining companies in the CEEMEA region), and the existence of leading independent board members and sustainable development committees. Also, in the wake of recent strikes, the company had been communicating frequently with both union leaders and the broader employee base.</p> <p>While AllianceBernstein was comfortable with the company, it became more concerned about the risks across the industry after visits with management teams and other industry-related organizations in mid-2013. AllianceBernstein concluded that labor relations in South Africa would likely get more difficult and industry risks were increasing. Based on these broader findings, it reduced exposure to the company.</p> |  |
| <div>ESG incorporation strategy applied</div> <p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Combination of ESG incorporation strategies</p>  |  |

☒ ESG issue 3



|   |  |
|---|--|
| Fixed Income - Corporate and/or Government  |  |
| <input checked="" type="checkbox"/> Corporate   |  |
| <input type="checkbox"/> Government   |  |
| ESG issue and explanation   |  |
| <p>Within the European high yield market, AllianceBernstein had concerns about transparency and corporate communications at a Spanish-based engineering and construction company. Analyzing the company's cash flows proved challenging because despite having many different businesses, they report cash flow figures on a consolidated basis. The firm's management did not adequately respond to requests from AllianceBernstein's credit analysts to obtain more data. Of additional concern was a recent sale of a business unit, where the price that the company disclosed it received for the business was subsequently shown to be overstated; it included convertible bonds that should have been valued at a lower price. For these reasons, AllianceBernstein opted to take an underweight position in the issuer.</p> |  |
| ESG incorporation strategy applied  |  |
| <input type="checkbox"/> Screening  |  |
| <input type="checkbox"/> Thematic   |  |
| <input checked="" type="checkbox"/> Integration   |  |
| <input type="checkbox"/> Combination of ESG incorporation strategies  |  |

☐ ESG issue 4

☐ ESG issue 5

## Communication

| FI 18 | Mandatory | Core Assessed | PRI 2,6 |
|-------|-----------|---------------|---------|
|-------|-----------|---------------|---------|

|         |  |
|---------|--|
| FI 18.1 | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments. |
|---------|--|

☒ We disclose it publicly

|             |
|-------------|
| Provide URL |
|-------------|

[https://www.alliancebernstein.com/abcom/Our\\_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf](https://www.alliancebernstein.com/abcom/Our_Firm/Content/CGDocs/Statement%20of%20Policy%20Regarding%20Responsible%20Investment.pdf)

|         |   |
|---------|---|
| FI 18.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. |
|---------|---|

☒ Yes

**FI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation
- ☐ Detailed explanation of ESG incorporation strategy used

**FI 18.4**

Indicate how frequently you typically report this information.

- ☒ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**FI 18.5**

Additional information. [Optional]

AXA Group is working closely with both AXA IM and AB to implement a Group-wide approach to ESG integration with a particular focus on fixed income. The RIC is currently focused on developing a methodology to capture ESG risk across its portfolios and, by extension, to push further integration of ESG risks into investment processes.

An example of the progress the Group are making is the 2013 AXA IM white paper entitled "Sovereign Debt Investing: ESG framework and applications" (available at: [http://www.axa-im.com/c/document\\_library/get\\_file?uuid=%20c635977f-fb53-4f02-afa5-c9c793418f5f&groupId=12504](http://www.axa-im.com/c/document_library/get_file?uuid=%20c635977f-fb53-4f02-afa5-c9c793418f5f&groupId=12504)).

As the ESG Integration initiative develops, additional information will be disclosed publicly, including in future responses to the UN PRI.

## Engagement in fixed income investments

### Fixed Income - Corporate

**FI 19**

Voluntary

Descriptive

**PRI 2****FI 19.1**

Indicate if you engage with corporate issuers.

- ☒ Yes

**FI 19.2**

Describe your organisation's approach to engagement in corporate fixed income.

Both AXA IM and AB conduct engagement with corporate fixed income issuers on behalf of the Group. A brief explanation of their approach is set out below:

**AXA IM:**

AXA IM uses the same approach to engage with corporate issuers as for listed equities - it aims to engage with companies where the issue of concern may have a material impact on the Company's performance and investor value in the medium to long-term. In particular, AXA IM believes that a proper consideration of relevant ESG matters will impact on the long-term sustainable performance of companies and benefit investors of such companies.

