AXA Investment Managers

April 2023

AXA IM Stewardship Report 2022

"Our purpose is to act for human progress by investing for what matters. This report is our purpose in action and evidence of our commitment to transparency"

Marco Morelli,
AXA IM Executive Chairman

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We remain steadfast in driving progress to a sustainable future

Marco Morelli
AXA IM Executive Chairman

Against a tumultuous backdrop that has seen misgivings emerge about the case for environmental, social and governance (ESG) investing in certain parts of the world, we believe it is now more important than ever to positively influence company behaviour through effective and robust stewardship.

As a responsible, active asset manager, we see stewardship as a vital mechanism to power a green and just transition: It is aligned with our purpose – to act for human progress by investing for what matters – and with our fiduciary duty. This report is our purpose in action and evidence of our commitment to transparency.

Taking action

Climate change remains our engagement priority with companies. This is perhaps best illustrated by our dialogue with a list of companies we perceive to be climate laggards to challenge them on their strategies. Each laggard company is given three years to implement an effective decarbonisation strategy and if not actioned, we divest our holding. On one occasion in 2022 where the response was unsatisfactory, I was proud to see AXA IM act on our convictions by co-filing a climate resolution.

The devastating impact of war in Ukraine and intensifying impacts on nature also put social factors and biodiversity centre stage. Natural capital – our oceans, forests, climate and more – makes human life possible. The integration of biodiversity-specific data into portfolios developed by our partner, Iceberg Data Lab, has enabled us to further develop biodiversity-related engagement activity. The urgency around protecting biodiversity is clear, and with 18% of overall engagements in this area, AXA IM has taken action to combat its loss.

For many years we've championed gender diversity as key to achieving an inclusive working environment and through our engagements we have sought to strengthen this within investee companies. Over 2022, in a more complex world, we extended our interactions to cover human rights and the 'just transition' to mitigate increasing social risks.

We are convinced that effective governance is a prerequisite to appropriate handling of environmental or social issues – something that we initially highlighted in our 2021 report. We see it as very positive that many environmental and social topics are now at the heart of the governance, the remuneration plans and strategy-setting of an increasing number of corporates. This steady integration is bringing environmental and social considerations deep into the heart of corporate strategy.

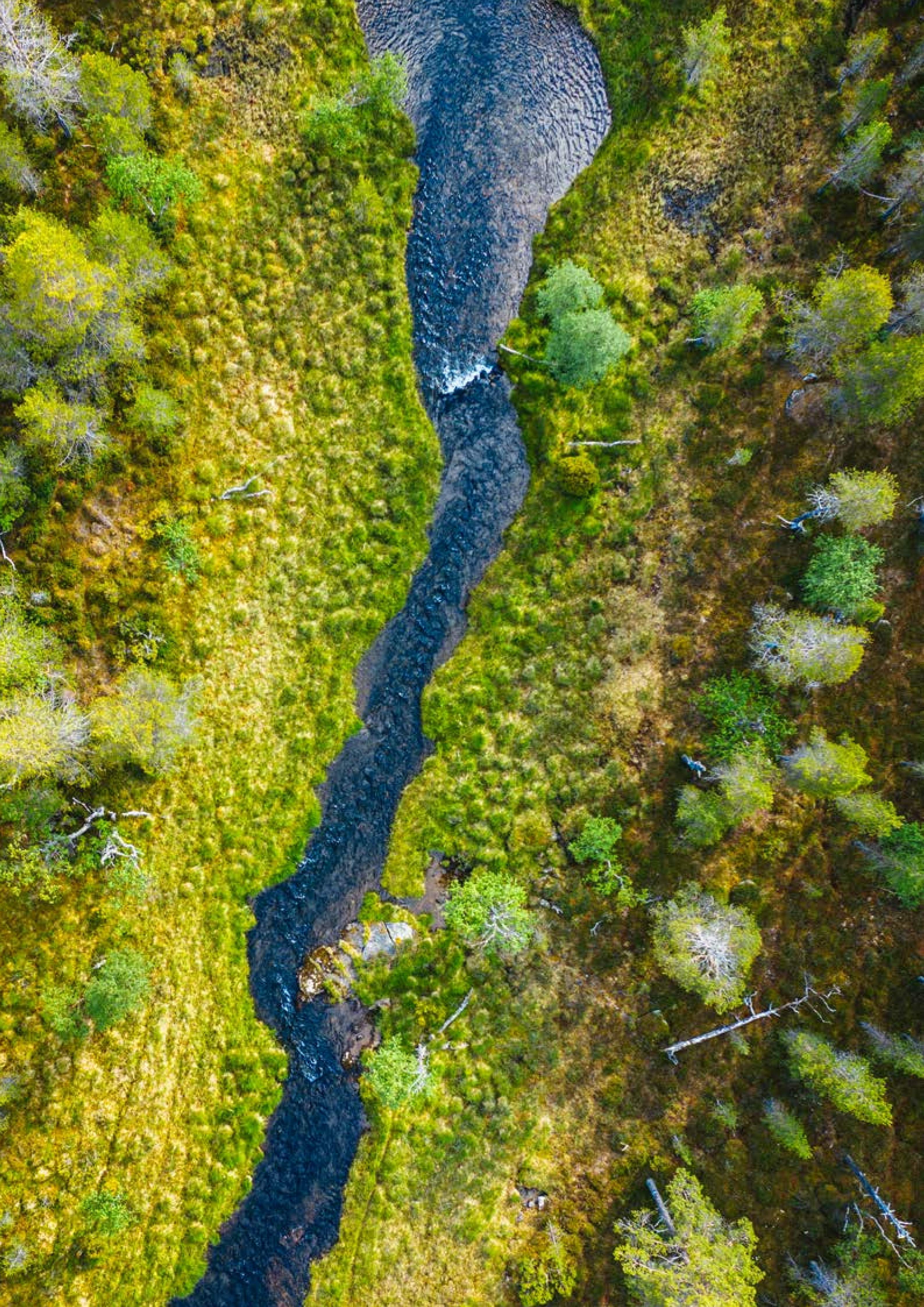
Shared accountability

Another positive outcome is the strengthened culture of shared accountability on sustainability at AXA IM. Last year saw an increase in what we call 'sustainability dialogue'. We felt it was important to report on this engagement activity as it seeks to bolster the robust, long-term profitability of the companies we invest in. Sustainability dialogue mainly conducted by portfolio managers or credit analysts accounts for 40% of engagements, enabling investment teams to access more information than ever before while seeking to mitigate ESG risks on behalf of our clients. This is not new to us, but improved governance around engagement reporting means we are better able to put sustainability at the heart of everything we do.

In this vein, AXA IM now includes ESG targets in the remuneration of our own senior executives and has rolled out an ESG development goal to all employees – awareness and understanding are the foundations that maintain employee engagement.

Our vision

As for stewardship in 2023, our conviction will be steadfast on climate change, biodiversity, and social risks whilst confronting new challenges, such as corporate supply chains (also to be tackled at AXA IM) and extending our coverage to more emerging market companies. We are conscious the so-called 'ESG backlash' will continue to require us to review how we engage with issuers and clients in certain geographies, while aiming to remain steadfast in making progress on our commitment as a responsible asset manager. Whatever themes dominate, our efforts will be strengthened to ensure we have a just transition that prioritises fairness for both the planet and our societies.



A tough backdrop allows ESG to show its worth

Gilles Moëc
AXA Group Chief Economist and
AXA IM Core Head of Research

Runaway inflation, geopolitics and market volatility conspired to ensure 2022 was a year of significant challenges. In response, corporates could have simply shelved ESG initiatives while they sought to tackle their most pressing problems. Fortunately, most did not allow themselves to become distracted.

In fact, in many ways, 2022 accelerated the transition to net zero, with the need for energy stability boosting investments in renewables while introducing new regulations and ambitious global initiatives such as the Global Biodiversity Framework agreed at COP15 in December.

The pressure on corporates shows no sign of abating. In Europe especially, companies understand that regulation will start to impact the real economy as it moves beyond the financial industry. Their clients and other stakeholders are already beginning to scrutinise their carbon emissions – and track record in areas such as gender and ethnic diversity. Their need for guidance makes them willing to engage with responsible investors and, consequently, we are increasingly seeing real progress made by corporates on a host of key ESG issues. Engagement is working.

Maintaining momentum

While great strides are being made, it is vital that companies are kept on the right path. Here, there are good reasons for optimism. Initiatives such as the REPowerEU Plan, designed to reduce Europe's dependence on Russian fossil fuels and accelerate the green transition, and the newly reformed EU Emissions Trading System (ETS), the world's largest carbon market, are ratcheting up the pressure on companies to focus on net zero.

In the US, the passing of the Inflation Reduction Act (IRA) – the largest piece of federal legislation ever to address climate change – has transformed a laggard into a leader. A huge $370bn package, the IRA will, among other things, accelerate America's development of low-carbon solutions, particularly in the transportation industry, and turbocharge investment in renewables. The competitive tensions introduced by the IRA have riled many in Europe, but this landmark legislation demonstrates that, when it comes to tackling the climate crisis, the US means business – notwithstanding the issues created by the ESG backlash among certain players in the country.

The rise of the 'S'

Last year also saw a welcome rise in the prominence of the 'S' in ESG.

For instance, it became clear that the huge transformation of labour catalysed by COVID-19 is now permanent, raising questions for social policies. How is working from home going to change assessments of working conditions? For years, statistics such as the number of industrial accidents in firms have been a key performance indicator (KPI) for scoring companies on social issues. The rise of home working may have altered the dynamics of how we work, but it will not stop people having accidents. Our perspectives must change to ensure policies adapt to the new reality.

Similarly, corporates find themselves competing for talent in unfamiliar ways. The pandemic is the first crisis we have experienced where unemployment has fallen. Labour markets remain tight everywhere. This makes the 'S' pillar even more important from a financial perspective because companies that are able to develop progressive social policies may stand to retain their workforces and potentially enjoy a competitive advantage. With wages rising across the board, workers, particularly in the younger generation, are becoming increasingly swayed by an employer's purpose and values.

Engagement at AXA IM

ESG investment is often binary. Some asset managers exclude companies and sectors they deem uninvestable. Others seek to nudge companies along the right path. At AXA IM, we aim to do both.

We have strict exclusion policies in areas such as coal, where there is no potential to help the transition to net zero. But we also acknowledge that if we simply exclude all fossil fuel companies, we will never change their behaviour. Accordingly, we engage intensively with oil and gas companies to encourage them to define short- and medium-term emissions reduction targets that we deem ambitious enough, and to devote more resources to renewables. We also make plain, through our escalation polices, that our patience is not infinite – we will vote against management or even divest if we do not see sufficient progress.

Encouragingly, our efforts are eliciting a real response, not only from the fossil fuel industry, but from a number of companies where we engage. They understand their reputation is at stake. More progress can still be made and it is true that in 2022 we saw increased complexity in many areas. However, with companies increasingly responsive to meaningful dialogue – and regulation driving better non-financial disclosures – we are confident and hopeful the collective momentum towards a more sustainable world is here to stay.

Engagement in 2022:
Targeting social factors and biodiversity

Virginie Derue
AXA IM Head of ESG Research

The complex and far-reaching impacts of war and climate change brought social factors and biodiversity into focus during 2022. This was reflected in our research and engagement efforts across the board.

It has been a challenge to deliver on all fronts, increasing the volume and quality of engagement while extending interactions to cover new social thematic issues such as human rights and the ‘just transition’. We dug further into biodiversity while continuing our longstanding efforts to enhance the climate strategies of companies across high-emitting sectors, adjusting our stance according to the challenges faced and the idiosyncrasies of the markets where they operate.

Our research publications have supported our engagements in many areas. We have examined promising but still nascent technological developments to feed our assessment of how companies in some high-emitting sectors might progress their climate strategies. We also gathered analysis of human rights risks and sought ‘on-the-ground’ views from experts to help us raise companies’ awareness of the first steps to limiting risks to the person – unsurprisingly, starting with a cartography of the most at-risk activities and geographies.

An examination of specific themes that can impact biodiversity, such as plastics and waste, has helped us to build a broad picture of where risks and opportunities may lie. We think this is paving the way for strengthened engagement in many sectors including food and chemicals. Regulatory demands have played their role here as well, helping push companies to take account of deforestation risk and other pressures on nature. Our participation in expert workshops and our efforts to build usable biodiversity metrics through a partnership with Iceberg Data Lab have helped us to take some serious first steps on this journey. Our work has given us the confidence to tackle the sectors most detrimental to biodiversity and engage usefully with select companies.

We have sought to improve the process feeding our voting decisions by ensuring our analysts’ thematic expertise can be quickly put to use in a close and fruitful collaboration with the corporate governance team. We believe this has contributed to increased pressure on companies that have been too slow to enhance their sustainability practices, including some major technology firms.

A new year always throws up new challenges, but we are confident we have the tools and processes to respond and adapt as the implications of our move to a new, sustainable era become ever more apparent. A just transition, that delivers on environmental and social imperatives, will remain a central objective.

Engagement in 2022: Highlights and data[1]

+111% engagements compared to 2021

178 engagements at senior executive or board director level

The financial sector faces increasing scrutiny about how it addresses climate change and global societal challenges. Our exclusion policies set clear red lines and send a strong message to companies on what we consider unsustainable activities, but we also rely on our stewardship strategy to push investee companies to address key ESG risks and implement best practice.

We put great emphasis on having a direct dialogue with companies on issues that can have a material impact on long-term financial performance. Our Responsible Investment (RI) thematic research on key ESG issues such as climate change, biodiversity, responsible technology, human capital and human rights and governance feeds our stewardship strategy.[2]

Last year was pivotal for our engagement activities. Our focused thematic engagement approach has now been in place for more than three years and we are seeing the outcomes of these efforts. Engagement objectives set at the start of our dialogue with seven investee companies are now being achieved, but there have also been five instances where we consider the objective has not been achieved, partly due to an increasingly complex macroeconomic backdrop. We continue to reinforce continuity in our stewardship approach, escalating concerns when engagement is stalling (in 20 cases last year), including through our votes.

As part of our commitment to reporting transparently and clearly on our RI activities, we adjusted our engagement policy in early 2022 to draw clearer lines between different types of dialogue. And so 'engagement with objectives' is driven by thematic research carried out by our experts, who then lead the engagement with the support of investment teams and with an explicit goal to achieve change within a company. 'Sustainability dialogue', meanwhile, is less intensive, and focused on companies where the continued enhancement of sustainability practices aims to help support the robust, long-term profitability of the company. The latter is often led by portfolio managers or credit analysts. Both approaches are described in more detail on page 10.

We believe this distinction has allowed us to reinforce the governance, resourcing and oversight of our focused engagement and helped maximise the chance of success, while also enabling better reporting on the breadth of discussions happening on sustainability matters.

Overall, in listed markets, we conducted 596 engagements with 480 entities in 2022, representing an increase of our engagement activity by 111% compared to 2021. Climate remained our main theme (28% of engagements), while the trend we identified in 2021 of an increase in corporate-governance-related engagement also continued this year. A lot of environmental and social topics are now addressed alongside governance-related topics, showing increasing integration of environmental and social considerations into the heart of corporate strategy, which we see as very positive. We also note that discussions on sustainability aspects with investee companies are now held further up the management hierarchy. Compared to 2021, we discussed more at senior executive and board level (30% of engagements in 2022 versus 25% in 2021). This was even more pronounced for our 'engagement with objectives'.

Vision 2023

In 2023, stewardship will remain a top priority on our RI roadmap. We will aim to:

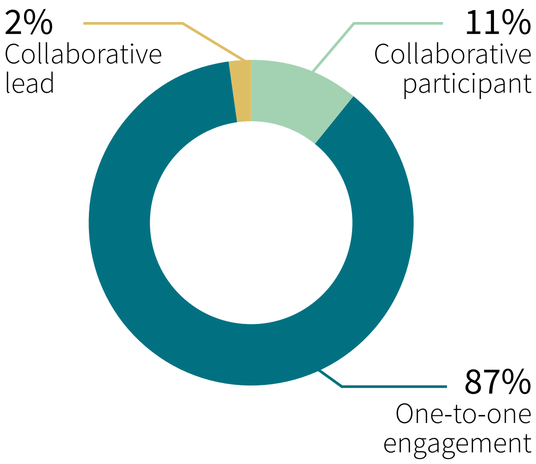
- Increase the number of engagements while maintaining a high level of quality in our discussions and processes as we seek to improve the chances of seeing engagement succeed. This will require the continued collaboration with investment teams and analysts as key partners in the process, as we continue to integrate ESG and upskill the teams
- Improve oversight of the engagement process to increase the chances of achieving the desired change within a company. This may lead us to use escalation more often or to work with peers or asset owner clients as part of collaborative initiatives. In an ever-more complex world, it is our belief that collective action remains an effective way to facilitate this and we will continue to play our role in collaborative initiatives
- Develop engagement in alternative asset classes as a key priority for AXA IM as we reinforce our footprint in this market, including in the real estate space with tenant engagement
- Pursue public policy efforts, on sustainable finance aspects, but also real economy issues, and act with industry groups to do that, such as the Institutional Investors Group on Climate Change. We believe government action is needed to help accelerate an orderly transition to a more sustainable world, thus helping to improve the chances we can deliver long-term robust performance for our clients

Transparency will remain a key priority for us, and we intend to improve our engagement reporting capabilities at fund level. We will also continue to set out clearly where we see challenges on our path to net zero.

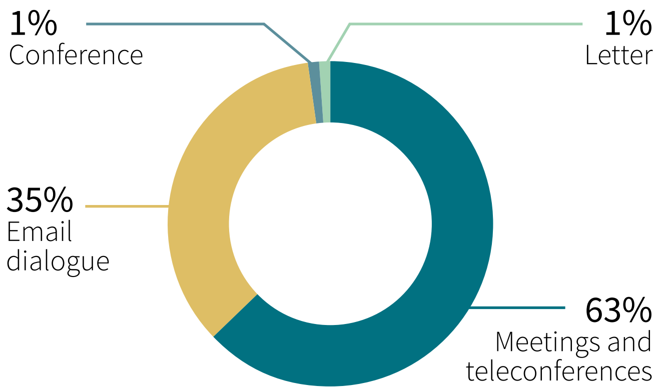
[1] Figures in this section may be rounded.
[2] Investment Institute: Sustainability, AXA IM, retrieved February 2023.

Highlights and data

Engagement category



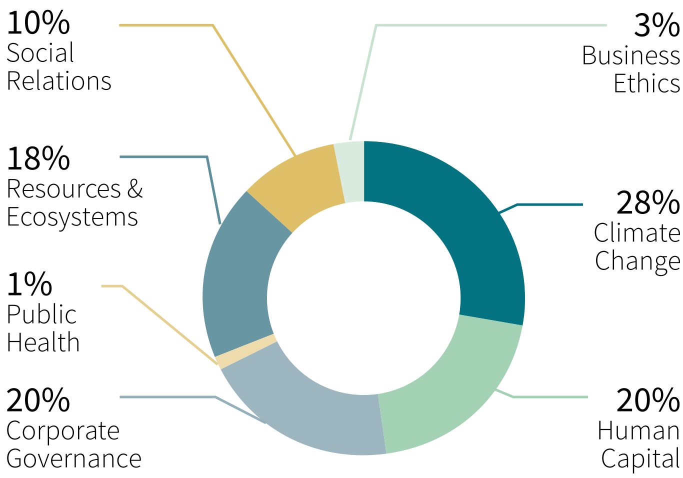
Event description



Source: AXA IM, end-2022

Our engagement with companies covers a broad spectrum of key

ESG themes



Source: AXA IM, end-2022

Highlights and data

In 2022, we engaged with companies

across the world

Australia	0.34%	South Korea	0.17%
Austria	0.84%	Luxembourg	1.01%
Belgium	2.52%	Mexico	0.50%
Brazil	0.50%	Netherlands	3.02%
Canada	2.18%	New Zealand	0.17%
Chile	0.17%	Norway	0.84%
China	0.67%	Saudi Arabia	0.50%
Colombia	0.17%	Singapore	0.34%
Denmark	1.17%	Slovakia	0.17%
Finland	0.84%	South Africa	0.67%
France	13.26%	Spain	1.85%
Germany	5.37%	Sweden	2.68%
Hong Kong	0.50%	Switzerland	1.34%
India	0.50%	Thailand	0.34%
Indonesia	0.17%	United Arab Emirates	0.17%
Ireland	1.68%	UK	12.08%
Italy	2.18%	US	30.37%
Japan	10.57%	Uruguay	0.17%

Source: AXA IM, end-2022

76%

of our engagements in 2022 **were linked to the United Nations Sustainable Development Goals (UN SDGs).** The breakdown is as follows:

1 No poverty	0.15%
3 Good health and well-being	8.27%
4 Quality education	0.15%
5 Gender equality	9.02%
6 Clean water and sanitation	0.45%
7 Affordable and clean energy	2.56%
8 Decent work and economic growth	5.71%
9 Industry, innovation and infrastructure	0.45%
10 Reduced inequalities	1.05%
11 Sustainable cities and communities	13.38%
12 Responsible consumption and production	4.51%
13 Climate action	38.05%
14 Life below water	8.27%
15 Life on land	7.97%

SDGs shown for illustrative purposes only

Source: AXA IM, end-2022.