**AB:**

AB interprets its fiduciary responsibility as seeking to optimize risk-adjusted returns for its clients within the context of their investment guidelines and constraints, unless instructed to do otherwise by the client. And, as a bondholder, our primary objective is to seek companies that can not only generate the cash flow necessary to make timely payments of interest and principal on their outstanding debt, but whose bonds may also increase in value, further benefiting our clients.

AB builds engagement activities into its credit research and investment processes. AB portfolio managers and credit analysts conduct more than 2,000 management meetings and phone calls every year, and some portion of these discussions is typically dedicated to corporate governance-related issues. In performing their research, ABs analysts often engage directly with CFOs and CEOs. Its equity analysts and credit analysts often work together closely on given issuers, and the firms credit analysts use research generated by our equity research group. ABs credit and equity analysts compare company management responses to ensure consistency of message. Whenever possible, AB finds it useful to hold combined meetings with corporate management.

In some cases, achieving ABs objectives may involve a level of engagement that includes participating in bondholder-led investor groups whose objective is to help ensure bondholders are treated fairly during a specific event, such as a bankruptcy proceeding. These situations tend to focus heavily on governance-related issues.

Engagement will typically be most significant with those issuers where debt is a greater proportion of their capital structure, as well as with those issuers in the high yield, emerging-market, utilities, and financials sectors.

☐ No

## Fixed Income - Government

|       |           |             |       |
|-------|-----------|-------------|-------|
| FI 20 | Voluntary | Descriptive | PRI 2 |
|-------|-----------|-------------|-------|

**FI 20.1**

Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

☐ Yes

☒ No

AXA Group

Reported Information

Public version

Direct - Property

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

PR 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

PR 01.1

Provide a breakdown of your organisation's internally managed property investments by equity and debt.

### Property investments instruments

☒ Equity investments

| Property investment instruments | Percentage of your internally managed property investments (in terms of AUM)                        |
|---------------------------------|---|
| Equity investments              | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10% |

PR 01.2

Indicate the level of ownership you typically hold in your property investments.

- ☐ a majority stake (>50%)
- ☐ a 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☐ a limited minority stake (<10%)
- ☒ a mix of ownership stakes

☒ Debt investments

| Property investment instruments | Percentage of your internally managed property investments (in terms of AUM)                        |
|---------------------------------|---|
| Debt investments                | <input type="radio"/> >50%<br><input checked="" type="radio"/> 10-50%<br><input type="radio"/> <10% |

### Total 100%

☐ N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity or debt in property on their behalf

|                |                                    |
|----------------|------------------------------------|
| <b>PR 01.3</b> | Additional information. [Optional] |
|----------------|------------------------------------|

|              |  |                        |                |
|--------------|--|------------------------|----------------|
| <b>PR 02</b> | <b>Mandatory to Report Voluntary to Disclose</b> | <b>Gateway/Peering</b> | <b>General</b> |
|--------------|--|------------------------|----------------|

|                |   |
|----------------|---|
| <b>PR 02.1</b> | Provide a breakdown of your organisation's property assets based on who manages the assets. |
|----------------|---|

| Property assets managed by                                 | Breakdown of your property assets (by number)   |
|--|---|
| Managed directly by your organisation                      | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> 0% |
| Managed via third-party property managers appointed by you | <input type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input checked="" type="radio"/> 0% |
| Managed by other investors or their property managers      | <input type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 0% |
| <b>Total</b>   | <b>100%</b>   |

|                |                                    |
|----------------|------------------------------------|
| <b>PR 02.2</b> | Additional information. [Optional] |
|----------------|------------------------------------|

AXA Group assets held in property investments are managed by AXA Real Estate (a division of AXA IM).

In addition to its RI policy statement, AXA Real Estate publishes an annual "Sustainable Development report". This can be found here: <http://www.axa-realestate.com/expertise/responsible-investment>

|              |                  |                    |                |
|--------------|------------------|--------------------|----------------|
| <b>PR 03</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>General</b> |
|--------------|------------------|--------------------|----------------|

**PR 03.1**

Indicate up to three of your largest property types by AUM.