Highlights and data

Engagement Approach	Number of engagements in 2022	Number of issuers engaged in 2022
Sustainability dialogue	239	222
Engagement with objective	357	289
Total engagements	**596**	**480***

Source: AXA IM, end-2022.
*28 issuers were engaged through both approaches during the year.

Engagement with objectives

In 2022, we conducted 357 ‘engagements with objectives’ with 289 entities. Governance was our key theme of discussion, with 24% of cases covering corporate governance matters. However only 15% of those meetings were solely focused on governance issues: We are convinced that effective governance policies and practices are a prerequisite to appropriate handling of environmental or social issues. As such, we often address governance when engaging on any environmental or social topics.

In 2021, a significant proportion (30%) of climate change engagements were linked to governance. While this was still the case in 2022 (at 33%), corporate governance issues were addressed in half of our meetings about human capital issues. These results were driven by an increase of diversity, equality and inclusion topics, requiring the development of dedicated policies, the use of top management objectives and incentives, and appropriate board oversight.

Ecosystem protection and human capital were key engagement themes too as we pursued engagement programmes on diversity, as well as biodiversity and deforestation. We also strengthened engagements in many sectors including technology, where we focused on companies exposed to responsible tech issues.

The Corporate Governance team, responsible for voting proxies at general meetings, also reached out to a number of companies that had been targeted by environmental, social or governance-related shareholder resolutions with a high level of support, with the aim to investigate where they stood in the implementation of the proposals.

We favour direct dialogue with issuers, but have continued to join new collaborative initiatives which now represent 20% of all engagements in this category. We believe that joining our efforts with other investors can improve the efficiency of the engagement process and the materiality of results, on the condition that we share clear goals and expected outcomes. On a number of occasions in 2022 this common purpose proved a little elusive, due to a more complex macroeconomic environment which encouraged an emerging backlash to ESG efforts, most notably in the US.

We believe those debates and discussions between members of collaborative initiatives, including on the governance of the initiatives themselves, are also an illustration of their increasing importance.

Sustainability dialogue

In 2022, AXA IM introduced the ’sustainability dialogue’ approach to better reflect the breadth of dialogue happening between investment teams and corporates or government-related agencies on sustainability topics. These discussions are key to proactively identify ESG issues, and often focus on companies where the continued enhancement of sustainability practices is expected to help support the robust, long-term profitability of the company. Where weaknesses are identified ‘sustainability dialogue’ may lead to using escalation techniques in certain cases, or prompt a more formal ‘engagement with objectives’.

Climate change is the overarching theme of discussion with investee companies and government agencies, accounting for 39% of dialogues. We registered 239 discussions with 222 entities in 2022 and expect this number to continue to increase over time.

Engagement themes

Climate change

Olivier Eugène
Head of Climate Research

Climate change is one of the central pillars of AXA IM's engagement with companies, representing 28% of our engagement activity in 2022. While this theme is universal and relevant to all firms from all sectors, we focus our efforts where materiality is greatest, notably energy (hence the relevance of UN SDG 7 and SDG 13), but also banks – through their lending policies – as well as the building materials industry. Engagement with companies operating in these sectors represented about a third of our total climate-related engagements in 2022.

When it comes to climate headlines, 2022 was strikingly similar to 2021. Some key observations are:

- The Intergovernmental Panel on Climate Change (IPCC) published two new reports highlighting the urgency to reduce greenhouse gas emissions and adapt our societies to the already visible consequences of climate change[3]
- The outcome of the highly anticipated UN climate change conference COP27, held in November in Egypt, was a mix of disappointment and modest progress[4]
- Carbon dioxide (CO_2) emissions continued to increase and atmospheric concentrations have once again reached a record high[5,6]
- Coal consumption and coal power generation have never been so elevated.[7]

A very unfortunate development has been the war in Ukraine. Beyond the human tragedy and geopolitical turmoil, the conflict triggered a sharp increase in energy prices – very acute in Europe but spreading globally for natural gas. This created regional supply shortages for electricity and natural gas and led to a scramble to source liquefied natural gas (LNG). In Europe, coal power plants had to be restarted to avoid blackouts. This led to a very visible tussle between the long-term goal of stemming climate change and the short-term reality of powering and heating homes.

During the year, we observed an ever-rising awareness that the energy transition encompasses more than climate, but also biodiversity and social justice. Transitioning to a low-carbon society cannot be at the cost of environmental or social damages and must bring along everyone, everywhere. A transversal approach is necessary.

As such, it has become common to talk of the energy transition trilemma: Decarbonisation, energy security and energy affordability. Properly balancing climate, the environment, social justice, and economic factors is the challenge, and it is not an easy one.

Another subject generating heated debate is whether limiting the temperature increase since pre-industrial times (as per the Paris Agreement) to 1.5°C is achievable or not.[8] While many international and collective initiatives have this objective carved into their mission statements – notably the Net Zero Asset Managers initiative,[9] of which AXA IM is a founding member – several analyses published prior to COP27 were unambiguous that the world was on track for an increase of 2.5°C or more based on current plans and actions.[10] The mathematics of global warming are cold and harsh – and there is a rising gap between the scientific community's recommendations and what measures society actually takes.

While it is essential to maintain a strong level of ambition, reduce emissions and adapt to a changing climate, a reckoning could be unavoidable when the harsh reality clashes with a lack of sufficient action.

The various aspects and challenges of the energy transition were the focus of our

Case Study

Engagement Status:
Success milestone

We started engaging with Dublin-based cement and construction materials company CRH in 2021 to understand its plans to reduce emissions, considering the materiality of the company's business to climate change.

In our 2021 meeting held with CRH's Head of Sustainability, we communicated our desire for the company to publish an ambitious decarbonisation plan. We then re-engaged in 2022 to have an update on CRH targets and actions.

Since our 2021 meeting, the company has made significant progress and has now validated targets under the Science-Based Targets initiative (SBTi),[11] backed by a bottom-up plant -by-plant industrial plan. The company also presented the main levers it intends to use to achieve its absolute emission reduction goals.

We will continue to monitor the evolution of CRH's carbon emissions. We will also look deeper at the circular economy theme, as well as the interplay between gross and net intensity.

3 IPCC Sixth Assessment Report: Summary for Policymakers, IPCC, February 2022.
4 Meagre but maybe meaningful: The key COP27 takeaways for investors, AXA IM, November 2022.
5 Global Carbon Budget 2022, Global Carbon Project, November 2022.
6 Carbon dioxide now more than 50% higher than pre-industrial levels, National Oceanic and Atmospheric Administration, June 2022.
7 Coal 2022: Analysis and forecast to 2025, International Energy Agency, December 2022.
8 The 2015 Paris Agreement, signed at COP21, sought to limit global warming to well below 2˚, and preferably to 1.5˚ Celsius, above pre-industrial levels.
9 The Net Zero Asset Managers initiative brings together more than 300 investors with about $59trn in assets under management.
10 2022 NDC Synthesis Report, United Nations Climate Change, October 2022. Emissions Gap Report 2022, UN Environment Programme, October 2022.
11 The SBTi is a third-party provider which checks and approves company targets against Paris Agreement scenarios.

research efforts conducted in 2022, which included the following reports:

- Carbon Capture and Storage: Hiding dirt under the rug or a real clean up?, in March.
- The impact of the Ukraine crisis on climate change, in June, in collaboration with AXA IM's macroeconomic team.
- Climate change: The relationship between net zero and rising global temperatures, in September
- Hydrogen and the energy transition: One molecule to rule them all?, in October.
- A preview, COP 27: Modest hopes for a climate meeting convened in an energy crisis, and a review, Meagre but maybe meaningful: The key COP27 takeaways for investors, of the COP27 conference, in October and November.

The findings from this research are of direct use while engaging with companies in the oil and gas value chain.

Our engagement goals and activity

While we purposefully engaged with companies in the most material sectors – such as energy, waste management and materials – we also were very careful to meet companies from across the entire economy. In brewing, real estate development or banking, for instance, the energy transition implies a system change that concerns everyone. This was also reflected in the 2022 version of the 'say-on-climate' trend, which saw a rising number of companies operating in various industries (such as energy and financials, but also real estate) submitting their transition plans to a vote.

Following the 2021 proxy season and the strengthening of our Climate Risks Policy, we have refined our framework to assess climate transition plans, defining clear requirements while leaving sufficient consideration to the specific challenges of the industry and market where the company operates. As a result, in 2022 we did not shy away from opposing incomplete or opaque transition plans, such as those presented by certain European financial institutions, or the say-on-climate vote at an Australian oil and gas company. In terms of collective engagement, the year was busy, especially the scope of our involvement within the CA100+ initiative.[12]

As lead investor in the initiative for Colombian oil company Ecopetrol, French carmaker Renault, and Saudi Arabia's Aramco we were pleased to witness several developments in our discussions with these companies. For the first time this year, we met with the board Chair of Renault to discuss climate governance and the embedding of climate change in Renault's strategy.

Case Study

Engagement Status: Failure

On the basis of its greenhouse gas emissions relative to other companies worldwide, and as one of the largest oil companies both in terms of production and fossil reserves size, Saudi Aramco has been included within the scope of the Climate Action 100+ (CA100+) initiative with AXA IM as lead investor.

Following more than a year during which we were unable to engage with the company – with our attempts to re-establish contact unsuccessful – we met Aramco's vice-president of Strategy and Market and the Chief Sustainability Officer in June to discuss the company's newly published sustainability report.

The discussion focused on broad strategic issues, and we agreed to hold follow-up meetings in the future to dive into specific elements of Aramco's energy transition strategy, including on decarbonisation levers, carbon offsets, and governance.

However, as of early 2023, the expected meetings have not occurred. Given the challenges in maintaining open lines of communication with the company, we intend to hold discussions with CA100+ in the first quarter of 2023 to define the next steps in the escalation strategy, also taking into account the limited levers we have.

Case Study

Engagement Status: Escalation

As one of the world's largest oil and gas integrated companies, US-based Chevron is part of our climate issues engagement focus list, as we view its energy transition strategy as less demanding relative to its main peers. We have observed what we believe to be a reluctance to commit to net zero for its downstream activities, and a lack of ambition in intensity emission reduction targets for 2016-2028 energy sales, which we think sets the company behind the industry leaders.

As we consider these ambitions to be insufficient, we have used several escalation techniques since 2021, first by supporting a shareholder proposal submitted by Dutch campaign group Follow This at the 2021 annual general meeting (AGM), then by voting against the re-election of the board Chair and members of the Sustainability Committee at the 2022 AGM.

Although discussions have taken place with the company's sustainability teams, and notable progress has occurred (including the recent publication of a methane report), we believe that Chevron's evolution in its climate strategy does not match the pace of the climate urgency. Therefore, in order to push Chevron to further enhance its energy transition ambition, we made the decision to co-file, together with a group of investors, the climate resolution that Follow This will be submitting at the company's 2023 AGM.[13]

[12] Climate Action 100+ is an investor-led initiative that seeks to ensure the largest corporate greenhouse gas emitters take necessary action on climate change.
[13] Shareholder proposal at the 2023 AGM of Chevron Corporation, Follow This, retrieved February 2023.

Climate change

Our approach to climate laggards: the 'Three Strikes and You're Out' Policy

During the COP26 climate change conference in Glasgow, AXA IM announced a new 'Three strikes and You're Out' policy. This is a more forceful engagement campaign with a list of companies we view as 'climate laggards'. These companies, across sectors and geographies, were deemed to have shown either a lack of net-zero commitments or quantified emissions reduction targets that were insufficiently demanding or not credible.

Over 2022, the AXA IM Executive Chair sent a letter to the relevant CEOs and/or Chairs, explaining our net zero commitment and engagement policy, as well as clearly laying out our engagement requests and our intention to divest in case of insufficient progress. By year-end, only one company had failed to respond, and we have already held our first meetings, with representatives ranging from investor relations to sustainability teams to CEOs. All were receptive to our engagement and willing to discuss, but the maturity level and willingness to further change or address challenges was varied.

Next steps

At end-2022, we sent another communication reiterating our requirements and our willingness to pursue engagement in 2023. For those that we feel are insufficiently responsive, we will consider the use of escalation techniques (such as voting against resolutions or co-filing a resolution) as of their 2023 AGM, and will consider divestment should the remaining issuer remain unresponsive.

The climate laggards list will be reviewed in 2023 and some names could change, with new additions and potentially removals following divestments or significant progress made by the issuers. The definition of laggards will evolve as well, as we expect that the criteria to identify companies deemed to be underperforming will become more demanding over time – for example an increased focus on delivery of transition plans or a stricter requirement for science-based validation.

How we applied our 'three strikes' policy in 2022 (anonymised examples):

Sector	Geography	Nature of issue	Engagement requirements	Engagement activity	First conclusions
Oil and gas	US	▪ Net zero targets only cover upstream operations, lacking Scope 1 and 2 targets for downstream, unlike all European integrated oil and gas companies, and comparable US peers ▪ Scope 3 is barely included in the strategy, again lagging significantly European peers and comparable US peers[14]	▪ Expand the net zero ambition to all operations and integrate climate strategy at the board level ▪ Fully integrate Scope 3 in the climate policy, and set intermediate and long-term reduction targets while disclosing related capital expenditure (capex)	▪ One meeting held with the Head of Sustainability	▪ Open discussion on the challenges of a net-zero ambition ▪ Some progress made such as the publication of the first methane report ▪ Certain essential requests (including net zero ambition on downstream operations) remain unanswered. We have reiterated our engagement requests and will use escalation techniques
Banking	Japan	▪ Sizeable exposure to controversial sectors ▪ Exclusion policies lagging versus global peers ▪ Net Zero Banking Alliance signatory, but does not yet disclose financed emissions and has not set intermediate targets for publication of Scope 3 financed emissions	▪ Disclose Scope 3 financed emissions and set intermediate reduction targets ▪ Strengthen coal exclusion policies and extend coal exit targets to mining ▪ Set up exclusion policies in the field of unconventional or controversial energy sectors ▪ Articulate long-term commitments with clear policies in place	▪ Three meetings held in 2022, including one with the chief financial officer and an in-person meeting with the CEO in our Paris office	▪ The company started relatively late in integrating climate change in its strategy, but is now doing so in a very disciplined and rigorous manner, with more improvements expected to come in the coming years
Construction	US	▪ Undemanding targets compare poorly with peers: Peers in the same geography have net zero goals and more robust targets. Non-US peers have more demanding targets, often with SBTi certification	▪ Set a long-term net zero ambition ▪ Formalise a climate strategy covering all businesses ▪ Accelerate goals to reach net zero for scope 2 ▪ Seek an SBTi validation	▪ One meeting held with the entire top executive team, including the CEO	▪ Current targets will be achieved earlier than targeted but there is no indication at this stage of the next step ▪ The company needs to set concrete plans on carbon capture for long-term goals ▪ Need a leap of faith to reach net zero

[14] **Scope 1:** All direct greenhouse gas (GHG) emissions linked to a company's own operations. **Scope 2:** Indirect GHG emissions stemming from the consumption of purchased electricity, heat or steam. **Scope 3:** Other indirect emissions coming from the supply chain of a company and from its customers (i.e. before and after its own operations).

Engagement themes

Biodiversity collapse

Liudmila Strakodonskaya
AXA IM Core Responsible Investment Analyst
Mariana Villanueva, AXA IM Core ESG Analyst

At AXA IM, we are committed to biodiversity protection. Throughout 2022, we continued to reaffirm this commitment through a series of actions: The integration of new biodiversity-specific data developed by our partner, Iceberg Data Lab, and the publication of a new biodiversity footprint metric in our Task Force on Climate-related Financial Disclosures (TCFD) report.[15,16] We further developed our biodiversity-related engagement activities based on this new data, and also updated our Deforestation and Ecosystems Protection Policy to offer more detail on our deforestation and biodiversity stewardship approach, including about the engagement process and engagement expectations. This was published in early 2023.[17]

Natural capital – our oceans, forests, climate and more – is at the origin of all the benefits people and economies obtain from ecosystems. Simply put, it makes human life possible.[18] The health and wellbeing of human populations depend directly on these benefits provided by nature as well as on the prosperity of the world's economies. By disturbing both the structure and functions of ecosystems, we increase the chance of environmental accidents becoming more frequent and acute. We also risk making access to basic natural resources uneven and inequitable, as well as increasing the chances of new infectious diseases appearing. Moreover, we risk losing access to key ecosystem services that societies depend on for life.

Given the impacts this could have on financial returns over time, and the negative impacts investments could have on biodiversity-related factors, we believe that investors must integrate nature and biodiversity considerations into their research, engagement, and investment processes. Dialogue between companies and investors then becomes fundamental to drive collective effort by taking robust and timely actions to address this global challenge.

This view is supported by the new Global Biodiversity Framework adopted at biodiversity conference COP15 in December 2022, which through 'Target 15' encourages the private sector (companies and financial institutions) to assess and disclose risks, dependences and impacts on biodiversity related to their activities.[19]

Our engagement goals and activity

Engagement programme driven by the new biodiversity footprint data

Under our policy on ecosystem protection and deforestation, we worked to develop a specific engagement programme with

Biodiversity engagement (anonymised examples)

Sector	Geography	Nature of issue	Engagement asks
Food products	US	▪ Risk of deforestation in the company's supply chain ▪ Difficulties obtaining full traceability to the field/ plantation ▪ Reinforce suppliers' non-compliance protocols	▪ Detail the company's zero-deforestation and supply chain traceability strategies ▪ Develop a concrete action plan to reach zero deforestation by 2025 – the plan was set up and published in the first half of 2022
Packaging materials	Switzerland	▪ Exposure to upstream deforestation and natural ecosystem conversion risks ▪ Impact of plastics across the value chain from greenhouse gas (GHG) emissions, concerning sourcing to end-of-life pollution	▪ Detail a new biodiversity policy focused on fibre and near-term priorities, as well as pursue objectives to mitigate biodiversity loss ▪ Improve disclosure around certified materials and recycled content for all raw materials
Electric utilities	US	▪ Land occupation and conversion from energy assets, including renewables, which can lead to the degradation of local ecosystems and wildlife corridors ▪ Air and water and toxic pollution risks from nuclear and natural gas facilities	▪ Detail key overarching principles to mitigate biodiversity loss, applied across all geographies and project types ▪ Examine how biodiversity is being integrated into the net zero decarbonisation plan across energy facilities and project lifecycles

Source AXA IM, end-2022

[15] AXA IM has entered a partnership with Iceberg Data Lab to develop biodiversity measurement tools.
[16] Article 29 - TCFD combined report, AXA IM, June 2022.
[17] Responsible Investing: AXA IM Ecosystem Protection & Deforestation Policy, AXA IM, February 2023.
[18] Back to our roots: How responsible investors can help tackle the biodiversity crisis, AXA IM, May 2022.
[19] COP15 ends with landmark biodiversity agreement, UN Environment Programme, December 2022.

a selection of companies engaging in activities involving raw materials associated with deforestation and ecosystems conversion (soy, palm oil, cattle and timber). Our engagement was structured around the companies' responses to an engagement questionnaire developed to facilitate dialogue – and which was informed by our knowledge-sharing with the disclosure initiative, CDP, and the wildlife charity, WWF. We think the results of the campaign have been reassuring, with several of the companies committing to a deforestation-free goal and developing respective action plans.

In 2022, our engagement initiatives were underpinned by the integration of new, biodiversity-specific data and a new metric – biodiversity footprint. We used this new data from an experimental modelling approach designed by Iceberg Data Lab to help us select and prioritise sectors and companies which present a significant biodiversity footprint, and to focus our engagement efforts accordingly.

The objective of this engagement is to share industry best practice with those companies and set up action plans with them to address biodiversity loss. The ultimate goal being to develop a comprehensive biodiversity strategy and to control the potential risks associated with biodiversity loss while supporting a 'nature-positive' transformation of these companies.

Initial meetings with the target companies were conducted during 2022 and the dialogue will continue in 2023. Most of the contacted companies are at the beginning of their biodiversity journey – and the initiatives and approaches are at an early stage, with the companies still growing internal skills and knowledge to be able to address biodiversity properly. Some reach out to external consultants; others work internally based on their historical activities in the field of environmental protection. Each of them is still structuring their respective biodiversity actions and we expect important developments in the field during 2023, particularly driven by the future publication of the Taskforce on Nature-related Financial Disclosures (TNFD) framework and the first Science Based Targets Network (SBTN) standards.[20] Our goal is to continue to assess and accompany issuers as they seek to develop robust and effective approaches to ensure the reduction of their biodiversity footprint in 2023.

Above are some anonymised examples of company-specific engagement objectives required as part of our deforestation and new biodiversity engagement programme.

Also, in 2022, we continued our work within the Finance for Biodiversity Foundation under the Finance for Biodiversity (FfB) Pledge we signed in 2021 as well as in other biodiversity-focused initiatives to support work related to the development of strategies, transparency standards, and practices around the protection of biodiversity. More specifically, as part of the FfB Foundation, the supporting organisation behind the pledge, AXA IM began co-chairing the working group on biodiversity impact metrics and actively participates in the working groups on engagement, advocacy and biodiversity target-setting.

The target-setting working group was launched within the Foundation in July 2022 to prepare and support financial institutions in developing strong biodiversity targets with respect to the post-2020 Global Biodiversity Framework adopted at the COP15 conference in December 2022. In parallel, the working group on impact assessment, under the leadership of AXA IM, developed an investor guide on biodiversity integration which was published during COP15.

[20] LEAD THE WAY TO A LOW-CARBON FUTURE, Science-based Targets Network, retrieved February 2023

Engagement themes

Biodiversity collapse

Outcomes and next steps

We believe we saw a positive response to our biodiversity engagements globally. Companies were open to discussion and willing to make progress on identifying and managing relevant biodiversity risks and opportunities, despite the complexity of the biodiversity challenge. In 2023, we expect to engage further with investee companies to set relevant action plans and targets. In that context, starting in 2023, we may vote against board-related resolutions or support biodiversity-related resolutions at the general meetings of the companies we engage with, particularly when we see insufficient progress on our requests. Moreover, we will continue to enhance and inform our engagement campaigns using biodiversity-specific data developed by our partner, Iceberg Data Lab.

Starting from 2022, these data and metrics are being used to measure the impact of AXA IM's investments in biodiversity (our biodiversity footprint) and were first published within our 2022 TCFD report on a sample of two funds.

Vision 2023

In 2023, we expect investors to continue mobilising around the issue of biodiversity. AXA IM conducts constructive discussions on biodiversity topics with the WWF, CDP, the sustainability capital markets group, Ceres, the nature-related and supply chain data organisation, Global Canopy, as well as other external experts. In 2022, we became member of two new and important collaborative engagement initiatives: Engaging in dialogue with chemical companies on their management of hazardous substances, supported by chemicals standards advocacy group, ChemSec; and our collaborative engagement on biodiversity, pollution and waste led by the livestock risks investor group, FAIRR.

Another key initiative, which we expect to drive fresh global momentum around biodiversity, is Nature Action 100 (NA100), launched at COP15.[21] This initiative will leverage the climate-related CA100+ experience of collaborative engagement by investors around the globe and will target a selection of companies considered as systemically important due to their impacts, dependencies, and potential solutions related to biodiversity. We are delighted to be part of the group of investors having worked to develop and launch NA100.

We will also continue to participate actively in the sector-leading initiatives by the FfB Foundation, driving discussions on topics such as biodiversity impact metrics and biodiversity target setting, as well as contributing to work on the biodiversity-climate nexus.

Case Study

Engagement Status:
Company responds

In 2022, we started shareholder engagements with our investee companies – guided by the biodiversity footprint measurement tool developed by our partner, Iceberg Data Lab. We engaged with companies in sectors identified to have potentially significant impacts on biodiversity and thus, contribute to biodiversity loss.

The French building and engineering group, Vinci, was identified as part of this exercise and we entered into dialogue with the issuer. As a company in the industrial sector with diverse activities in transportation and construction, the pressures that its operations and their value chain have on biodiversity through land use transformation are considerable. As part of this engagement, our main objectives were for Vinci to provide more detailed information on its recent "zero net loss of biodiversity" ambition, and to establish a concrete and unified action plan that would cover all of the company's material business activities.

Our dialogue coincided with the rising momentum around biodiversity – including developments from COP15, TNFD and SBTN – which we found helped facilitate discussions around common challenges. Still, a definition of what a robust "net zero biodiversity loss" goal should look like, as well as a roadmap that could effectively lead towards it are under development. We had our first fruitful exchange on existing key performance indicators, internal developments underway, and the company's biodiversity approach. As is the case for many companies, one of the challenges for Vinci is reconciling the local nature of biodiversity actions (to bring change on the ground) within a diverse group and contending with the need to establish a global strategy, metrics, and targets to unify company actions and track progress.

We intend to continue our dialogue with Vinci as its ambitions and roadmap take form, providing investor feedback with the goal to ensure plans and targets remain relevant and materially impactful in reducing negative biodiversity impacts.

[21] Investors launch 'CA100+ for biodiversity' at COP15, Investment & Pensions Europe, December 2022

Engagement themes

Gender diversity

Liudmila Strakodonskaya
AXA IM Core Responsible Investment Analyst

We believe gender diversity is a key factor in achieving and maintaining a healthy and efficient working environment. We believe it can boost the emergence of talent, the generation of innovative ideas and business performance overall.[22]

As an investor, this means that appropriate gender representation could potentially drive better corporate performance for companies, as well as shareholders, and encourage improved leadership and governance. Therefore, we have continued to reinforce our engagement activities around gender diversity, partnering with our industry peers to push for progress. In line with our ambitions and with the objective of increasing collaboration, we helped create the 30% Club France Investor Group in November 2020, calling other asset managers to join us while encouraging large French companies to commit to promoting gender diversity at a senior level.

The goal is for companies to appoint women to at least 30% of executive committee seats by 2025, compared to just 21% in 2020. In 2021, during the first year of the initiative AXA IM chaired the group and since 2022 we have continued to collaborate as part of the group as an active member.

In the second year of the campaign, the 30% Club France Investor Group conducted a wide variety of activities to engage with corporates, stakeholders and experts, enabling us to develop key observations about gender diversity in France. This year our investor group focused on the following:

- 'Soft' engagement to inform companies listed on the SBF120 equities index of the advancements of the coalition and to outline our reporting expectations on gender diversity
- In-person engagement meetings and detailed conversations with 18 companies identified as potential laggards to help them improve
- Creation of partnerships and workshops to learn from the 30% Club France Investor Group industry stakeholders working on gender diversity.

In our talks with companies during 2022 we found they were both more open to engaging with us than in the previous year, and more prepared to implement improvements. A refusal to engage was more the exception than the rule, and we faced some refusals under the pretext that the 30% mark had already been met. We do not consider this to be relevant, as it is critical to continue action to make sure there is sustainable change towards gender parity at all levels. Good news: Most companies we met were convinced of the value of gender diversity and we have begun to see positive momentum emerge in the form of action plans and targeted goals.

Through our discussions with companies, we identified two opposing trends that are coming into play in the matter of female talent management. The COVID-19 crisis had a disproportionately negative impact on women in attracting, retaining, and promoting talent while the enforcement of the 'Rixain' Law in France acted as an accelerator of awareness for the importance of gender diversity.[23] The issue is more acute in some areas, particularly industrial companies and those in the science, technology, engineering and math (STEM) sector, making the competition for attracting female talent more intense. Sectors with high female employment rates (financial services and insurance, consumer) still have identifiable glass ceilings. While there are targets and strategies, these sectors have a long way to go and changed very little compared to last year.

[22] Why Diversity and Inclusion Has Become a Business Priority, Josh Bersin, March 2019.
[23] The 'Rixain' law of 2021 imposes enhanced obligations for tracking and improving gender diversity at firms with more than 1000 employees.

During 2022, we also explored the notion of the 'multiplier effect' (e.g. for each woman added to the executive level 'C-suite', there is a positive impact on senior leadership below the C-Suite). To drive meaningful change and realise the full power of the multiplier effect across their organisations, companies will need to improve gender diversity at the highest levels. Evidence shows that the multiplier effect can work regardless of the sector.[24]

We will continue our active work on gender diversity within the 30% Club France Investor Group and beyond in 2023.

> "COVID-19 had a disproportionately negative impact on women in attracting, retaining, and promoting talent"

Case Study

Engagement Status: Progress

Based on discussions held between Vivendi's executive team and AXA IM as an investor member of the 30% Club during 2021-2022, we identified that the French media holding group has developed stronger disclosure on gender diversity and has put in place new actions to advance towards gender equality goals. The results so far are promising, in our view.

In 2022, we started our second round of engagement with the company, following on from constructive discussions in 2021. We act as the lead investor for engagement with Vivendi within the 30% Club France Investor Group.

During our first year of discussions the company had shown itself quite responsive to the engagement and as a result added to its disclosures two new key performance indicators on gender diversity (share of women in new recruitments and in internal promotion). However, in 2022 one of the company's entities (Havas) was involved in a controversy around alleged harassment.[25] We discussed the Havas case with Vivendi – the company is taking remediation measures – and then continued our global dialogue on gender diversity putting forward a recommendation to formulate common gender policies at the Group level to increase Group responsibility for prevention of harassment and other mistreatment. We found that the company was responsive to the dialogue and that the discussions were meaningful. We will follow up on these topics in 2023 and expect further improvements.

Vision 2023

Most companies we met were convinced of the value of gender diversity. Our discussions were well received, and we have begun to see positive momentum in the form of action plans and targets, but we hope to see more tangible progress in 2023.

A study from French employer federation MEDEF found that of the 103 companies in the SBF120 index that have published gender diversity information, a majority had already reached 30% representation at the highest governance levels during 2021. Less than a third of respondents still had representation of women below 25% as of end-2021.[26] Progress is being made, then, but more needs to be done while momentum is strong. We think it is crucial to continue to promote awareness and the implementation of concrete action plans to reinforce the trend.

24 30% Club France Investor Group: Annual report, 30% club, retrieved January 2023.
25 Havas Paris: The communications agency caught up in the #MeToo wave, Le Monde, May 2022`
26 30% Club France Investor Group: Annual report, 30% club, retrieved January 2023.

Engagement themes

Gender diversity

5 GENDER EQUALITY

Case Study

Engagement Status: Progress

The diversity level in Japanese senior management and boards of directors among listed companies varies by company and industry. In general, though, it remains below that seen in other developed markets, as well as most other markets in Asia.

We have been encouraged, however, by a number of positive developments in recent years, such as the reform of the Tokyo Stock Exchange's listing classifications, the revision of Japan's Corporate Governance Code, a regulatory requirement[27] to address sustainability, and ongoing plans by the current Japanese administration to mandate gender diversity-related disclosure.

In compliance with the Japanese Stewardship Code, AXA IM Japan in 2022 stepped up engagement efforts in Japan to further promote diversity at board and top management positions.

The engagement programme started with a questionnaire, drawn up jointly by the Japanese credit team and the responsible investment team – already involved in various diversity-related initiatives such as the 30% Club France. The questionnaire comprised more than 40 questions covering issues such as work-life balance and sexual harassment, as well as requesting disclosure on the governance of diversity, equality and inclusion (DEI) issues and data on female representation in the workforce and on the board.

AXA IM Japan's Core Investment team, benefitting we believe from the local presence of the team and established relationships with companies, then reached out to 39 Japanese companies, resulting in 35 communications being carried out.

These meetings enabled us to clearly communicate the key indicators we are focusing on, and those where we would like to see increased disclosure. Most companies were receptive, willing to improve their DEI practices and board diversity, and keen for further discussions.

These meetings also enabled us to make the following observations:

- The ratio of female hires has been increasing over the past 10 years. However, there is still insufficient representation of female managers
- With the revision of the Corporate Governance Code, the diversity of directors' experience and skills has progressed with an increase in the ratio of outside directors and the disclosure of skill metrics. However, not many companies commit to numerical targets for female directors. The difficulty in securing female independent directors and the effectiveness of succession plans for internal appointments, i.e. taking time to train successors internally, are ongoing issues.

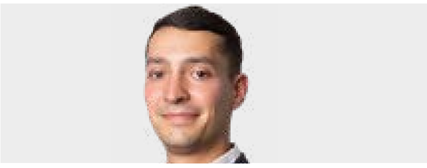
Considering these observations, we decided to join a working group created by the Asian Corporate Governance Association (ACGA) to discuss the issue of gender diversity on Japanese listed company boards. AXA IM Japan's Head of Core Investments Kazuyuki Kitajima co-signed ACGA's open letter, issuing a series of recommendations to boost the level of female representation at board and top management level.

Mina Sawamura, Senior Credit Analyst, AXA IM Core, Japan.

[27] Sustainable Finance, Financial Services Agency, December 2022.

Engagement themes

Responsible Technology



Théo Kotula
AXA IM Core Responsible Investment Analyst

The collection of personal data has fuelled the rapid growth of internet-based technology companies. Firms that rely on the handling and processing of personal data are under intense scrutiny from customers and regulators. At the same time, artificial intelligence (AI) has drastically transformed the business environment. As the use of AI in business continues to grow, responsible AI practices will be paramount to maintaining this growth and contending with its potential ethical and socio-technical repercussions.

We have also witnessed growing concerns around technology companies' potentially negative human rights and societal impacts, as well as around society's trust in them – which is key for sustainable, long-term value creation. As a global asset manager with extensive investments in the technology sector, we believe that we can have a positive role to play in encouraging responsible technology practices and helping protect clients from associated investment risks.

Vision 2023

In 2023, we will continue engaging with tech companies on responsible technology and carry on with escalation tactics – through voting notably – if we feel there is a need to do so. We will also further collaborate with other investors to make our messages stronger. Lastly, we will try to expand the scope of targeted sectors and engagement themes by discussing companies' policies and practices regarding digital inclusion.

Our research found that companies collecting personal data and developing AI systems are exposed to human rights, regulatory, operational and reputational risks, and that a fine line separates success from failure in terms of responsible technology policies and practices. This work framed our 2022 engagement discussions with firms exposed to data privacy issues.

Our engagement goals and activity

In 2022, we engaged with companies exposed to responsible technology issues to examine how their way of working compares to the good practices we identified around:

- Transparency on data privacy policies and practices
- Disclosure around responsible AI and alignment with best practice
- Human rights policies and inclusion in business practices
- Oversight of these issues at board level.

We are also expanding and enriching our engagement discussions with tech companies through collaboration with other investors and organisations. We believe it makes our message stronger and helps us to achieve our engagement objectives. As part of that, we continued our active participation in the 'Tech giants and human rights: Investor expectations' collaborative initiative.[28] We also joined the ICT (information and communication technology) and Human Rights working group of the Investor Alliance for Human Rights in 2022 and signed the Investor Statement on Corporate Accountability for Digital Rights.[29,30] This allowed us to join forces with other investors on these crucial issues.

[28] The Council on Ethics of the Swedish National AP-funds signals its expectations for tech giants on human rights, Fjärde AP-fonden, December 2020.
[29] Engaging the ICT Sector on Human Rights, Investor Alliance for Human Rights, retrieved February 2023.
[30] Investor Statement on Corporate Accountability for Digital Rights, Investor Alliance for Human Rights, retrieved February 2023.

Results and next steps

While we saw progress made by companies we engaged with in 2020 on data privacy issues, 2021 and 2022 were not as positive in terms of engagement outcomes. Tech companies do acknowledge that data privacy, responsible AI and human rights are material risks for their business models, but we felt most firms were perhaps not willing to make the necessary changes to fully mitigate these risks.

On a more positive note, we had insightful pre- and post-AGM discussions with tech companies that allowed us to refine our 2022 voting decisions. Where needed, we supported a range of responsible technology-related shareholder proposals and, significantly, voted against management during the voting season at companies we felt were not responsive enough to our requests.

In 2022, we still felt that tech companies were not taking sufficient steps to address responsible technology issues and mitigate related risks. As a result, we decided to escalate our engagement and to co-file two shareholder resolutions at two different companies (Meta Platforms and Alphabet) to show our disappointment. We made one proposal asking for an independent human rights impact assessment, and another requesting more quantitative and qualitative information on algorithmic systems.

Case Study

Engagement Status: Escalation

We started engaging with Meta Platforms – formerly called Facebook – in 2019 on data privacy and human rights issues. As a tech giant whose revenues largely depend on the collection of users' personal data, the company was part of our engagement focus list. Our main objectives were for Meta to strengthen board oversight of data privacy and human rights issues, increase transparency and reporting on these risks and to take concrete steps to address recurrent related controversies.

Since then we have met with the company at least once a year and over time we have had the opportunity to hold discussions with representatives of various departments. We also joined collaborative investor initiatives carrying similar messages to Meta.

Some of our engagement objectives have been met. For example, Meta established a privacy committee at board level and set up the Oversight Board in 2020. These were positive steps with regards to the risks we identified through our research and our engagement targets.

Despite this progress, in 2021 the company found itself once again subject to a content/data privacy controversy.[31] In our view, it is a sign of a structural oversight issue around these issues. We consider that the most critical point we want addressed is left unanswered: We do not have any idea of the concrete steps Meta will take to address the recurrent privacy, content and user safety issues it has faced for quite some time. There are encouraging noises, as highlighted above, but nothing sufficiently effective, in our view.

In 2022, we met with Meta before its AGM to reiterate our engagement requests, share our voting intentions and discuss with the company its poor ESG ratings – at the time, Meta had a 'B' ESG rating from MSCI, just above the 'CCC' exclusion threshold. [32] As we deemed Meta's answers to be unsatisfactory, we decided to escalate engagement and voted against management – going beyond a simple adherence to our voting policy standards.

Our votes included opposition to the re-election of founder Mark Zuckerberg as director, supporting shareholder resolutions aimed at improving board accountability (a 'one-vote-per-share' resolution and a resolution requesting an independent board chair), as well as supporting shareholder proposals linked to our own engagement requests, including a resolution requesting the publication of a third-party Human Rights Impact Assessment (HRIA). This would examine the actual and potential human rights impacts of Facebook's targeted advertising policies and practices.

In the absence of satisfactory steps taken by Meta to tackle responsible technology issues, we decided to go further in our escalation process and to co-file the shareholder resolution related to the HRIA publication, that will be re-submitted to vote at its 2023 AGM.

We will closely monitor the voting results of Meta's 2023 AGM. We expect the proposal we co-filed and other shareholder resolutions to receive significant supported from investors. A downgrade of the company's ESG score in December led us to begin the divestment process of the stock from certain responsible investment open-ended funds,[33] in line with our ESG Standards Policy.