| Types                        | Main property types (by AUM)   |
|------------------------------|--|
| Largest property type        | <input type="radio"/> Industrial<br><input type="radio"/> Retail<br><input checked="" type="radio"/> Office<br><input type="radio"/> Residential<br><input type="radio"/> Leisure/Hotel<br><input type="radio"/> Mixed use<br><input type="radio"/> Other, specify         |
| Second largest property type | <input type="radio"/> Industrial<br><input checked="" type="radio"/> Retail<br><input type="radio"/> Office<br><input type="radio"/> Residential<br><input type="radio"/> Leisure/Hotel<br><input type="radio"/> Mixed use<br><input type="radio"/> Other, specify         |
| Third largest property type  | <input type="radio"/> Industrial<br><input type="radio"/> Retail<br><input type="radio"/> Office<br><input type="radio"/> Residential<br><input type="radio"/> Leisure/Hotel<br><input type="radio"/> Mixed use<br><input checked="" type="radio"/> Other, specify<br>Debt |

**PR 04**

Voluntary

Descriptive

PRI 1-6

**PR 04.1**

Provide a brief overview of your organisation's approach to responsible investment in property where you have equity stakes.

Group property assets are substantially managed by AXA Real Estate (RE), a division of AXA IM. AXA RE's approach to RI is based on the 3 pillars of AXA IM's approach to RI i.e:

- Mainstream ESG analysis in the investment processes
- Develop a range of quality RI-specific products
- Be an "active owner" - for responsible property investment this includes asset or property management activities, including
  - Stronger selectivity (based on client demand for sustainability criteria)
  - Reduced operating and capital expenditures
  - Lower risk of obsolescence
  - Improved liquidity and occupier demand



**PR 04.2**

Provide a brief overview of your organisation's approach to responsible investment in property where you hold debt.

As above in 4.1. However, there will be a third party involved (a landlord) who has direct a relationship with occupiers and control of the asset.

**PR 05**

**Mandatory**

**Core Assessed**

**PRI 1-6**

**PR 05.1**

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

☒ Yes

**PR 05.2**

Provide a URL if your RPI policy is publicly available. [Optional]

<http://www.axa-realestate.com/expertise/responsible-investment/sustainable-real-estate>

☐ No

AXA Group's property assets are largely managed by its subsidiary company AXA Real Estate (RE). AXA RE has a well-developed approach to RI, a summary of which is provided below.

AXA RE believes in the emergence of a "Green Value" in real estate. It has been integrating sustainability practices into real estate projects since 2000. Through this activity it has noticed that sustainable development is not an obstacle to investment performance. On the contrary - it tends to reduce operating costs and obsolescence while improving the comfort of the occupant.

AXA Real Estate's approach to sustainable investment builds on the longstanding commitment to corporate responsibility practiced by the AXA Group, its ultimate owner, and AXA Investment Managers, its immediate parent company.

#### **New building developments**

AXA RE is a pioneer in sustainable real estate development. It was among the first in the industry to acquire the High Quality Environment (HQE) certificate, an environmental classification for new asset development projects in France. To date, AXA RE's projects have obtained sustainability labels in several geographies such as BREEAM, HQE, DGNB, Minergie, BBC or THPE.

#### **Existing properties**

AXA RE is also a founding member of the Green Rating Alliance, a major industry partnership for monitoring and improving the sustainability of existing buildings.

The Alliance aims to bring the Green Rating(TM) benchmarking and monitoring tool to the wider property industry, as well as exchanging best practices and continuously enhancing the methodology, tools and indicators.

AXA RE reviews environmental performance and potential through Green Rating(TM) audits, performed on a systematic basis as part of its acquisition due diligence process. These audits focus on six tangible indicators: energy, water, waste, well-being, transports and carbon. Real estate assets with no potential for improving their environmental performance are excluded from AXA RE's investment scope.

AXA RE has also developed a proprietary "Sustainability Toolbox" for its asset managers, comprising of a focused set of efficient sustainability tools such as Automated Meter Reading, Green Leases and Green Ratings which are mutually supportive and can be applied systematically.

### **Pre-investment (selection)**

PR 08

Mandatory

Gateway

PRI 1

PR 08.1

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

☒ Yes

**PR 08.2**

Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]

Using its "Active Owner" approach to RI, AXA RE's investment process is designed to encourage the emergence of a "Green Value" in real estate. When investing in existing assets a Green Rating audit may be included in the due diligence process, providing an initial snapshot of how the property performs from a sustainability perspective, together with recommendations to increase the profile - either from an 'intrinsic' (i.e. building level) perspective or from an 'actual' perspective (i.e. inclusive of occupiers' impact). Green Rating is a pan-European audit scheme and has been used to audit assets totalling more than 9.5 million m2 to date in Europe.

Alternatively, appropriate in-use certification may be sought.

For development assets, AXA RE applies a strict sustainability policy - encompassing both initial construction and design and use - to all its developed buildings.

To be transparent, investment decisions will be based on a combination of factors including traditional property criteria of location, tenant financial covenant, level of rent and length of lease and not exclusively driven by ESG or sustainability factors.

☐ No

| PR 09 | Voluntary | Descriptive | PRI 1,4 |
|-------|-----------|-------------|---------|
|-------|-----------|-------------|---------|

**PR 09.1**

Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the property investment selection process.

☒ Internal staff

☒ Specify role

Global Sustainable Development Team

☒ Specify role

In-house legal

☒ Specify role

Development Team expertise

☒ External resources

☒ Environmental advisors

☐ Social advisors

☒ Corporate governance advisors

☒ Regulatory and/or legal advisors

☐ Other, specify type of advisors/roles

☐ No use of internal or external advice on ESG issues

AXA RE's overall approach is to integrate sustainability into its everyday management practices.

This is facilitated and coordinated by a Global Sustainable Development Team (GSDT), comprising representatives from development, fund management and asset management.

The GSDT manages, co-ordinates and promotes sustainability across the entire real estate business including the production of an annual Global Sustainable Development Report (available at: <http://www.axa-realestate.com/expertise/responsible-investment>).

The GSDT enjoys the support and technical input of 16 local correspondents, key individuals within the asset management teams located in the local offices.

The project is managed by a member of AXA Real Estate's Executive Committee. The project sponsor is the Global Head of Asset Management and Transaction, member of AXA RE's Management Board. They are supported by a new steering committee comprising 4 senior executives representing key areas of the business, including client funds, sales and marketing and asset management and transactions.

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.

#### ESG issues

☒ Environmental

List up to three typical examples of environmental issues

Energy generation (conventional and renewables), consumption and efficiency

Greenhouse gas emissions

Flooding and contamination

☒ Social

List up to three typical examples of social issues

Occupier turnover and satisfaction

Tenant type and demography

Health and safety

☒ Governance

List up to three typical examples of governance issues

Risk management (e.g. regulatory and reputational risk)

Property standards and certifications, and disclosure (e.g. property performance or benchmarks)

Business strategy

|                |                                    |
|----------------|------------------------------------|
| <b>PR 10.2</b> | Additional information. [Optional] |
|----------------|------------------------------------|

The above is a selection and the actual application will vary between types of asset - multi tenanted assets will require more active management. The regulatory regime also varies between territories - e.g CRC scheme in the UK, Grenelle II Law in France.

|              |                  |                            |                |
|--------------|------------------|----------------------------|----------------|
| <b>PR 11</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>PRI 1,3</b> |
|--------------|------------------|----------------------------|----------------|

|                |  |
|----------------|--|
| <b>PR 11.1</b> | Indicate what type of ESG information your organisation typically considers during your property investment selection process. |
|----------------|--|

- ☒ Raw data from the target property asset/company
- ☒ Appraisals/audits
- ☒ Benchmarks/ratings against similar property asset
- ☒ Country level data/benchmarks
- ☒ Data aligned with established property reporting standards, industry codes and certifications
- ☐ International initiatives, declarations or standards
- ☒ Data from engagements with stakeholders (e.g. tenants and local community surveys)
- ☒ Information from external advisers
- ☐ Other, specify
- ☐ We do not track this information

|              |                  |                            |              |
|--------------|------------------|----------------------------|--------------|
| <b>PR 12</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>PRI 1</b> |
|--------------|------------------|----------------------------|--------------|

|                |   |
|----------------|---|
| <b>PR 12.1</b> | Indicate if ESG issues impacted your property investment selection process during the reporting year. |
|----------------|---|

- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☒ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

## Post-investment (monitoring and active ownership)

### Overview

|              |                  |                |              |
|--------------|------------------|----------------|--------------|
| <b>PR 14</b> | <b>Mandatory</b> | <b>Gateway</b> | <b>PRI 2</b> |
|--------------|------------------|----------------|--------------|

**PR 14.1**

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

**PR 14.2**

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☒ We consider ESG issues in other post-investment activities, specify

AXA RE's Global SD Team regularly reports to senior management on a range of ESG issues. Also produces the annual Global SD report.

**PR 14.3**

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets. [Optional]

Post investment activities are based on continuous monitoring of key data mainly (but not exclusively) on the active management assets of the portfolios.

Within AXA RE, Asset Managers (AM) in local teams have dedicated property assets which they actively manage. ESG factors form part of that process, as well as forming a key element in the Business or Asset Plan. Each AM is required to make positive recommendations - e.g. energy saving initiatives, refurbishment, upgrade of systems, as appropriate.