[31] The Facebook Files, The Wall Street Journal, October 2021. The newspaper's investigation reported leaked documents which showed Facebook was aware of various issues with the use and misuse of its platform. Facebook founder Mark Zuckerberg said the reports "selectively use leaked documents to paint a false picture of our company".
[32] Our ESG scoring methodology is an enhanced version of MSCI ESG scores.
[33] These include ESG integrated, Sustainable and Impact investing open-ended funds. Those open-ended funds are categorised as products which promote ESG characteristics (Article 8) or which have sustainable investment as their objective (Article 9) according to the EU's The Sustainable Finance Disclosure Regulation (SFDR).

Engagement themes

Social

Matthieu Firmian,
AXA IM Core ESG Analyst

It is part of our fiduciary duty to consider the 'S' in ESG investing to ensure companies act responsibly as employers, suppliers of goods and services, and as stakeholders in society. Our view is that companies failing to adequately do this are likely to face higher risks in terms of productivity, litigation, and reputation – which could ultimately affect financial performance and investment returns. On the other hand, companies that address social issues have often been found to have better risk management, more engaged employees, and better relationships with stakeholders.[34]

The social pillar of ESG covers the greatest number of UN SDGs, with 13 of the 17 SDGs directly or indirectly linked to social issues. However, social and human rights issues can be complex and difficult to quantify, potentially leading to confirmation bias and subjectivity in assessments.

They span a wide range of issues including employee rights and health, social dialogue, pay rights and community rights, as well as modern slavery issues such as forced labour and child labour. These issues cannot all be handled in the same way, but all require a deep dive into policies and what they mean concretely in terms of actions taken. Ongoing dialogue with companies therefore remains crucial, to go beyond their public communication. Our role is to identify companies willing to make progress and implement adequate actions, to support them on the most relevant aspects and the most material risks stemming from their business activities.

In 2022, our engagement work addressed public health, highlighted in a case study below, and the Just Transition, as described in further detail below.

We also retained our focus on human capital and working conditions as a key theme, accounting for 20% of our engagements in 2022 – notably due to the continued roll-out of our engagement programme on gender diversity. We have also engaged companies on the issue of working conditions, such as US car company Tesla which has faced allegations of racial discrimination and sexual harassment (a detailed case study follows in the 'Voting Priorities and Plans' section).

On the broader question of human rights, we must acknowledge the complexity of the issues at stake, depending on the sectors, markets, or national regulations involved. We believe it might be more effective to concentrate our efforts on a few sectors or countries where risks are the most material. This can range from health and local communities' rights in the energy sector to working conditions and labour rights in the textile and agri-food sectors.

On forced and child labour, our collaboration with non-profit organisation Human Resources Without Borders has been instrumental in advancing our engagements on the topic, particularly in the textile and mining industries. Our objective is to review company levels of maturity in that field, and foster transparency and progress. We want to turn commitments into concrete action, setting aside any general 'tick-box' communication that does not qualify as tangible examples of actions taken, or processes implemented.

Furthermore, we have become a collaborative investor in the stewardship initiative 'Advance' – launched by the Principles for Responsible Investment (PRI) at the end of 2022, aimed at taking action on human rights and social issues.[35]

Case Study

Engagement Status:
Company responds

We engaged with US pharmaceutical company Eli Lilly about a new drug that treats type 2 diabetes but also aims to reduce obesity. The effectiveness of these treatments has garnered headlines and much interest on social media for their weight-loss properties. However, we see a real risk of misuse by people who do not actually have diabetes and ultimately, they are drugs that could have potentially harmful side effects.

We encouraged the company to communicate more effectively about preventing diabetes and to ensure that its sales incentive system does not function at the expense of people's health. Eli Lilly explained it would implement a lookback system to make sure those purchasing its treatments are indeed suffering from diabetes. From our discussion, the company is aware of the risks but further monitoring of the situation will be necessary to ensure effective action is taken.

[34] The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance, Mark A. Huselid, The Academy of Management Journal, June 1995.
[35] Advance: A stewardship initiative for human rights and social issues - Investor statement, PRI, May 2022.

Case Study

Engagement Status:
Company responds

We engaged with the Mexican company El Puerto de Liverpool regarding its human capital management.
As one of the largest department store operators in Mexico, El Puerto de Liverpool employs around 35,000 people. Considering its high level of staff turnover, we reached out to the company to obtain more information about its ability to retain employees. While the dialogue enabled us to gain a more in-depth understanding of its policies and practices compared to what had been publicly disclosed, we noted some room for improvement and pushed the company to disclose:

- Results from its internal employee satisfaction survey
- Information around wages and the differences between areas in Mexico versus its peers
- Its development programmes and data for collective bargaining

In the current inflationary context, competition between low-paid jobs is even more significant than in previous years. We asked the company to closely monitor these market practices to reduce its high turnover rate.

We will continue dialogue in 2023 and will also engage the company on human rights issues within its supply chain – especially as the company distributes numerous products and deals with a large number of suppliers.

Just Transition

We have started a new collective initiative, working with the Institut de la Finance Durable, on the 'just transition' theme. Under this programme we lead a group of investors in engagement with issuers in the energy sector and are members of the agriculture and food sector working groups. The objective of this initiative is to ensure the social implications of a transition to a low-carbon economy are sufficiently anticipated.

This requires different approaches for different sectors, the energy sector being one of the most at stake. In our view, a just transition would seek to leave no one behind and ensure the consequences of associated changes are fairly distributed. Moving to low-carbon energy, buildings, transportation and industrial production will bring dramatic adjustments and challenges to countries and industries – and therefore to workers and their communities. A failure to anticipate the social implications of those challenges could stall climate progress and contribute to political instability through increasing inequality. This would risk disrupting the fragile equilibrium between developing and developed economies.

As an asset manager, we want to start integrating this nascent concept into our investment decision-making. This will require different approaches for different sectors – but it will certainly entail a consideration of how business models are evolving, how human capital is managed and how companies develop their role as employer and stakeholder. Issues of accessibility and affordability must also be integrated in our assessment.

Acting with conviction in an increasingly complex world

Clémence Humeau AXA IM Head of Sustainability Coordination and Governance

A tumultuous 12 months for markets and politics was also a landmark year for AXA IM as a responsible investor. During 2022 we embedded sustainability even more deeply within our organisation and practices. We have addressed a wave of new disclosure requirements through reinforced involvement from senior leaders and governance bodies. There has also been even more robust implementation and effective operational integration of our responsible investing policies and approach. We have also continued to engage with the companies and issuers in which we invest; as a responsible asset manager we have acted with conviction and reason in our stewardship practices.

We believe stewardship is one of the ways through which we can continue to support the transition to net zero and have demonstrated this through our engagement – the number of issuers engaged in 2022 has increased by 111% from the year before. We also continued to strengthen our internal governance to help maximise the chances of success of those dialogues, with a revised engagement policy and clearer objectives, in particular for the oil and gas sector.

Real-world decarbonisation beyond portfolios

Already a key sector in the transition to net zero, energy came under the spotlight in 2022 due to the Ukraine war and resulting supply issues. We strongly believe in the need to support real-world decarbonisation beyond portfolios alone, and as a result AXA IM put in place a new ban on investing in unconventional oil and gas such as oil sands.

We have also been mindful of the impact the energy crisis has had on companies in different sectors. When we engage with firms we aim to understand how they are dealing with the situation, how that could lead them to adapt some of their plans for the near future and how they would manage the impact on their customers, encouraging them to be transparent on any adjustment they could make.

This has been visible in how we have voted, alongside the implementation of a strengthened voting policy, to further integrate ESG issues into our voting decisions – paying particular attention to climate change issues. Key updates to our policy included inclusion of meaningful ESG metrics in CEO pay, and ESG capabilities of boards.

We believe there is not a ‘one-size-fits-all’ approach in these areas, and that what is appropriate in each instance can depend on a wide variety of factors including the maturity of the company’s sustainability strategy. We realise this maturity can vary greatly from one market to another, and we have made sure to take those different realities into account, aiming to leverage this new policy to help steer issuers in their sustainability journey. In the US, for example, where ESG is less often embedded into remuneration as it is in Europe, we have put further emphasis on engagement and explanation of our approach and how it could be linked with long-term, robust profitability.

Finally, we remain committed to being transparent on our sustainability commitments and how we are making progress on them over time, both at a fund and company level. Of course, this follows the principles of the Task Force on Climate-Related Financial Disclosures (TCFD) and the new Article 29 of France’s Energy-Climate Law – but this is more than a regulatory requirement for us. It is a commitment to embracing complexity, maintaining our conviction, with reason, being honest and open about challenges we face in our journey. They are very often the same challenges our peers and our whole ecosystem is facing – and it is by working together to address them that we believe we will have a chance to effectively transition to a more sustainable world over the long term.

Protecting our shared interests

AXA IM's active and long-term approach means our relationship with investee firms can continue for many years – decades in some cases. We have a duty to our clients, our colleagues and wider stakeholders in society to monitor and engage with companies for the entire time that we hold their stocks and bonds – and in a fashion that helps protect all our interests long into the future.

At the heart of this is our ambition to achieve a clear 'win-win' of improving risk-adjusted returns while contributing to broader societal and environmental objectives as defined in the UN SDGs.

For us, active ownership is about making the most of our rights as an investor to engage investee companies in productive dialogue that makes a tangible difference. So how do we do this?

- **We are proactive:** We strive to engage companies before concerns materialise that can potentially harm investors. We commit our efforts to ESG issues which we consider to be the most strategically and financially material for long-term investors. These are climate change, biodiversity, human capital management and diversity, data privacy and corporate governance.

- **We are research-driven:** As a truly active investment manager, we conduct in-depth analysis of companies and the broader macroeconomic backdrop and incorporate ESG factors which shape investment outcomes. Our engagement and voting are built on the knowledge and insights we have developed.

- **We create impact:** Investors can drive impact in their investment activities by pressing for change at corporations – influencing the way they behave and do business. We focus our engagement where we believe it can have the greatest impact and consider how it can align with the UN SDGs.

- **We are an industry leader:** Taking a bold stance on difficult issues and committing resources to delivering engagement outcomes helps us reach our goals for clients and society in the long term. We also seek to work collaboratively with other investors to achieve shared objectives.

- **We are responsive and alert:** Although our core engagement approach is to be proactive, we recognise that there are cases where major controversies occur, or international norms are breached. Such norms include the UN Global Compact (UNGC) – a set of principles based on corporate commitments to implement sustainability principles, the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. In these cases, we will assess the severity of the cases through our ESG Monitoring and Engagement Committee and consider whether to engage on a reactive basis or make other decisions such as to divest.

We also seek to act quickly and decisively in cases where companies are in breach of international norms and standards and our internal ESG investment exclusion standards and policies. These include limits on coal and unconventional oil and gas-related activities; sectors which can have a significant impact on deforestation; and companies involved in products and services such as tobacco, controversial weapons. Our full Engagement Policy can be found here.

Responsibilities

At AXA IM, responsibility for stewardship falls on a wide range of teams. These include (but are not limited to):

- Sustainability coordination and governance team and the RI research team – including analysts focused on themes such as climate, biodiversity or social, as well as corporate governance and stewardship experts and others involved in advocacy and developing solutions in response to new sustainable finance policies

- ESG stock/bond analysts and impact investment specialists within investment platforms and the research department

- Fund managers and analysts

- Public policy and regulatory professionals.

The ultimate responsibility for stewardship lies at AXA IM board level.

Nevertheless, the RI coordination and governance and RI research teams have a responsibility to formulate the broader engagement programme and orchestrate the related governance (including progress-tracking and use of escalation, reporting, etc.). These teams make a significant contribution to engagement with issuers.

Engagement is performed across asset classes. Investment teams empower their analysts and portfolio managers to engage companies on ESG issues – in a similar way as they do for financial analysis. This covers ESG analysts, impact investment analysts, and stock/credit analysts. Many of the engagement meetings are conducted in collaboration with RI experts from research, corporate governance, ESG and Impact teams.

Forms of engagement

Starting 2022, as part of our efforts to enhance a robust engagement governance while properly reflecting the breadth of our dialogue with companies on ESG topics across the organisation, we have clearly distinguished regular dialogue conducted with investee companies around their sustainability practices (referred to as 'sustainability dialogue') from active engagement with specific, identified objectives (referred to as 'engagement with objectives') in our engagement tracking and reporting.

We consider the former to be key in establishing, developing and maintaining a constructive relationship with the company, as well as gaining insight into its policies and practices. However, while it may feed into future potential targeted engagement, this type of dialogue is less intensive and is largely an information-gathering exercise.

Selection of priorities

We have rolled out a clear process for selecting priorities, which can be addressed in combination:

- **Proactive:** We engage in a proactive fashion on material ESG areas. There are two main approaches in place to facilitate proactive engagement:
  - Focus list: This is a priority list of about 50 companies for which intense and repetitive engagement is conducted on one or two key issues, with the list being updated on an annual basis. Objectives are set upfront, and resources allocated. This is the priority list for which we expect regular individual engagement meetings, updates and action. Progress in engagement with these companies is regularly tracked by the ESG Monitoring and Engagement Committee, leading to the use of engagement techniques when required.
  - Thematic projects: In addition to the focus list, we also conduct engagement projects on specific themes. These projects cover a wider universe of companies in any relevant market, sector or asset class.
- **Annual general meeting voting:** Before and after votes, we conduct extensive discussions with companies on corporate governance matters, voting resolutions at upcoming meetings and increasingly, on sustainability issues which are a focus of shareholder proposals. We also provide full transparency on our voting actions with companies and our voting records. This is a fundamental aspect of our fiduciary duty to clients. We vote in a manner that is intended to be beneficial to the long-term, sustainable value of the companies in which we invest. Areas of support or dissent can relate to a number of sustainability-related issues, such as executive remuneration, climate and diversity – which we have captured within our dedicated voting policy. Voting may occasionally be used as an escalation option if we believe engagement on a thematic issue has stalled. For more detail, see the Escalation section.
- **Reactive:** there are some cases when we need to engage in response to a specific event. These can relate to:
  - Severe controversies[36] and breaches of international norms and standards[37]: For AXA IM's ESG-Integrated and ACT strategies, we exclude investments in issuers which are impacted by a severe controversy or which are in violation of international norms and standards – where holding securities from that issuer could pose a significant financial and/or reputational risk

    Severe controversies are largely defined as breaches, but we can also exclude investments where issuers have been involved in other types of controversies. We use an external data provider to provide us with an initial assessment, which can be adjusted based on qualitative analysis and is subject to the validation of the ESG Monitoring and Engagement Committee. To support this qualitative assessment, we can in certain cases decide to discuss with the company the credibility of corrective actions put in place to resolve the issue, instead of divesting. Such an exemption is decided by the ESG Monitoring and Engagement Committee after a qualitative review of the stock and an internal agreement between the stakeholders of the Committee
  - Negative news flow: Our investee companies are sometimes the subject of negative news stories. While these are not necessarily ranked as 'severe' controversies by our controversies research service provider, we might want to engage with the company to obtain a better understanding of the issue and assess the quality of its response. In certain cases, we may also decide to exclude certain issuers on this basis, if we feel the risks are material and the response from management is insufficient
  - Exclusion policies: Any update of our ban lists can also lead to some companies being automatically excluded. Again, the ESG Monitoring and Engagement Committee can advise to engage rather than exclude under certain conditions described in related policies
- **Opportunistic:** Our relationships with companies mean we are often invited to attend conferences, roadshows or field trips. This is an opportunity to learn more about companies' actions, policies and performance while at the same time updating them on our areas of focus and scrutiny.

[36] As per AXA IM's ESG standards, a severe controversy is when our ESG data provider Sustainalytics rates a controversy as level five (out of five).

[37] Sustainalytics' Global Standards Screening assesses companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards covering the UN's Global Compact Principles, the International Labour Organization's Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Protecting our shared interests

Collaboration

Much of our engagement is based solely on our own efforts, but we also believe that collaborating with other investors and stakeholders can help us to achieve our goals. In 2022, although 87% of our engagements were carried out individually, we remained an active participant in key industry initiatives such as Climate Action 100+,[38] Access to Medicine[39] and Finance for Biodiversity.[40]

We also joined several new collaborative engagement initiatives, including 'NA100'. Launched at the global biodiversity conference COP15 in December 2022, this initiative will leverage on the CA100+ experience of a collaborative engagement by investors around the globe and will target a selection of companies considered as systemically important from the point of view of their impacts, dependences, and potential solutions on biodiversity.

When deciding which initiatives to participate in or support, we focus on topics and groups where we believe our involvement will have a material impact. Impact can often be greater by joining forces with other investors and stakeholders, so we use a combination of collective and individual engagement.

We play a proactive role in several industry initiatives and groups and assume leadership roles as often as possible, as highlighted in Appendix II.

Every engagement has its objectives established upfront. We conduct the engagement with issuers and track progress – achieving effective change can take time, and we define the timeframes which we consider reasonable to achieve these objectives, depending on the nature of the

Case Study

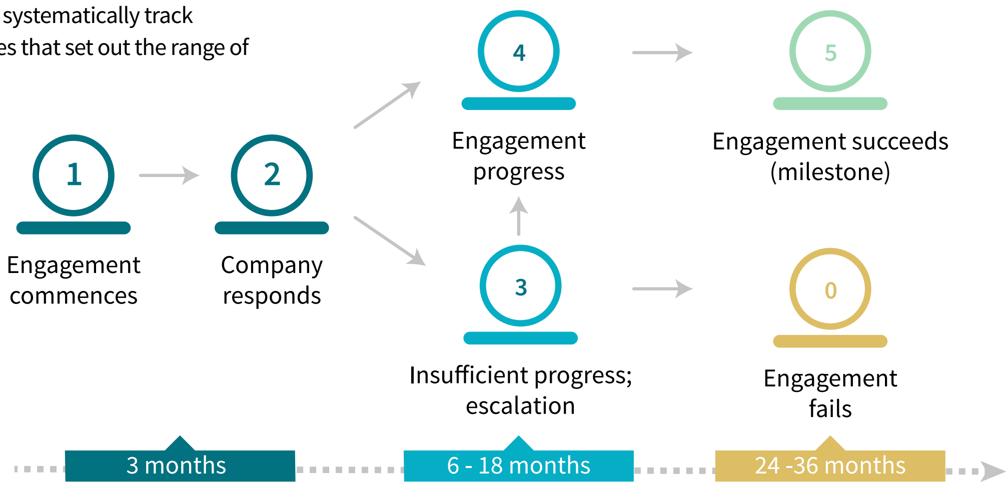
Engagement Status: Progress

In 2021, Ceres, a non-profit organisation working with investors to provide research and collaboration opportunities on environmental and social challenges, called for investors working on the topic of deforestation to conduct a collaborative engagement with one of the key actors of the global agrifood market – Bunge. The company, one of the world's biggest soft commodities traders, is facing risks of deforestation in its supply chain (soy, palm oil commodities, etc.) but is working to increase traceability and control over its supply chain and has set a commitment to end deforestation by 2025.[41]

In that context, we participated in a series of discussions with the company, of which were led by Ceres over 2021-2022, and informed the development and enhancement of an implementation plan defined by Bunge under the company's 2025 Zero Deforestation commitment. Today, the company continues its work to halt deforestation in its supply chain. The collaborative engagement may be pursued to support Bunge in achieving its 2025 zero deforestation goal. We will also continue the dialogue individually in 2023 based on the initial results of its implementation plan.

Tracking engagement progress

For 'engagement with objectives', we systematically track engagement progress using five stages that set out the range of possible outcomes:



Source: AXA IM

[38] https://www.climateaction100.org/about/
[39] https://accesstomedicinefoundation.org/
[40] https://www.f4b-initiative.net/
[41] Non-Deforestation Commitment, Bunge, April 2022.

change we are targeting and the underlying concerns. These also differ according to the nature of the objective, the country of the issuer and the thematic area.

In 2022, we recorded seven milestones – instances where we believe we achieved our engagement objective (stage five). We have escalated our engagement in 20 cases (see next section for further details) due to a lack of progress. Some of these may be recorded as engagement failures in the coming year or two.

Escalation

Engagement does not always progress smoothly, and responses given by companies can be unsatisfactory or slow. It is therefore crucial in such cases to escalate the issue to keep the process moving and continue to make progress towards our engagement objective. Here again, there are multiple options available for escalation:

- **Targeting more senior input:** We may seek to move the discussion up the corporate chain, ultimately through to chief executive/chair level
- **Collaborating with other investors:** Working with other investors can send a unified message to formal industry groups or ad-hoc associations
- **Involving portfolio managers:** Portfolio managers have in-depth knowledge of investee companies and may have useful connections. Working with portfolio managers on specific cases can therefore be an efficient way to ensure our messages reach the right people
- **Voting against resolutions at AGMs:** We use voting as a mechanism to escalate engagement concerns. When engagement on key themes stalls, we can show dissent through a vote against specific resolutions
- **Co-filing shareholder resolutions:** We may also consider co-filing a resolution on specific ESG issues
- **Divestment:** We consider the threat of divestment as a means of putting pressure on companies to change their practices. In the most severe cases, we may actually divest when we deem that no material change can occur.

The use of a specific escalation technique may vary depending on various factors, such as the severity of the concerns raised during engagement, the degree of responsiveness of the company, but also the market where the company operates.

For example, we may be more prompt to file or co-file a resolution at 'Anglo-Saxon' companies compared to other markets, in light of the applicable filing requirements. In other markets, we may prefer to use other rights available to us, such as asking questions at general meetings.

In the meantime, we are also monitoring with particular attention debates and discussions around a potential regulatory evolution in Europe and have expressed our views in working groups which contribute to this debate, such as the one led by the French Sustainable Investment Forum. In such discussions, we have especially reiterated the importance of protecting the interests of shareholders, and of making sure they are able to properly exercise their rights.

Involvement with policymakers is also a key part of our active ownership strategy. As interest in ESG issues grows amongst clients and regulators around the world, the need for clearer definitions and usable standards has become a top priority for the financial industry. While the key focus of our public policy engagement is around sustainable finance, we also understand that policy decisions related to our key themes – including climate – will shape corporate practice. We therefore work jointly with peers to express our thoughts to policymakers, including through the Institutional Investors Group on Climate Change policy programme, with a role as co-chair of their Policy Advisory Group.

Selected anonymised examples of escalation

Sector	Geography	Nature of issue	Escalation technique
Online retailer	US	Human rights	Targeting senior input by sending a letter, together with other investors, to the chair of the committee responsible for the oversight of diversity, equity, and inclusion issues, requesting the implementation of a shareholder resolution on freedom of association
Customer services	France	Human capital	Collaborating with other investors to send written questions to be discussed at the AGM to obtain formal and public responses to social-related questions
Food	Brazil	Deforestation	Working with a credit analyst focused on the Latin America market, with an established relationship with the company, to obtain a response to our meeting request
Banks	UK	Climate change	Voting against its climate transition plan following a lack of progress on its oil sands and coal policies. These concerns were previously shared during an engagement meeting held in 2021
Technology	US	Data privacy	Co-filing a shareholder proposal which requested more information on algorithmic systems during the 2023 AGM
Information technology	Sweden	Governance	Divestment following recurring and structural concerns of corruption

Public Policy

Supporting the development of robust and usable policies to accelerate the transition to a more sustainable world

Clémence Humeau
AXA IM Head of Sustainability Coordination and Governance

At AXA IM we adhere to the principles, standards and codes which govern policies and practices in the markets where we are active. For many years, responsible investment processes were framed by 'soft', industry-led standards. But 2021 marked a step change for the Europe's finance industry. The first stage of the Sustainable Finance Disclosure Regulation (SFDR)[42] came into force, alongside its French counterpart, the AMF Doctrine 2020-03[43] and the International Sustainability Standards Board (ISSB) was established.

As we enter 2023, the landscape has dramatically altered again. Sustainable investment teams across industry have spent much of 2022 working closely with their legal, compliance and reporting colleagues to analyse the regulatory updates and supervisory guidance published throughout the year, aiming to come up with interpretations of some key tenets of the regulations for senior management to review. These have included the SFDR Article 2.17, which described in eight lines what a "sustainable investment" is, as part of the preparation for SFDR Level 2 deadline in January 2023 which introduced detailed disclosures for Article 8 and Article 9 products.[44]

Corporates also published for the first time the eligibility of their activities to the EU Taxonomy, a framework designed to define what counts as climate-friendly activity - and which is still in the works. For now, just two out of six objectives are completed with technical screening criteria.[45]

While it was not an easy year for a wide variety of stakeholders, absorbing this new sustainable finance framework at an EU level, has paved the way for an enhanced, shared understanding of the key challenges to be addressed to make the framework more usable. This should help it reach its end goals of improving trust and facilitating the allocation of capital to support decarbonisation and innovation in more sustainable solutions. The need for stakeholders to come together and regroup to find those "robust and workable" solutions also became clearer, from asset managers to corporates, policymakers and supervisors, making advocacy efforts even more relevant.

This fast-evolving backdrop in the European Union has been joined by fresh developments in the UK, Asia and the US, and our objectives for public policy engagement have been to encourage a regulatory framework for investors where sustainability and responsible investment are taken seriously. We encourage rules around disclosure and definitions in terms of defining what is 'green' or 'sustainable' and these must be robust, comparable and science-based where possible – and they need to be able to be used by the financial sector and by corporates, and understandable for all investor types.

We think such a holistic approach can help tackle greenwashing – where climate-related rhetoric is not matched by action. Our approach reflects and reinforces the practices, framework and disclosures we have developed over time, including in response to Article 173 of France's Energy Transition Law, then replaced by Article 29 of 2022's Law on Energy and Climate which goes a step further on decarbonisation and biodiversity.[46,47] Our advocacy efforts in 2022 have focused notably on the following:[48]

- **Addressing the current shortcomings of the SFDR within the European sustainable finance ecosystem.** While we continue to support its overarching objective of providing increased transparency and comparability to our clients, several of the SFDR's key concepts have remained too vague, in our view. These include the definition of what a sustainable investment is, resulting in uneven implementation across the market, and a wave of reclassifications from Article 9 to Article 8 towards the end of 2022 as asset managers chose to be more conservative. In our view, the current disorderly implementation puts at risk investors' trust as society is particularly attentive to how the financial sector adapts to sustainability challenges.

  Given the interconnections between these key, but still unclear SFDR concepts, the Taxonomy and the new sustainability preferences framework introduced in the EU's Markets in Financial Instruments (MiF) regulation in August 2022, we have focused our advocacy efforts on raising awareness

[42] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Text with EEA relevance), European Union, 2020.
[43] Informations a fournir par les placements collectifs integrant des approches extra-financieres, AMF, July 2020.
[44] What is SFDR? AXA IM, 2022. Article 8 products are deemed to be those that promote environmental and social characteristics, taking ESG criteria into account as part of the investment process. Article 9 products have a sustainable objective and therefore target specific sustainability outcomes – either environmental or social – alongside targets for financial returns.
[45] EU Taxonomy: Six key questions on the new flagship climate rules, AXA IM, March 2022.
[46] Publication of the implementing decree of Article 29 of the Energy-Climate Law on non-financial reporting by market players, French Finance Ministry, June 2021
[47] France's Article 29: biodiversity disclosure requirements sign of what's to come, Taskforce on Nature-related Financial Disclosures, March 2021.
[48] This list does not intend to be exhaustive, and we have as an example contributed to industry associations' responses on approaches being developed at local level, including in the UK with the Sustainable Disclosure Requirement Discussion Papers.

among policymakers and supervisors of the issues and the risks this lack of common clarity could represent. We have also addressed the subsequent and urgent need to improve the usability of the regulations. This advocacy has taken place within various industry groups including the SFDR Advisory Group of the European Sustainable Finance Forum (Eurosif) which published the first key report on the shortcomings of the regulation. There have also been individual engagements with the European Commission, the French Treasury, and selected local supervisory authorities.[49]

- Efforts were also made to **help educate some of our key stakeholders on the long-term benefits and goals of the EU sustainable finance framework as well as on short-term areas requiring attention.** Our objective has been to facilitate understanding and limit the negative impact on trust in the financial industry. As such we create content and organise webinars and educational programmes for our clients and employees. We also have regular interactions with the media, including to proactively explain our approach to SFDR reclassifications.

  Increasing expectations on asset managers' stewardship responsibilities resulting from the European sustainable finance ecosystem (including SFDR, but also the upcoming Corporate Sustainability Due Diligence Directive (CSDDD) also led us to **reiterate the technical obstacles we continue to face, despite the revised Shareholder Rights Directive, in exercising our voting rights** – which is key to the effectiveness of our engagement and stewardship activities. In that respect, we responded via several working groups (such as those implemented by the European Fund and Asset Management Association and by France's Association Française de la Gestion Financière) to a call for evidence on the implementation of SRD2 provisions from the European Securities and Markets Authority. In light of the growing importance of stewardship and engagement as a way for investors to comply with sustainable finance regulation, we will monitor any developments in 2023 (including any potential proposals to revise SRD2) that would aim to reduce the risks of so-called 'engagement washing'

- **We have continued to advocate for relevant and comparable sustainability-related information to become available for a broader scope of issuers.** This data is absolutely crucial to allow investment teams to embed ESG into their decisions in a robust manner, and to enable us to provide meaningful, comprehensive reporting to clients and regulators – thus satisfying new disclosure requirements at fund and entity level in the EU and beyond. This has been a key focus of our engagement in 2022 through our involvement in the Sustainability Accounting Standards Board's (SASB) Investor Advisory Group (and its successor the International Sustainability Standards Board), as well as through other individual and collaborative engagements; including at the level of our parent company with the European Financial Reporting Advisory Group taskforce working on European Sustainability Standards. In particular, we called for a double-materiality lens - looking at the impact ESG factors may have on financial performance, but also at the impact investments may have on the environment and the planet. This reflects our view of our role as responsible investors, and our wish for a better convergence at a global level, building where possible on existing and viable standards. As part of this focus on ensuring relevance and comparability in data, we have also been involved in the discussions on ESG ratings and support the aims of the International Organization of Securities Commissions to reinforce oversight and improve transparency

- We continue to advocate for the adoption by issuers of **best governance and sustainability-related policies and practices** through our involvement

[49] Eurosif Report 2022 - EUROSIF

Public Policy

in the Global Governance Policy Committee of the International Corporate Governance Network, which notably resulted in the publication of viewpoints which sought to guide issuers in their implementation of effective oversight of their sustainability-related responsibilities.

- **Combining net zero efforts and sustainable finance policy implementation.** These major priorities continued to mobilise teams across the industry in 2022,[50] it required a rethink of our way of working in order to further integrate environmental (and social) considerations across our organisations. Both priorities aim to efficiently ensure the funding of the transition to a world aligned with the goal of keeping global heating to well below 2°C or ideally 1.5°C. In 2022, in our engagement with policymakers as well as with net zero coalitions, we have advocated for further convergence between the two. This could be achieved in many ways, including with a 'Transition Label', with clear requirements in terms of investment process, forward-looking targets in terms of carbon-intensity reduction and robust stewardship policies. We have continued to promote this topic through our engagement in 2022, including by leveraging our role as co-chair of the Policy Advisory Group of the Institutional Investors Group on Climate Change (IIGCC) to help improve awareness and understanding of their Net Zero Investment Framework. For example, we organised a session during which the French Treasury introduced Article 29 of the new energy and climate law to the IIGCC teams, and helped organise a session to introduce the Net Zero Investment Framework developed by the IIGCC to the Comité du Label ISR.

We adopt a selective approach when deciding which initiatives we will participate in or support, focusing on topics and groups where we believe our involvement will have a material impact. Impact can often be greater by joining forces with other investors and stakeholders, and our public policy engagement is achieved through direct engagement with policymakers and regulatory authorities, participation in industry working groups, and responses to consultations. A list of these can be found from page 90.

Case Study

We participated in an SFDR Advisory Group piloted by Eurosif which gathered sustainable finance experts from the asset management sector, representing different geographies and different sizes or profiles in terms of assets. A representative from an ESG market data provider also participated. The working group was initially constituted by Eurosif in 2021, and its report published end-June 2022. All members were dealing with challenges in relation to the interpretation of the various guidance published and the preparation for implementation. It was interesting to see the views of members evolve, with an increasing level of maturity, and realisation of the issues and risks linked to the lack of usability of SFDR, in particular as MiF sustainability preferences rules were about to enter into force. This working group was the first to propose to keep one single definition of what a 'sustainable' asset is, leveraging the EU Taxonomy. This idea has since been shared by several stakeholders, including at supervisory level. It will, however, require significant progress to be achieved with the Taxonomy regulation, in order to complete the environmental objectives, but also review whether and how social aspects and transition may be addressed.

Vision 2023

We think 2023 will be yet another landmark year on the public policy side – one where the lessons of 2021 and 2022 are learnt. This should focus policymakers' attention on the usability of the regulations, especially in the European Union. With that in mind, we are honored to have been selected as an expert member of the second mandate of the European Commission's Platform on Sustainable Finance, starting in March 2023.[51] We also look forward to seeing new regulations in the UK and the US and will continue to advocate for better global convergence.

We hope to see further momentum on the real economy policy side, while acknowledging the impact and influence of macroeconomic events. We aim to continue to engage with our investor base, providing educational content on those important and evolving policies, to encourage an understanding of how these may change our way of working and change the nature of portfolio investments.

[50] At AXA IM, we revised our net zero targets as part of our NZAM commitment in May 2022, with 65% of our assets under management now covered by net zero targets: 65% of AXA IM's total assets are managed to be in line with Net Zero | AXA IM Corporate (axa-im.com).
[51] Platform on Sustainable Finance, European Commission, February 2023.

Voting: Our priorities and plans

2022 voting season highlights: Navigating the 'anti-ESG' turmoil

Héloïse Courault, Constance Caillet and **Alexandre Prost**
AXA IM Core Corporate Governance & Stewardship Analysts

The 2022 proxy season saw an increase in the number of environmental and social shareholder proposals, with around 356 resolutions voted on by AXA IM, compared to 216 last year. However, following several years of record support levels, 2022 also marked the rise of anti-ESG resolutions and activism, along with an overall decline in the level of support for environmental and social shareholder proposals.

This declining trend may be explained by the increasing number of proposals, due to a more permissive regulatory environment, at least in the US where most shareholder proposals are filed. This also allowed more detailed motions to go to a vote with the result that certain asset managers were therefore less willing to support them. Moreover, growing awareness of the climate emergency and the role of the asset management industry in combatting it led the focus of climate-related shareholder proposals to shift from transparency and disclosure to target setting. This raised questions in certain cases about whether those resolutions were interfering with the role and responsibilities of boards of directors.

Additionally, the 2022 geopolitical backdrop marked by Russia's invasion of Ukraine and the energy crisis resulted in a growing reluctance, including from some of the largest asset managers, to support climate-related resolutions which could have been perceived as overly prescriptive.

Throughout 2022, at AXA IM, we have not only maintained, but significantly increased our high level of support on environment-related proposals, which reached 60% (versus 54% in 2021), despite the global energy crisis and emerging pockets of disquiet about ESG concerns. In short, we remained very conscious of the urgency around climate change and sought to stay in line with our net zero commitments. Our 2022 support level reflects our approach to shareholder proposals, described in detail in a section below. Although we typically support ESG-related resolutions, we carefully review them on a case-by-case basis.

Traditional governance topics remain top of the agenda

On the governance front, 2022 was marked by the high-profile initial public offering of German carmaker Porsche; revisions to the UK Listing Rules, and the European Commission's Proposed Listing Act Reform which all reignited the never-ending debate on the differential voting rights system.

At AXA IM, the 'one-share-one-vote' principle, whereby voting rights should be proportional to a shareholder's equity stake in the company, is one of the key pillars of our corporate governance and voting policy. We see it as a proxy for management's duty of accountability towards shareholders. We have seen numerous cases of companies where engagement effectiveness is negatively impacted by their differential voting rights structure, notably because the threat of voting escalation is less credible. Indeed, in the absence of material risk that management-backed resolutions fail to pass, or that a shareholder proposal be approved, the company may be more reluctant to conduct open shareholder dialogue and to respond to our concerns, undermining the impact of our voting power and stewardship efforts.

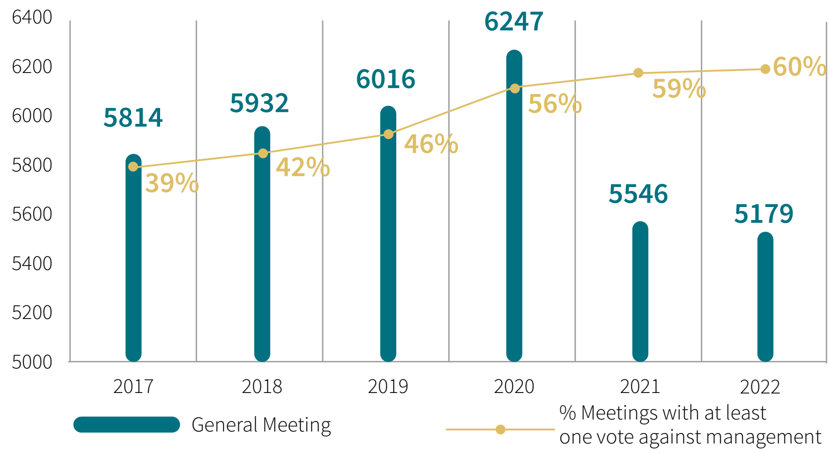
Our corporate governance and voting policy increasingly put the focus on board accountability and responsiveness. But we remain vigilant via our engagement that companies effectively consider our concerns and our decisions at general meetings, to maximise the impact of our votes, notably in the case of shareholder proposals (see section below). In that regard, we will seek dialogue with investee companies prior to, and after their AGM, to clearly communicate any potential questions or concerns. As an illustration, in 2022, we conducted 108 preliminary and/or post-AGM meetings with companies.

Our 2022 voting activity in figures

During 2022, AXA IM voted on 58,073 proposals at 5,179 meetings, representing 96.9% of the meetings we could vote on. Meetings we were not able to vote at are those in markets where processing votes would be too costly or would impede on the investment process. Full voting statistics are provided at AXA IM entity level.

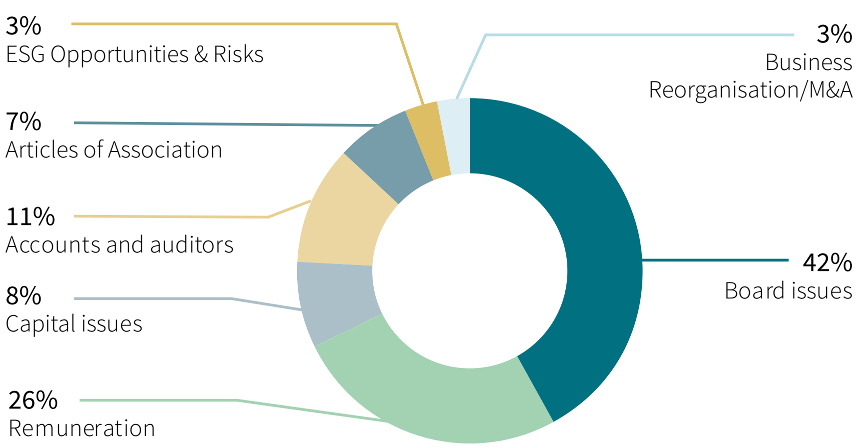
- AXA IM's opposition rate stands at 14.11%, with at least one vote against cast in 60% of the meetings voted
- The highest level of opposition remains, as in previous years, for board issues (42% of votes against), followed by executive remuneration (26% of votes against)
- **North American** markets were characterised by a higher level of recorded dissent, particularly on board-related resolutions (representing 44% of our votes against management), targeted for various governance and environmental or social reasons (including insufficient ethnic diversity and poor management of ESG issues). The impact of our 2022 policy update on ESG criteria in pay was also the highest in these markets, with 457 votes against cast for this reason
- **UK:** Considering our shareholding levels, UK companies typically give easier access to board members, enabling a continuous dialogue when a contentious situation arises. This type of relationship changes our approach to voting in the UK, as we can make the best-informed decision possible with easier access to the information needed. Our approach here is to eventually guide the strategy taken by the company. Correlated to the level of maturity in the UK on governance topics, this truly drives the level of support to the management in this market

Meetings voted & level of dissent



Source : AXA IM, 2022

Our votes against management by topic



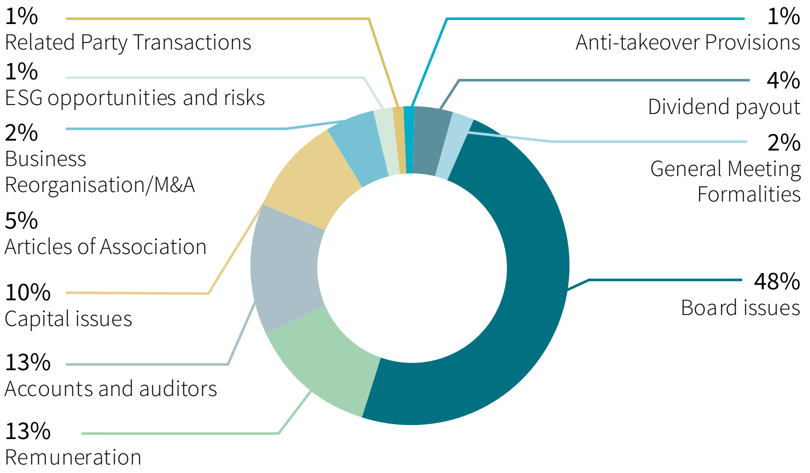
Source : AXA IM, 2022

Voting: Our priorities and plans

Our 2022 voting activity in figures

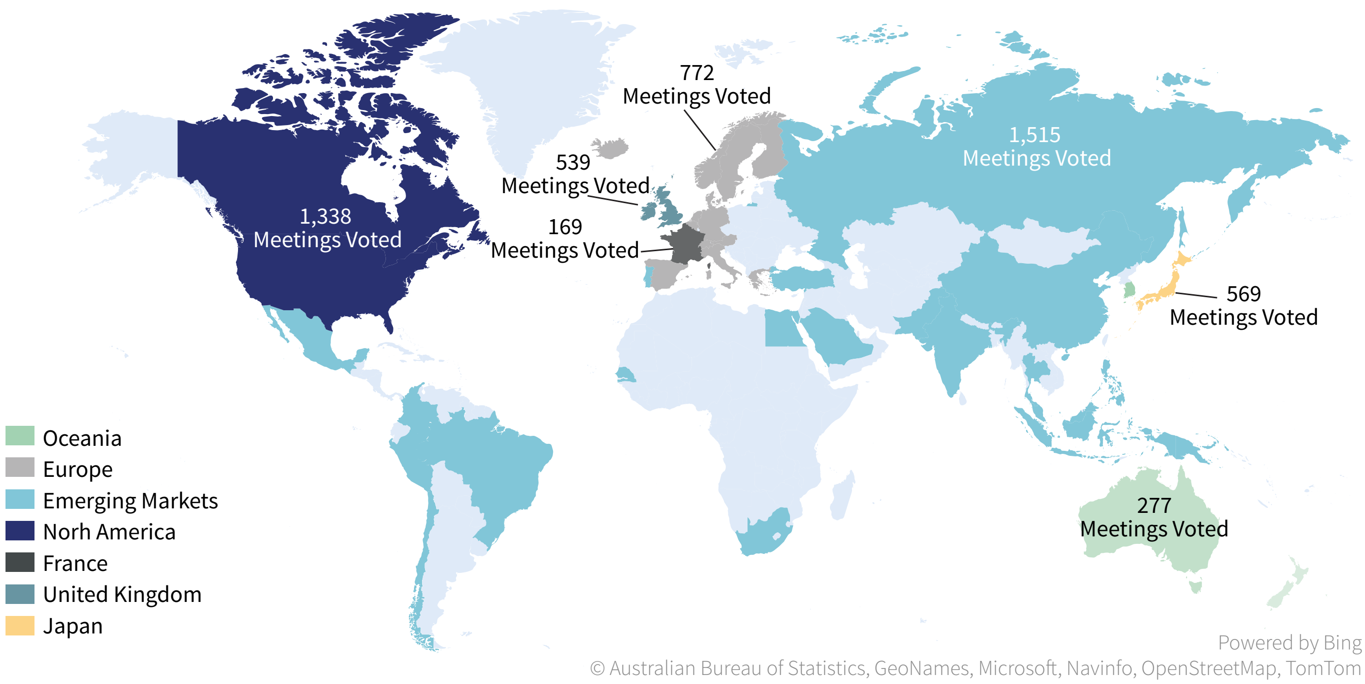
- **France:** Executive pay is our main area of opposition, representing 49% of our votes against management. This is mainly due to the number of remuneration-related resolutions submitted, but also to a 'catch-up effect' observed during 2022 following years of restraint during the COVID-19 crisis, leading to a wave of significant pay increases that were sometimes not justified by company performance
- **France** and the **UK** were also the main markets affected by the 'Say-on-Climate' trend.[52] In 2022, we voted on a total of 33 such resolutions, including 22 submitted by French or UK companies
- **Japan:** Although overall board independence and diversity have improved over the years, levels continue to remain below our minimum policy requirements leading to 49% of our votes against in Japan being cast on board-related resolutions

Breakdown of votes by topic



Source : AXA IM, 2022

Our Global Voting Footprint



[52] First initiated by Spanish airport operator Aena in 2020 after pressure from hedge fund The Children's Investment Fund, "say-on-climate" resolutions, that put a company's climate action plan to a shareholder vote, emerged in 2021 (when we voted on 18 "say-on-climate" votes submitted by management).

Our ESG convictions in our voting activity

Last year was rich and particularly eventful for ESG. As we begin 2023, we are taking the opportunity to look back at the impact of the 2022 updates of our voting policy, as we sought to address ESG issues through voting.

ESG accountability of boards of directors

For companies particularly exposed to environmental or social risks, we sought guarantees that the most material issues are appropriately monitored by boards of directors. In our discussions with investee companies, we sought to ensure their boards were sufficiently skilled and adequately structured to establish proper oversight of the company's ESG risks and opportunities.

This partly explains the fact that board-related matters were the most common topic of our engagements, discussed at about 28% of our corporate governance-related meetings with investee companies. In some cases, particularly when a significant controversy had arisen or when it was found that the board has not been sufficiently responsive to previous ESG concerns, we held the board responsible by voting against relevant directors (such as the chair of the ESG Committee or the board chair).

This led us to oppose a total of 24 directors for poor management of ESG issues.

Executive Remuneration

One of our main policy updates for 2022 related to the inclusion of material and measurable ESG metrics in executive remuneration, reflecting our stance that ESG-linked pay signals the credibility of the top management's commitment to the company's corporate social responsibility (CSR) strategy. This new policy requirement led us to oppose 538 remuneration-related proposals, that either did not include any ESG-related performance criteria, or had vague, discretionary metrics. This represents almost 27% of our votes against remuneration-related proposals.

Although ESG-linked pay is gaining traction globally, widespread adoption is not yet market practice everywhere. As we favour constructive dialogue over a blanket application of our voting policy regardless of market specificities, we proactively reached out to some of our portfolio companies to detail our expectation and understand their approach to ESG and executive pay. This is one of the reasons why executive remuneration was the second most common topic of our engagements, covered in 33% of our corporate governance-related discussions. We will monitor progress made by these companies and retain the possibility to oppose their future remuneration packages should no progress be made.

We strive to vote in an informed manner, to have a quality vote, guided by our policy and any additional information provided by the company. When a resolution is contrary to our voting policy, we always try to understand the underlying rationale before making a final voting decision. However, should we deem management's decision to be inconsistent with the appropriate direction of travel, we do not shy away from voting against. In such cases, we will seek to inform, on a best-efforts basis, the company of our vote in advance, and the reasons for that vote. We may also conduct meetings after annual general meetings (AGMs) with companies to discuss our vote and the way it will be addressed by the board. In 2022, we conducted 62 post-AGM discussions with investee companies.

Case Study

Engagement Status:
Escalation

As a shareholder of US-based conglomerate Berkshire Hathaway, we have serious concerns about its willingness to tackle climate-change related risks as the company does not disclose - despite shareholders' repeated requests - its climate change strategy, or a plan to manage its GHG emissions.

Therefore, in addition to supporting, for a second year in a row, a shareholder resolution asking the company to report on climate-related risks and opportunities, we decided to oppose the re-election of the long-standing members of the Audit Committee, the board-level committee tasked with discussing climate change-related issues.

Case Study

Engagement Status:
Company responds

We met with US-listed group GXO Logistics that was spun out of its parent company XPO in August 2021. Last year was therefore its first as an independent company, as well as the first year of publication of the company's ESG report. In light of this, we decided not to sanction the lack of any ESG criteria in the CEO's pay but provided our views on what effective integration of ESG key performance indicators (KPIs) in executive pay would entail. The goal is to see meaningful KPIs included in the next remuneration report. We will monitor the company's evolution in its ESG-target-setting process and may eventually decide to vote against the CEO's pay should no sufficient progress occur.

Voting: Our priorities and plans

Our ESG convictions in our voting activity

> "We favour constructive dialogue over a blanket application of our voting policy"

Our approach to environmental and social shareholder proposals

At AXA IM, we seek to carefully analyse each proposal on its own merits. We believe that it does not always make sense to support such shareholder resolutions if they are not well targeted for the company in question, or fail to acknowledge efforts and commitments that are in progress or in slightly different forms. We have a clear stewardship approach which frames how we decide whether to support environmental and social resolutions.

We do consider supporting environmental and social shareholder proposals as an effective escalation tool and supported 64% of them in 2022.

- 89% of the proposals were put forward in North America, where AXA IM supported 68% of environmental and social resolutions
- AXA IM's overall support rate increased by 10 percentage points compared to 2021, illustrating our consistent objective of pushing our investee companies to adopt environmental, and social best practice
- 67% of the shareholder proposals voted were related to social issues, and AXA IM voted in favor of 66% of such proposals
- 33% of the proposals were related to environmental topics, and AXA IM supported 60% of them

The main reason not to support a shareholder resolution is when the most material requests of the proponents are already disclosed by the company. Moreover, we have witnessed a growing number of proposals with a higher degree of prescriptiveness, which may in some cases interfere with the board's responsibilities, or not be in

Case Study

Engagement Status: Progress

We decided to oppose the CEO's remuneration report submitted at the 2022 AGM of Stellantis, the multinational carmaker formed in 2021 and which brings together brands such as Fiat, Chrysler and Peugeot. Our opposition was linked to the award of a significant exceptional bonus, part of which depended on performance conditions not clearly disclosed, but also due to what we saw as an overall lack of stringency of the long-term incentive.

We communicated our vote intention and its underlying rationale to the company ahead of its meeting, and the remuneration report was eventually rejected by shareholders, with 52.1% of votes against.

A few months after the AGM, members of the company's senior executive team and global compensation team reached out to us to better understand the reasons behind our opposition and our main expectations with regards to executive pay. We made several recommendations to improve executive pay practices, in particular the stringency of the total shareholder return-based criterion and the award of restricted stocks.

Then, in December, we had another meeting with the company's compensation team during which they sought feedback on suggested changes prior to final approval by the board. We were pleased to see the level of responsiveness demonstrated by the company, and its consideration of shareholder views. We will monitor the publication of the remuneration report in early 2023 to ensure that our feedback has been properly considered by the board.

the best interests of shareholders. Other common reasons not to support a specific shareholder resolution are when we feel the demands are more appropriately addressed via supporting another shareholder resolution on the ballot, or when we decide to oppose a management-related resolution instead.

In specific cases, we may support a shareholder proposal which does not fully match our expectations when the underlying objective is aligned with our main environmental or social concern, in order to send a signal to the company when we were dissatisfied with their current policies or practices.

Supporting a shareholder resolution, and then?

Most environmental and social shareholder proposals are being filed in North America, where the legal scope of such resolutions is only advisory. Therefore, majority adoption of a resolution does not necessarily mean it will be implemented. Moreover, the capital structures of some companies (such as those with super voting rights granted to the company's founder and CEO) may act as a barrier to the adoption of shareholder proposals, to the detriment of board accountability, in our view.

Therefore, to ensure our votes on shareholder proposals are effectively followed through, and that boards remain accountable to their shareholders and responsive to their concerns, we have reached out to some portfolio companies after a resolution that we have supported, and which received majority support. Our aim is urge the relevant boards to implement the proposals.

Case Study

Engagement Status: Escalation

As a shareholder of US automotive company Tesla, we were concerned about recent allegations of racial discrimination and sexual harassment within its workforce, that could undermine the company's long-term ability to attract and retain talent, thus posing a risk to the financial sustainability of the firm.[53]

Ahead of the company's 2022 AGM, we assessed the relevance of a shareholder proposal requesting the publication of a report evaluating the effectiveness of anti-harassment and anti-discrimination efforts. Despite Tesla's recent improvements in diversity-related disclosure, we believed that such an evaluation could ensure the credibility of the company's diversity, equality and inclusion (DEI) commitment and was therefore in the company's and its shareholders' interests.

Therefore, we requested a meeting with Tesla's representatives to understand the company's views and the reasons behind the board's recommendation to oppose the proposal. Moreover, we took the opportunity to share the indicators that we consider key to be able to properly assess the effectiveness of Tesla's DEI policies. During the meeting, the company argued the shareholder proposal was too prescriptive, and requested the disclosure of certain indicators that were not considered relevant.

We decided to support the shareholder proposal. Our goal was to signal to the company our concerns around the ongoing workforce-related controversies, while clearly communicating that the advisory nature of the resolution should encourage the board to publish such a report while considering, in collaboration with its shareholders, the exact type of metrics that would be expected.

The resolution recorded 46.5% support at the AGM, leading us to request a second meeting to express our expectation that the board considers such high level of support and act on the resolution's demands. We then followed-up by e-mail to indicate the type of social-related metrics that we would like to see disclosed.

In 2023, we will monitor the level of disclosure provided by the company. Should we deem the board to have failed to appropriately respond to shareholder expectations, we may consider opposing the re-election of the directors responsible.

By the time of the 2023 AGMs for these companies, we may consider voting against the re-election of certain board members (such as the lead director or chair of ESG Committee) should the board remain unresponsive our request for implementation.

[53] Tesla hit by new lawsuit alleging racial abuse against Black workers, Reuters, July 2022. Tesla has called one lawsuit "misguided". It said in February 2022: "Tesla strongly opposes all forms of discrimination and harassment and has a dedicated Employee Relations team that responds to and investigates all complaints."

Voting: Our priorities and plans

Our voting priorities for 2023

Voting is increasingly integrating ESG risks. In this context, we remain committed to evolving our practices and policies over time. We aim to continue integrating thematic issues such as climate, social and biodiversity challenges, as well as providing appropriate levels of transparency regarding our policies and their outcomes.

Learning from the 2022 voting season, including the emergence of new types of shareholder proposals on tax, corporate governance trends and of the economic context, we have updated our voting policy to address the following issues:

- **Board governance of ESG issues**
  In 2023, we will continue to focus on the governance of ESG risks and request proper disclosure of governance around climate-related risks at companies particularly exposed to climate change. Insufficient disclosure may lead to a vote against the re-election of the governance committee chair or the board chair

- **Biodiversity risks**
  As part of our engagement policy on deforestation and ecosystem protection, we push companies with a material impact on biodiversity and natural capital to put in place detailed effective mitigation strategies within relevant timelines. For these companies, insufficient progress on specific engagement requests may lead to a dissenting vote cast against directors or in support of biodiversity-related shareholder proposals

- **Responsible tax practices**
  In light of the emergence of new shareholder proposals related to tax issues, we have formalised our main expectations for investee companies regarding tax transparency. We expect adequate tax disclosure to enable our understanding of board priorities, risk management, and adequacy with any potential public ESG commitment

- **Executive pay and wider stakeholders' experience**
  In 2023, we will consider the cost-of-living crisis when voting on executive pay. We will carefully consider the impact of this period of significantly higher inflation and economic uncertainty when judging 2022 CEO pay outcomes and policies for 2023. We expect executive pay to be commensurate with that of key stakeholders including shareholders, and those most impacted by the cost-of-living crisis, such as lower-paid employees, vulnerable customers, and suppliers

- **Unconflicted leadership**
  We have been concerned by a tendency for former chairs and CEOs to retain core positions in companies through their appointment as non-executive board chairs. Given this, we have formalised our expectations for investee companies to prevent any conflict of interest or undue influence from a former executive. Therefore, we will expect companies to maintain certain mechanisms in place - such as through a lead independent director or a majority independent board - when they decide to appoint a former chair or CEO as non-executive board chair.

The voting process

We consider voting to be a crucial aspect of being an active shareholder – it is a vital part of the investment process and an opportunity to influence companies. Our voting and engagement activities are closely aligned, and we regularly engage companies before and after any vote.

Our Corporate Governance Committee is responsible for overseeing the implementation of AXA IM's Corporate Governance & Voting Policy. The policy is reviewed and updated annually by the Committee prior to voting season to apply to all meetings going forward.[54]

The committee comprises regulatory compliance and members of the corporate governance and RI research teams as well as representatives of investment teams, who bring their hands-on investment perspective to the committee's deliberations. The corporate governance team proposes updates to the policy when needed and oversees the implementation of the policy and guidelines, ensuring they are in line with the committee's expectations.

Where there are complex, controversial or non-routine cases, or where we may wish to deviate from our policy, the team consults and makes recommendations to the committee. The relevant members of the team will set out an explanation of the issue in question and make their recommendation. The committee members deliberate independently and provide their views and/or recommendations.

We vote against items on the agenda at annual meetings where we believe the proposals are not in the best interests of our clients. This covers a wide range of concerns such as the suitability of individual directors, board oversight of key risks and strategy, executive pay, dividend and capital-related issues and diversity as well as transparency and reporting. We also vote against proposals as a method to escalate our engagement where we feel insufficient progress has been made.

While local best practice codes may adopt different approaches, we expect all companies to seek to closely align with our core global governance principles which set out the fundamentals of corporate governance. With all companies, AXA IM considers these principles in conjunction with region-specific policies in our voting and engagement activity.

At AXA IM we publicly disclose our voting. It is updated on a quarterly basis and we provide the rationale for why we voted against management. The records contain the historical voting record at company level and a rationale for all votes cast against management recommendations. These reports [are available through our website.](#)

Voting research

AXA IM uses voting information services from Institutional Shareholder Services (ISS) and Proxinvest.[55] The research received is used to augment knowledge of companies and resolutions at forthcoming general meetings – it is one input among many. When making voting decisions, we also incorporate internal knowledge and research, intelligence gathered from engagement with the company, fund manager input and committee considerations. Voting decisions are made by AXA IM and are based on our [Corporate Governance & Voting Policy.](#)

In an effort to ensure quality, we carry out an annual service review with each of our voting research providers which includes an evaluation of the research and service received as well as any necessary discussion about upcoming changes to policy and service.

Stock lending

Some clients have decided to participate in stock lending programmes. The attendant transfer of voting rights along with the lent shares means that additional scrutiny is required to ensure that lent shares are not put to purposes that are detrimental to the long-term interests of shareowners. Shares will not be lent where the objective of such activities is to vote at general meetings. More fundamentally, AXA IM recalls all shares, ahead of the record date, in advance of general meetings to exercise our full voting right for open-ended funds and mandates.

[54] Unless instructed differently by a client.
[55] An independent voting advisory service has also been appointed to take voting decisions on behalf of our third-party clients at the general meetings of our parent company, AXA SA.

Voting: Our priorities and plans

Conflicts of interest

AXA IM has adopted a set of guidelines to identify circumstances which may give rise to conflicts of interest.

In general, we consider that a conflict of interest could occur between a client and:

- Another client
- AXA IM, or one of our collaborators (or any person or company directly or indirectly linked to them)
- A related company, one of its delegates or subdelegates, a service provider or another entity of the Group (AXA IM or AXA), an introducer or any commercial intermediary.

By 'conflict of interest' we mean a situation where the interests of AXA IM, of AXA IM's employees, of a third-party delegate or a related company are, directly or indirectly, in competition with the interests of one or several clients. It also pertains to potential conflicts that may occur between AXA IM's clients.

In relation to our stewardship activities, including engagement and voting, we have adopted a set of guidelines to identify circumstances which may give rise to conflicts of interests. These guidelines include relationships with listed affiliates such as our parent company, AXA SA, key clients, and significant suppliers.

We manage conflicts within our voting and engagement activities using the following approach.

First, the engagement programme at AXA IM is a proactive approach with a clear process for selecting priorities – including planning, prioritisation, execution, and reporting. The engagement programme is supervised and governed by the ESG Monitoring & Engagement Committee. This seeks to ensure that decisions to engage are aligned with the engagement strategy of AXA IM and are free from any outside influence.

Second, the Corporate Governance Committee has sole responsibility for making voting decisions in identified situations of conflict on behalf of clients who have given AXA IM full discretion to vote. Voting decisions are taken prior to any reference or discussions with clients who have not delegated voting rights to the Corporate Governance Committee or have their own policy. This seeks to ensure that decisions are free from outside influence.

We aim to align our voting and engagement practices with best practice in the markets in which we operate. AXA IM's voting positions are determined on the basis of the AXA IM Corporate Governance & Voting policy, and formally validated by the Corporate Governance committee. Where potential conflicts of interest have been identified, recommendations to vote in support of management resolutions contrary to our regular policy position will be escalated to the Corporate Governance Committee. Any decision to vote contrary to the policy position will be communicated to compliance teams and supported by a written record.

A full copy of our conflicts of interest policy is available on our website.

Case Study

Conflict of interest: CEO remuneration

In this instance, the company is a client of AXA SA, and a former AXA senior executive sits on its board. We voted against a management recommendation.

We viewed the CEO's remuneration report as not in line with our voting policy, due – among other things – to a significant exceptional award, and a lack of transparency on performance conditions attached to part of the variable pay.

The company maintains business relationships with AXA SA, our parent company, and one of the board members is a previous senior executive of AXA SA, leading to a situation of conflict of interest.

In accordance with our conflict of interest policy, we submitted to the Corporate Governance Committee our recommendation to vote against the resolution to approve the remuneration report. After receiving its approval, we voted against the remuneration report at the 2022 AGM.

> "Voting is a vital part of the investment process and an opportunity to influence companies"

Case Study

Conflict of interest: Board-level diversity

In this instance, the company is a client of AXA IM and we voted contrary to our policy position.

The level of female representation on the company's board fell below the minimum required by our voting policy, which should have led to a vote against the re-election of the Chair of the Nomination Committee at the 2022 AGM.

However, we took note of the fact that prior to the AGM, the level of board diversity was above our minimum policy requirement, and that the company has committed to achieve a 40% diversity level by 2023. We therefore decided to vote against our policy position and support the reelection of the Nomination Committee Chair.

We communicated our vote decision in writing to members of the compliance teams.

A few days prior to the 2022 AGM, the company announced the appointment of a new female director, thus meeting our policy requirement.

Putting ESG to work

AXA IM is a long-term, responsible investor with the aim of delivering sustainable returns for clients. Over time, our investment processes have evolved to reflect an ever-greater focus on non-financial factors. We believe by building a powerful understanding of the environmental, social and governance (ESG) risks to an investment, we can better target those sustainable returns while contributing to better outcomes for people and the planet.

We aim to achieve this goal via in-depth research, data analysis and the construction of portfolios which look to optimise both financial and non-financial factors. Our investment process reflects our core belief that a focus on sustainability can ultimately deliver the best economic and financial performance over the long term.

Our quantitative and qualitative ESG research is designed to help us better understand the materiality of ESG challenges for sectors, companies, and countries. This research feeds our integration and exclusion strategies by identifying where assets might be exposed to ESG risks that could have a detrimental and irreversible effect on the performance of our portfolios, as well as on long-term global sustainability. Our normative and sectorial exclusions set the red lines and send a clear message to companies and sovereigns on what we consider unacceptable from an ESG perspective. For assets where we remain exposed, we apply our voting and engagement strategies with the objective of supporting issuers in their transition journey.

In applying our stewardship strategy, for engagement with objectives, we aim to set out meaningful objectives which are clearly communicated to management. We then hold regular meetings to verify and evaluate progress and we vote with conviction or pursue other escalation techniques when required.

Our risk identification process

Our broad approach to sustainability risks

AXA IM uses an approach to sustainability risks derived from the integration of ESG criteria in our research and investment processes. We have implemented a framework to integrate sustainability risks in investment decisions, which relies notably on:

- **Sectorial and normative exclusions** policies covering ESG factors to exclude assets exposed to the most severe sustainability risks identified during our investment decision-making process:
  - Environmental: Climate (coal mining and coal-based energy production; oil sands production and oil sands-related pipelines; shale and tight oil and gas; arctic oil and gas); biodiversity (ecosystem protection and deforestation); and soft commodities (food commodities derivatives)
  - Social: Health (tobacco producers), labour, society and human rights (violations of international norms and standards); [56] controversial weapons manufacturing; white phosphorus weapons producers; exclusion of investments in securities issued by countries where serious violations of human rights are observed
  - Governance: Business ethics (severe controversies, violations of international norms and standards); corruption (severe controversies, violations of international norms and standards)

We apply ESG scoring methodologies for corporates, sovereigns and on green, social and sustainability bonds. We use an ESG scoring methodology called "Q²" (qualitative and quantitative) which relies primarily on MSCI with some proprietary add-ons which constitute the value-added of AXA IM's ESG scoring capacity: coverage, fundamental analyses, and instrument-level differentiation.

We believe this combination of external quantitative and internal qualitative ESG analysis helps us identify best-in-class companies – and laggards too. The use of ESG scores in the investment decision process should enable us to focus on assets with an overall better ESG performance and to seek to reduce sustainability risks.

In more focused strategies we aim to hit clearly defined ESG targets, relying on proprietary Impact Qualitative Analysis frameworks, while simultaneously delivering financial returns.

[56] UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

This framework is complemented by:

- **In-house ESG research**[57] on key themes including climate change, biodiversity, gender diversity and human capital, cyber security and data privacy as well as on health and nutrition, supported by broker research as well as regular meetings with companies, participation in conferences and industry events. We think this research helps us to better understand the materiality of these ESG challenges for sectors, companies and countries
- **Internal qualitative ESG and impact analysis** at company, country and instrument level. For impact-related investments, we have developed specific Impact Qualitative Analysis frameworks for listed equities and Green, Social and Sustainability Bonds
- **ESG key performance indicators (KPIs):** Investment teams have access to a wide range of extra-financial data and analysis on ESG factors, across asset classes. More specifically, a package of environmental KPIs is available in the front office tool to allow the full understanding and analysis at issuer level. This leverages our relationship with providers such as MSCI, Trucost, and Beyond Ratings
- **Stewardship strategy:** We adopt an active and impactful approach to stewardship[58] (engagement and voting) by using our scale as a global investment manager to influence company and market practices. In doing so, we strive to reduce investment risk and enhance returns as well as driving positive impacts for our society and the environment. We believe these are key to achieving sustainable long-term value creation for our clients.

Controls

The ESG and climate themes are covered by AXA IM's control framework, with responsibilities spread between the first level of controls performed by the business and second level of controls performed by dedicated teams.

ESG-related investment guidelines consist of our exclusion policies, as well as of eligibility criteria and rules specific to some funds, including those which have been awarded sustainability-related labels.[59] Monitoring is carried out as follows:

- The portfolio management teams are primarily responsible for the implementation of policies and commitments. Funds' specific responsible investment objectives are reported in monthly Investment Oversight Forums. Following ban-lists and/or eligible universe updates, portfolio managers divest from issuers taking into account both a client's as well as the fund's best interest
- The investment guidelines team ensures independent and systematic pre- and post-trade controls on policies and fund-level commitments. This team monitors the correct application of the exclusion lists derived from top-level RI policies and ESG Standards and other fund-specific commitments as mentioned in their regulatory documentation
- The compliance department carries out ad hoc controls on the work performed by the investment guidelines team
- The risk management department assesses the likely impact of sustainability risks on the products' return and classifies them within three levels: Low / Medium / High[60]
- The audit department performs periodic controls. Audits are performed according to an annual risk-based audit plan, which is approved and monitored by our governance bodies, in particular the AXA IM Audit & Risk Committee. Higher risk areas and those that are required by regulations to be covered regularly are subject to audits on a more frequent basis compared to the less risky areas, which are covered over a longer cycle.

[57] Sustainability, AXA IM, retrieved February 2022.
[58] Stewardship & Engagement, AXA IM, retrieved February 2023.
[59] Such rules are described in the regulatory documentation of the products.
[60] Sustainable Finance, AXA IM, retrieved February 2023.

Putting ESG to work

Identification of Risks

The Emerging Risk Management Framework aims to ensure the consistency of the process of identification, assessment, mitigation and management of the emerging risks faced by AXA IM.

Emerging risks are those which may develop in the future, or which already exist and are continuously evolving. They are marked by a high degree of uncertainty, and some of them may even never emerge. Emerging risks can have potentially serious consequences if they are not anticipated in a timely manner.

Chief Risk Officers are responsible for early detection of risks. The objective of emerging risk management is to reinforce the anticipation and monitoring dimension of risk management.

The Emerging Risk Management Framework is designed to enhance AXA IM's understanding of these risks and allow us to adapt our business and processes accordingly. By encouraging a foresight approach, it is also an opportunity for risk management functions to contribute to the strategy of the company.

Emerging risk definition

Emerging risks are those that could potentially be impactful in the next five-to-10 years. They are defined as either new risks, or risks that already exist but one or more of the components of the risk's current dynamics are not adequately understood, be it hazard, exposure and/or vulnerability to the hazard.

Emerging risk framework and 2022 outcomes

The Emerging Risk Management Framework includes:

- Risk identification: The risk identification is performed through interviews with key stakeholders from a large number of AXA IM departments (including investment platforms, client group, legal, the regulatory development team, innovation team, responsible investment team, HR, etc.) and with inputs from AXA IM executives
- Risk Prioritisation: All risks are assessed according to their severity and their impact time horizon. Risks are then prioritised using the severity assessment performed, and based on any other relevant prioritisation criteria
- Mitigation actions: As part of this exercise, existing mitigation plans are identified, and new mitigation plans are agreed where relevant.

The outcomes of the emerging risks exercise are discussed at the AXA IM Global Risk Committee. We are progressively integrating the identification of ESG-related risks withing our Emerging Risk Management Framework. As such, in 2022, risks related to ESG, climate change, biodiversity and more broadly linked to the deployment of sustainability-related regulations, are included in the top emerging risks identified for AXA IM. To mitigate these risks, a specific internal governance is now in place, involving stakeholders dedicated to sustainability-related topics.

AXA IM Core

Equities – Fundamental

We believe the consideration of non-financial factors, as seen in AXA IM's ESG priorities, puts us in a far better position to deliver on our aim of providing sustainable equity returns over the long term. There are four key reasons for this:

- They can help identify companies with serious ESG risks
- They can help improve our understanding of how long-term issues are integrated into a company's strategy
- They allow us to refocus portfolios around companies we think have implemented good practices in terms of their governance, environmental and social impacts
- They can potentially help improve companies' performances by informing an active dialogue around the management of ESG issues, thereby limiting our ongoing exposure to risks.

How we achieve this

We take a 360° approach to company evaluation through three steps:

Quantitative
First, we incorporate ESG scores into our front-office tools, internal research models and risk reports. In addition, investment professionals have access to voting/AGM results, carbon emissions data, as well as to a wide range of ESG-related KPIs from third-party data providers, comparative tables by sector and details of alignment with the UN SDGs.

Depending on their level of ESG integration, we manage equity portfolios with ESG quantitative objectives incorporated into the decision-making process, from ESG score outperformance to specific objectives on ESG-related metrics, as outlined in their regulatory documentation.

Qualitative
It is our intention to go beyond pure quantitative scoring and to gain a detailed and nuanced understanding of how a company is intending to deal with its ESG challenges. This type of deep-dive qualitative focus forms the second pillar of our investment approach. It is our goal to incorporate ESG risks and opportunities more systematically into our portfolio construction and modelling as part of our risk/return/fair value assessment.

This type of analysis is undertaken when we visit companies and meet them face-to-face to discuss and understand how their ESG and sustainability policies and practices are supporting long-term strategic goals. The responsibilities of portfolio managers and ESG analysts include the consideration of ESG factors at corporates and the proactive monitoring of related risks and opportunities ahead of portfolio construction. We also analyse many securities not covered by ESG scoring to complement and expand the available research.

Beside ESG qualitative analysis, a dedicated team of analysts within the research department conduct impact analysis relying on a five-pillar proprietary framework.

Engagement and voting
We see ourselves as key influencers in promoting better and more responsible corporate behavior and disclosure. Our engagement with corporate management teams is central to genuine active asset management. This dialogue on ESG integration expresses our conviction as long-term responsible investors and seeks to avoid negative issues which can damage portfolio returns. It also aims to influence company management teams to build resilience by taking the right steps to enhance their sustainability profile, disclosures and practices.

In 2022, we sought to enhance our engagement strategy and governance by distinguishing more clearly between regular dialogue conducted with investee companies around their sustainability practices (referred to as "sustainability dialogue") and active engagement with specific, identified objectives (referred to as "engagement with objectives"). We feel this allows us to better incorporate and track the many ongoing contacts that our portfolio managers have with companies. These contacts cover a wide range of subjects, including business strategy, competitive dynamics and sustainability topics such as governance.

In addition to conducting engagement activities, the equities investment platform – through representatives – participates in dedicated AXA IM Responsible Investment Governance forums, including the ESG Monitoring & Engagement Committee to express views on engagement priorities and objectives.

The definition and implementation of our voting policy is overseen by a Corporate Governance committee which is attended by representatives from AXA IM's RI Coordination & Governance and ESG Research teams and some members of the AXA IM equities platform, as well as being in close partnership with the investment teams.

AXA IM Core

Equities – Fundamental

Strategy Focus

Our social progress strategy adopts an impact investing approach and has been specifically designed with the aim of having a direct and positive effect on society and helping to shape a more sustainable future for the world. It seeks to do this by investing in companies that address a range of social needs – from the most basic to the more advanced needs which sustain human progress. As such, the strategy typically invests in listed companies which have demonstrated a strong impact and a clear alignment with social UN SDGs.

The strategy focuses on several challenges where the scale of unmet needs creates opportunities for companies to improve outcomes for underserved people. Investment areas may therefore include affordable housing, financial inclusion, access to healthcare solutions, nutrition, safety, education and entrepreneurship.

When defining the investment universe for the strategy, we apply a socially responsible investment (SRI) ‘selectivity’ approach. We exclude from the available universe companies which are in the bottom 20th percentile, using a combination of external and internal social UN SDG-alignment data. We also apply AXA IM’s qualitative proprietary impact framework to evaluate the alignment of company activities to UN SDGs, and then to quantify their degree of impact towards social issues.[61]

Finally, to comply with France’s Label ISR guidelines,[62] the SRI approach is supplemented by a commitment of the fund to outperform its benchmark on two KPIs – carbon intensity and water intensity. On top of AXA IM’s sectoral and normative exclusions, the fund applies additional exclusions on unconventional and conventional oil and gas, power generation, coal, tobacco and weapons to comply with the Towards Sustainability label.[63]

By adding environmental objectives to this social-focused strategy, we seek to ensure the social objective does not come at the expense of environmental performance.

Using an unconstrained, multi-cap strategy, we aim to invest in publicly listed companies in developed and emerging markets which offer high growth potential through a focus on providing services across a range of social needs.

Case Study

In 2022, we engaged with the Australian biotechnology company CSL Ltd. which provides life-saving therapies for rare and serious diseases as well as vaccines for influenza.

Our objective was to encourage the company to progress from ad-hoc donations of products to more long-term strategic initiatives designed to expand access to important treatments in poorer areas. We also wanted the company to strengthen governance around access, to introduce incentivised targets for management as well as new KPIs related to access.

Previously, the company’s donations had been ad-hoc, based on product availability and primarily donating products that were close to expiry. The company recently announced a new five-year commitment to the World Federation of Hemophilia to donate 100 million units each year of new products to treat haemophilia A, in addition to ad-hoc donations. We encouraged the company to make more of such commitments as well as to deliver on more structured donation programmes of products that are not close to expiry.

We discussed introducing a ‘patients reached through assistance programmes’ or ‘lives touched’ KPI to measure the success of access initiatives. CSL explained that while this is complex due to the nature of treatments, working on providing this information was a priority. They are also looking into disclosures regarding the number of patients with access to treatment through insurance.

Regarding governance, CSL confirmed that new targets are being decided internally and remuneration targets for management are likely to be introduced next year.

We will continue to follow-up with CSL’s Head of Social Impact to fully understand their progress on donation and disclosure.

[61] Driving Impact in Listed Assets Investments, AXA IM, retrieved January 2023.
[62] Les Critères d’Attribution du Label, Le Label ISR, retrieved January 2023.
[63] The Quality Standard for sustainable investing, Towards Sustainability, retrieved January 2023.

AXA IM Core

Equities – Equity QI

We believe that ESG insights enhance our traditional financial analysis. Our research shows that ESG data can help identify potential risks and opportunities beyond technical valuations, allowing us to better understand the possibility of reputational damage and identify how firms are adapting to meet new market challenges.

At Equity QI, AXA IM's quantitative equity investment division, ESG is not just an additional factor to consider at the portfolio construction stage. Our research into the link between ESG information and the fundamental drivers of long-term risk and return has been coded into our proprietary factor models.

We believe that integrating ESG information complements our fundamental insights and may help guide our opinion on the economic worth of a stock. Accordingly, we believe the thoughtful use of ESG insights can help investment outcomes, reduce risks and potentially improve long-term returns for our clients.

How we achieve this

Our investment approach enables us to systematically incorporate non-financial information directly into our models alongside traditional financial data. We take data from a variety of external vendors and we incorporate the ESG scoring framework that is maintained centrally and used across AXA IM's investment teams.

Once the data is in our system, we can work with it in a variety of ways, including research, analysis and reporting. However, using this information to help construct portfolios ensures that ESG data directly contributes to investment outcomes.

We add ESG scores and KPI targets alongside our traditional alpha and risk measures when we optimise portfolios. This approach ensures that in our systematic construction of portfolios, and when faced with two stocks of identical profile from a traditional investment perspective, our optimiser will favour the one with the highest ESG rating, all other considerations being equal.

Beyond optimisation, our research into the links between ESG and the fundamental drivers of long-term risk and return has led to innovative enhancements to our stock selection models. For example, we found that boardroom diversity influences future profitability and, as such, we explicitly consider diversity in our proprietary model to measure earnings quality.

We believe our approach offers the potential to build portfolios with a better-than-benchmark ESG score and lower carbon/water intensity in a consistent and repeatable manner.

Finally, when constructing portfolios with specific SDG contribution targets, access to a database which provides UN SDG scores on a large universe of stocks helps us to target specific SDGs.

Strategy Focus

Our climate-focused strategies deploy additional data and processes to balance the objectives of decarbonisation today with investing in the global transition to a low-carbon economy. When working with clients who wish to address climate change through their investments, we have come across a common challenge: An ambitious target on current portfolio carbon intensity reduction may limit exposure to companies which are directly enabling the global transition through the products and services they offer, or to transitioning companies within high-stake industries. This is because these companies often contribute a high proportion of the world's carbon emissions.

Our climate focused strategy manages this complex trade-off by using a combination of divestment and investment allocation to the providers of climate solutions within our optimisation framework. This should allow us to reduce portfolio carbon intensity whilst actively investing in companies that are contributing to the mitigation of climate change and helping drive the shift to more sustainable energy use through their products, services and technologies.

We believe that aligning portfolio allocation with both reported progress and companies' commitments to reach net zero sends a strong message to the companies that are accelerating the transition to a low-carbon economy – which is also an important investment consideration for us and our clients.

Finally, our carbon offset strategy launched in 2021, that builds on this, further aims to compensate for the emissions owned by the portfolio which cannot be eliminated today. After the investment process has reduced portfolio carbon intensity as far as possible (through divesting from the worst polluters in preference for companies with lower carbon intensity when constructing the portfolio), the equivalent number of carbon contracts are retired. These contracts finance hand-picked projects which aim to preserve the environment and target multiple UN SDGs, providing another tool which we can use to have a direct impact on climate change. Our clients are demanding more action on climate, and we will continue to evolve our offering to meet these needs.

AXA IM Core

Fixed income

Effective fixed income portfolio management seeks to maximise risk-adjusted returns. Given the asymmetric risk profile of this asset class, AXA IM's fixed income investment teams believe limiting downside risk is a key driver of long-term performance – and that ESG plays an important part in that.

Our credit analysts use ESG to identify material concerns that could impair the credit quality and long-term sustainability of issuers in our markets. This process helps to identify those risks most relevant to credit investors, which should in turn help to minimise downside risk. Analysts and portfolio managers incorporate a wide range of ESG factors into credit analyses, focusing on those most relevant to a given credit.

ESG factors are also important for sovereign and quasi-sovereign debt and are therefore integrated into our investment process, with different quantitative indicators for sovereign issuers to corporate issuers.

Our investment process applies AXA IM sectorial exclusion policies as well as AXA IM ESG standards exclusion policies to ESG integrated and ACT funds, i.e. those funds classified as Article 8 and Article 9 in the scope of the EU's Sustainable Finance Disclosure Regulation (SFDR). On the product side, we expanded our range of ACT funds in 2022 with the launch of green and social bonds strategies designed to finance projects contributing to the UN SDGs.

A fixed income Head of Sustainability participates in multiple AXA IM RI committees and collaborates closely with the RI expert teams on a regular basis.

How we achieve this

- **ESG analysis** is embedded into our active fixed income research process and credit analysts incorporate ESG analysis in their internal research reports. These reports highlight the relevant ESG strengths and weaknesses as well as an issuer's performance on specific issues. Analysts also comment on actions that the issuer is taking to mitigate ESG weaknesses and its targets to improve ESG performance. We also benefit from impact analysis conducted by a dedicated ESG & Impact Research team at corporate level using a five-pillar proprietary framework
- Portfolio managers and analysts have access to multiple sources of **ESG data** (internal and third-party). Among the key ESG topics, risks and key performance indicators (KPIs) recently highlighted were greenhouse gas emissions and details of any issuer plans and targets to reduce those emissions, as well as water intensity, labour relations and board diversity.

Corporate ESG analysis

Within our credit process, analysts also include a qualitative ESG template in their models, assigning a view with respect to company management and momentum around ESG issues relative to the industry and to a company's peers. In the template, credit analysts highlight ESG strengths as well as concerns and mitigating actions, ESG KPIs, and comments on governance structure.

Within both credit and sovereign research, the key ESG topics, risks, and KPIs highlighted are at the discretion of the analyst, allowing them to select topics and risks most relevant to the issuer. Each credit and sovereign analyst has been trained on ESG issues relevant to their assigned sectors or regions, drawing from several third-party sources, including the Sustainability Accounting Standards Board (SASB), TCFD, MSCI, Sustainalytics and others including rating agencies and sell-side research.

Our research teams, including credit analysts, use a framework to assess the transition plan of investee companies, in line with our net zero commitment and AXA IM's own climate strategy. This framework, launched in 2022 and progressively ramped up over the year for equity and fixed income issuers, aims to assess the maturity of corporates' climate strategies. It uses quantitative information, including input from the SBTi and the Transition Pathway Initiative, among others, combined with qualitative analysis to confirm the credibility of the strategies. In particular, it leverages the principles of the Net Zero Investment Framework coordinated by the Paris Aligned Investment Initiative.[64]

With the support of AXA IM's Head of Climate and the Sustainable Investment Solutions team, the credit research team review past decarbonisation performance, current greenhouse gas emissions, and forward-looking measures like short- and mid-term targets, as well as reviewing capital allocation and spending in the context of sectoral and geographical characteristics.

This qualitative analysis aims to help us identify both leaders and those companies that are lagging or have not provided sufficient information on their trajectory to reach net zero. Our responsible investment professionals then engage with a selection of these companies to support the strengthening of their climate strategy to achieve a robust transition path.

We also continue to increase engagement and sustainability dialogues in regular financial-oriented discussions with companies such as roadshows or earnings conferences.

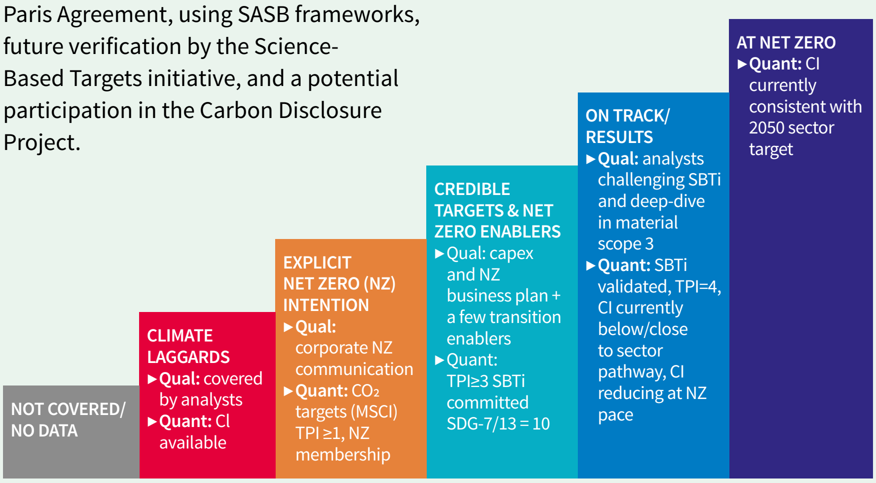
Case Study

Our US credit team annually defines a focus list of companies, prioritising issuers designed 'red' or 'orange' by our proprietary climate colours framework as described in AXA IM's TCFD-Article 29 Report. They accounted for nearly half (48.7%) of engagements conducted over the course of 2022.

In 2022, the focus list included a US-based specialty retailer of automotive aftermarket parts, assigned a red climate score by our framework. While disclosing detailed environmental initiatives in its sustainability report, the company has not yet measured the carbon footprint of its products or set specific emission reduction goals, giving us serious concerns around its willingness to tackle climate-change related risks.

During the engagement, the company confirmed its plan to set goals for Scope 1, 2, and 3, both short and long term, and release them in its 2023 sustainability report. In addition, the company committed to set targets in line with the Paris Agreement, using SASB frameworks, future verification by the Science-Based Targets initiative, and a potential participation in the Carbon Disclosure Project.

We plan to follow up and assess the stringency of the target published in August. At that point, we may potentially be able to upgrade the company's colour in our climate colour framework.



Source: AXA IM climate colouring system, based on PAII Net Zero Investment Framework, 2021. CI = carbon intensity; TPI = Transition Pathway Initiative. For illustrative purposes only.

[64] The Paris Aligned Investment Initiative is a collaborative investor-led global forum enabling investors to align their portfolios and activities to the goals of the Paris Agreement.

AXA IM Core

Fixed income

Sovereign ESG analysis

Analysts and portfolio managers have access to sovereign ESG scores and ESG-related KPIs in their front office tool as a complement to traditional macroeconomic country analysis. We believe a full assessment of each ESG pillar is necessary to understand the impact of ESG factors on long-term economic sustainability. For sovereigns, among key ESG topics, we have particularly targeted CO_2 emissions, energy use, renewable energy consumption and the water exploitation index score.[65]

Discussions also take place with sovereign issuers on ESG topics during regular meetings with treasuries, agencies, central banks and other government ministries as well as during the process of green and social bond issuance. All offer an opportunity to deep-dive on sovereigns' public spending programmes around sustainability and to better understand the ESG risks of a country. In 2022, we had 24 engagements with government issuers.

Vision 2023

In 2023, we will continue working on the deployment of AXA IM's climate strategy and net zero objectives across investment strategies, to bring all assets under management into alignment with the Paris Agreement goals. Credit analysts will continue to support investment teams in their decision-making processes, having reinforced their climate analysis framework for corporates, leveraging the Paris Aligned Investment Initiative.

We aim to enhance our stewardship and engagement practices and techniques with bond-only issuers, joining industry groups which are also working on this topic.

Case Study

Issuances of green or social bonds are a good opportunity to assess a country's sustainability strategy. In May 2022 we met with representatives from the Austrian Treasury to discuss its sustainability strategy and inaugural green bond transaction. Austria is one of the highest-rated countries in terms of ESG ratings. In addition, the country has established what we consider robust and ambitious climate and environmental policies.

Austria is targeting a 48% reduction in greenhouse gas (GHG) emissions by 2030 compared to 2005, which is more ambitious than the EU 'Fit for 55' target.

We also note that the country achieved a 20% reduction in GHG emissions between 2005 and 2020, when its GDP grew by 14%, showing its ability to decouple carbon emissions from economic growth.

The country aims to cover 100% of its electricity needs with renewables by 2030, and to reach climate neutrality by 2050. Of note, these objectives are well-anchored in Austria's legislation. We also note other policies and objectives related to climate change adaptation, biodiversity and land use, and transportation, demonstrating a comprehensive environmental strategy at country level.

Lastly, eligible expenditures under the green bond framework represent 3.4% of Austria's total government expenditures and 1.3% of its GDP, which are among the highest figures for sovereign issuers.

Strategy Focus

The launch of our global green bonds strategy in 2015 reflected AXA IM's commitment to help contain climate change and support the growth of the green bonds market. This was reinforced in 2022 with the launch of a new green bonds strategy with a specific focus on emerging markets and high-yield companies and the objective to generate a measurable environmental impact in these areas.

We have sought to build a robust eligibility framework to ensure the new strategy is entirely focused on green bonds that can potentially offer the same returns as a comparable conventional bond, with the added benefit of enabling projects with environmental benefits in a transparent manner. The green bond market has grown sharply over recent years, and now offers more diversification in terms of asset classes, regions and issuers.

A universal green bond definition is still in the making, but several standards are being put forward by major market actors. Our portfolio managers invest only in green bonds that form part of the eligible universe set out by AXA IM's RI experts, using a proprietary analysis framework for green, social and sustainability bonds (GSSBs).[66] The new strategy has been awarded with the French sustainability label Greenfin and the Belgian 'Towards Sustainability' Label.

[65] The European Environment Agency's water exploitation index measures the mean annual total demand for freshwater divided by the long-term average freshwater resources.
[66] Green, Social and Sustainability Bonds: An update on our assessment framework, AXA IM, September 2022.

AXA IM Core

Green, social and sustainability bonds engagement

Engagement with bond issuers is an important aspect of our active ownership, as we are long-term investors and often hold bonds to maturity. Engaging on ESG issues is a critical way to ensure we manage the value of our bond investments over time.

Our engagement goals and activity

We met with 54 GSSB issuers in 2022. Beyond alignment with the recommendations of the International Capital Market Association's Green Bond Principles, our main area of focus was to discuss GSSB alignment with issuers' sustainability strategies and forward-looking ambitions.

We have seen some positive outcomes: More and more issuers established concrete ESG objectives and disclosed it within GSSB frameworks. On the other hand, given our higher expectations, poor ESG profiles and ambitions at certain issuers were a significant factor in our deciding that some GSSB issuance was not eligible in 2022.

We also had discussions with existing GSSB issuers to follow up on their promises at the time of issuance. As part of our approach to the GSSB market, we want to make sure that issuers publish impact reporting and effectively allocate the proceeds to green and social projects. All in all, we were satisfied with GSSB issuers' reporting and actual proceeds allocation.

Another key topic of discussion with GSSB issuers in 2022 was around the inclusion of the EU Taxonomy and of the upcoming EU green bond standard in market practices.[67] While it is still too early in our view expect all issuers to align with these new requirements, we nevertheless have seen positive developments on this front. Issuers like French utility Suez, France's postal service La Poste, the European Investment Bank and the Republic of Austria included the EU Taxonomy technical criteria in their green bond frameworks.

We also asked GSSB issuers about how they integrate the Taxonomy's principle of "do no significant harm" (DNSH) and minimum social safeguards (MSS) into their frameworks. While we see more and more issuers aligning with the Taxonomy's technical criteria, the picture is very different when it comes to DNSH and MSS. Issuers are struggling to find a proper way to integrate these – which is understandable given the absence of a comprehensive and recognised definition of these criteria. This will be one of our engagement priorities with GSSB issuers in 2023.

In 2021, we developed our assessment framework for Sustainability-Linked Bonds (SLB). This market is still nascent, but we had the occasion to share our views and expectations with some SLB issuers as well as other market stakeholders. We met with 12 SLB issuers in 2022, which allowed us to better identify good practices and clarify our expectations with this market.

Bondholder meetings

In 2022, AXA IM voted at a total of eight bondholder meetings, on 11 resolutions. Four of them were related to a reclassification of a conventional bond to a green or social bond.

Bondholder meetings allow the issuer to submit to a vote any question related to the life of the bond. These may include routine resolutions requesting additional documents, but also the increasingly frequent case of reclassification of a conventional bond as a green, sustainable or social bond.

Any vote on the reclassification of a conventional bond will be decided in collaboration with the ESG fixed income analyst. The ESG fixed income analyst is contacted by the originating bank in charge of the reclassification of the bond, will review the proposal (via the bond's framework), and will then issue an opinion.

As reclassifications are becoming more frequent, AXA IM has been involved in discussions with other parties (investors, banks and issuers) in accordance with the Green Bond Principles, since the end of 2022. We will continue to pursue this in 2023 in order to define best practices.

[67] The EU Taxonomy is a European Union regulation. It is effectively a list of business activities which companies and investors can legitimately claim are 'climate-friendly'. Ultimately, this should allow investors to make more informed and consistent comparisons between companies, based on the share of Taxonomy-aligned activity in their day-to-day operations.

AXA IM Core

Green, social and sustainability bonds engagement

Vision 2023

In 2023, we will continue our work on GSSBs, and will leverage additional data points to guide our engagement with issuers, including in relation with the EU Taxonomy in this perspective.

Meetings with GSSB issuers will continue to discuss their frameworks and ESG strategy and to make sure any GSSB we invest in complies with our eligibility criteria. A deeper engagement programme is planned with existing green bond issuers, where we will consider whether their climate commitments and strategies are sufficient with regards to our assessment methodology.

In addition, we will have the same kinds of discussions with SLB issuers to ensure compliance with our eligibility criteria.

We will also continue to review opportunities to influence the development of the SLB market and framework with the objective of encouraging quality and integrity on this market.

We will update our GSSB and SLB assessment frameworks in 2023, so that our expectations, requirements and eligibility criteria are publicly available to issuers and other market players.

Finally, looking at engagement in fixed income markets beyond GSSB, we plan to review in more detail how we can press for change as a large fixed income investor, considering the use of escalation techniques specific to this asset class.

Case Study

In September 2022, we had a call with Majid Al Futtaim (MAF) – a leisure and events company based in the United Arab Emirates (UAE) – during its green bond roadshow. We spoke to the company's chief financial officer as well as representatives from the funding and sustainability departments. We wanted to clarify the company's position on the controversial Ski Dubai and Ski Egypt assets – some of our clients had raised a concern around these projects and potential 'greenwashing' given MAF is a green bond issuer.[68]

We first asked MAF to explain how these assets – two indoor ski resorts located in desert areas – are considered as part of the company's climate and environmental strategy, which at first sight looks in our view quite ambitious for a UAE issuer. MAF explained that its whole portfolio has been reviewed and validated by the SBTi as part of the company's GHG reduction target. It also stated that it provides transparent ESG data on Ski Dubai and Sky Egypt and that Ski Dubai has received an LEED certification.[69] We told MAF that while we recognise the transparency and ambition of its overall climate strategy, we still considered that these assets appeared problematic from a climate change perspective.

We also wanted to dissuade MAF from developing any similarly contentious projects in future. MAF has made a commitment in this respect, but we have some scepticism as we do not consider it a sufficiently clear commitment, or backed up by recent actions (the company has already built two indoor ski resorts in recent years). In addition, a review of MAF's green bond reports found that Ski Egypt was funded by green bonds as part of the Mall of Egypt project, which in our view did not meet the green bond issuance standards. Given our belief that the development of such projects does not form an appropriate part of climate strategy, we decided to divest from MAF's green bonds.

[68] Greenwashing refers to claims made by a company or country about environmental ambitions or principles which are not carried out in practice.
[69] LEED (Leadership in Energy and Environmental Design) is a widely used green building rating system.

AXA IM Core

Multi Asset

As our clients demand more sustainable returns, the multi-asset platform continues to put an increased focus on non-financial factors by expanding the use of our internal ESG framework to better address risks and target sustainable returns.

The multi-asset platform has actively integrated non-financial factors into its investment process over the past year. As such, we have leveraged the progress on ESG integration within the equity and active fixed income platforms as well as emphasising ESG within our multi-asset strategies through two major pillars:

- **Technology and quant solutions:** The multi-asset team uses AXA IM's ESG scoring framework to fully cover our equity and fixed income asset classes.[70] These scores are made available to portfolio managers through our front office systems as well as ad hoc simulations. Our portfolio managers can thus integrate this data into their decision-making tools as well as access online tools and detailed ESG reports on a growing number of our portfolios and mandates.
- **Qualitative input:** Multi-asset portfolio managers use ESG research provided by the credit team and by ESG and impact analysts. We believe that ESG factors can affect the financial performance of securities and by integrating ESG factors in a significant way within their investment process, multi-asset portfolio managers can leverage this analysis to prioritise investing in securities which deliver good ESG quality or a substantial positive impact

The number of funds which put non-financial criteria at the heart of the multi-asset investment process has expanded over the past year. Five additional funds obtained the coveted French ISR label in 2022 which translated into about €5.5bn of assets under management within our SRI labelled funds – a 43% increase over the past year.[71] The main ESG indicators which these funds have chosen to outperform include the environmental metric of carbon intensity, which must track below that of the fund's benchmark or investment universe. Other funds focus on water intensity, or a diversity-oriented metric such as the percentage of women on the board of directors, which must also be above that of the fund's benchmark or investment universe.

The multi-asset platform is also actively involved in AXA IM's focus on quality engagement. To encourage companies to adopt better and more responsible corporate behaviours and disclosure practices, we participate alongside equity and fixed income in sustainability dialogues with corporate management. We also access the results of engagements with objectives, conducted by responsible investment professionals on specific ESG themes. This input informs our investment views and allows us to monitor progress made on certain harmful issues, which could potentially weigh on future performance, as well as to assess the actions taken to enhance sustainability profiles and practices. Finally, we give our views on the definition of engagement priorities and progress through our participation to AXA IM RI Committees.

Strategy Focus

Within our Multi Asset Optimal Income range, we manage an 'Impact' strategy which is part of our ACT range and focuses on the theme of prosperity for people and prosperity for the planet, aligned with relevant UN SDGs.

As a global multi-asset impact strategy, it seeks to invest in businesses that focus on providing products or services and/or finance projects which have demonstrated a strong positive impact on social and environmental factors, in addition to a clear alignment with the SDGs.

With regards to universe construction, the strategy can invest in equities and in debt securities, notably green, social and sustainability bonds (GSSBs). The investment process relies on two robust impact proprietary frameworks to build the equity impact universe. These frameworks aim to assess the eligibility of GSSBs while identifying and monitoring the sustainability- and SDG-alignment of companies.

On top of AXA IM's RI sectorial and normative exclusions, the fund applies additional exclusions on unconventional and conventional oil and gas, power generation, coal, tobacco and weapons to comply with the Towards Sustainability label.[72]

[70] Building a robust ESG scoring model for responsible investors, AXA IM, September 2022.
[71] Figures as of end-2022.
[72] Making sustainability in finance the norm, Towards Sustainability, retrieved February 2023.

AXA IM Core

Multi Asset

Case Study

Clicks