Ultimate responsibility is with a Fund Manager, who sets the strategy for the relevant fund or mandate, based in regular dialogue with the AM.

The Global Sustainable Development Team is available to offer guidance and advice across the business units.

☐ No

## Property monitoring and management

**PR 15****Mandatory****Core Assessed****PRI 2,3****PR 15.1**

Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

**PR 15.2**

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

**ESG issues**

☒ Environmental

List up to three example targets per issue

Energy generation consumption and efficiency

Greenhouse gas emissions

Water consumption, waste generation

☒ Social

List up to three example targets per issue

Health and safety, accident rates, disability access

Tenant type and demography, occupier turnover and satisfaction

Social enterprise partnering, community development

☒ Governance

List up to three example targets per issue

Processes e.g. environmental management systems and disclosure (e.g. property performance or benchmarks)

Risk management e.g. regulatory or reputational risk (property standards and certifications)

Operational management

☐ We do not set and/or monitor against targets

**PR 16****Voluntary****Additional Assessed****PRI 2****PR 16.1**

List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.

☒ Add certification scheme, rating and benchmark 1

|  |   |
|--|---|
| Specify                                      | BREEAM  |
| Proportion of property assets these apply to | <p> <input type="radio"/> &gt;90% of property assets<br/> <input type="radio"/> 51-90% of property assets<br/> <input checked="" type="radio"/> 10-50% of property assets<br/> <input type="radio"/> &lt;10% of property assets         </p> <p>(in terms of number of property assets)</p> |

☒ Add certification scheme, rating and benchmark 2

|  |  |
|--|--|
| Specify                                      | LEED   |
| Proportion of property assets these apply to | <input type="radio"/> >90% of property assets<br><input type="radio"/> 51-90% of property assets<br><input checked="" type="radio"/> 10-50% of property assets<br><input type="radio"/> <10% of property assets<br><br>(in terms of number of property assets) |

☒ Add certification scheme, rating and benchmark 3

|  |  |
|--|--|
| Specify                                      | HQE  |
| Proportion of property assets these apply to | <input type="radio"/> >90% of property assets<br><input type="radio"/> 51-90% of property assets<br><input checked="" type="radio"/> 10-50% of property assets<br><input type="radio"/> <10% of property assets<br><br>(in terms of number of property assets) |

|         |                         |
|---------|-------------------------|
| PR 16.2 | Additional information. |
|---------|-------------------------|

AXA RE also submits a substantial number of assets to the GRESB survey. It also uses Minergie environmental standard depending upon the territory.

## Property developments and refurbishments

|       |           |               |       |
|-------|-----------|---------------|-------|
| PR 17 | Mandatory | Core Assessed | PRI 2 |
|-------|-----------|---------------|-------|

|         |   |
|---------|---|
| PR 17.1 | Indicate the proportion of active property developments and refurbishments where ESG issues have been considered. |
|---------|---|

- ☒ >90% of active developments and refurbishments
- ☐ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)



**PR 17.2**

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.

- ☒ Minimum environmental site selection requirements
- ☒ Minimum environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Minimum water efficiency requirements
- ☒ Minimum energy efficiency requirements
- ☒ Energy generation from on-site renewable sources
- ☒ Waste management plans at sites
- ☒ Health and safety management systems at sites
- ☒ Construction contractors comply with sustainability guidelines
- ☐ Other, specify

**PR 17.3**

Additional information. [Optional]

AXA RE is an active developer of real estate assets. Development and major refurbishment activity are seen as a key opportunity to drive forward the ESG and sustainability agenda. When undertaking developments, AXA RE ensures a newly built property has an environmental certification (BREEAM, LEED, HQE, DGNB, Minergie), which corresponds to local market expectations. In addition to being a useful marketing tool, AXA RE considers certifications for new buildings as evidence, not only for the value it adds, but also as a form of guarantee for the future value of the building.

AXA RE applies a strict sustainability policy - encompassing both initial construction and design and use - to all its developed buildings and this is reflected in contractual appointments.

## Occupier engagement

**PR 18****Mandatory****Core Assessed****PRI 2****PR 18.1**

Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.

- ☐ >90% of occupiers
- ☒ 51-90% of occupiers
- ☐ 10-50% of occupiers
- ☐ <10% of occupiers

(in terms of number of occupiers)

**PR 18.2**

Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.

- ☒ Distribute a sustainability guide to occupiers
- ☐ Organise occupier events focused on increasing sustainability awareness
- ☐ Deliver training on energy and water efficiency
- ☐ Deliver training on waste minimisation
- ☒ Provide feedback on energy and water consumption and/or waste generation
- ☒ Provide feedback on waste generation
- ☒ Carry out occupier satisfaction surveys
- ☐ Other, specify

**PR 19****Voluntary****Additional Assessed****PRI 2****PR 19.1**

Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.

- ☐ >90% of leases or MoUs
- ☐ 51-90% of leases or MoUs
- ☒ 10-50% of leases or MoUs
- ☐ <10% of leases or MoUs
- ☐ 0% of leases or MoUs
- ☐ N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

## Community engagement

**PR 20****Voluntary****Additional Assessed****PRI 2****PR 20.1**

Indicate in respect of what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.

- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

|                                     |  |
|-------------------------------------|--|
| <b>PR 20.2</b>                      | Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement. |
| <input type="checkbox"/>            | ESG education programmes for the community   |
| <input type="checkbox"/>            | ESG enhancement programmes for public spaces   |
| <input type="checkbox"/>            | Research and networking activities focusing on ESG issues  |
| <input type="checkbox"/>            | Employment creation in communities   |
| <input checked="" type="checkbox"/> | Supporting charities and community groups  |
| <input type="checkbox"/>            | Other, specify   |

## Outputs and outcomes

| PR 21 | Voluntary | Additional Assessed | PRI 1,2 |
|-------|-----------|---------------------|---------|
|-------|-----------|---------------------|---------|

|                |  |
|----------------|--|
| <b>PR 21.1</b> | Indicate whether your organisation measures how your approach to ESG issues in property investments has affected financial and/or ESG performance. |
|----------------|--|

|  |                       |
|--|-----------------------|
|  | Financial performance |
|--|-----------------------|

☒ We measure how ESG issues affect financial performance

|                |   |
|----------------|---|
| <b>PR 21.2</b> | Describe the measures your organisation uses to assess the impact of your approach to ESG issues on your property investments' financial performance. |
|----------------|---|

Reduced operating expenses, improved net operating income (NOI), retention of existing tenants, attracted new tenants, estimated rental value, capitalized value and improved investment liquidity.

☐ We do not measure how ESG issues affect financial performance

|  |                 |
|--|-----------------|
|  | ESG performance |
|--|-----------------|

☒ We measure changes in ESG performance

|                |   |
|----------------|---|
| <b>PR 21.3</b> | Describe the measures your organisation uses to assess the impact of your activities on your property investments' ESG performance. |
|----------------|---|

Energy efficiency improvements, reduction of waste, improvement in EPC rating in the UK, improvement in occupancy ratio in assets with voids.

☐ We do not measure changes in ESG performance

## Communication

| PR 23 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|
|-------|-----------|---------------|-------|

**PR 23.1**

Indicate if your organisation proactively discloses ESG information on your property investments.

☒ Disclose publicly

provide URL

<http://www.axa-realestate.com/expertise/responsible-investment/sustainable-real-estate>

**PR 23.2**

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☒ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)  
☐ Other property reporting standards, specify  
☐ No property specific reporting standards are used

**PR 23.3**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☐ Yes  
☒ No

**PR 23.4**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public

- ☐ ESG information on how you select property investments  
☒ ESG information on how you monitor and manage property investments  
☒ Information on your property investments' ESG performance  
☐ Other, specify

Clients/beneficiaries

- ☒ ESG information on how you select property investments  
☒ ESG information on how you monitor and manage property investments  
☒ Information on your property investments' ESG performance  
☐ Other, specify

**PR 23.5**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

Public

- ☐ Quarterly or more frequently  
☐ Semi annually  
☒ Annually  
☐ Every two years or less frequently  
☐ Ad-hoc, specify

Clients/beneficiaries

- ☐ Quarterly or more frequently  
☒ Semi annually  
☐ Annually  
☐ Every two years or less frequently  
☐ Ad-hoc, specify

**PR  
23.6**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries.  
[Optional]

AXA RE has produced its Global Sustainable Development Report over the last 3 years. The latest in November, 2013, reporting on global activity from 2012 to 2013.

The 2013 Report contained information on AXA RE's sustainability activities both at the global level and in its largest territories (by assets under management): France, Switzerland, UK and Germany.

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries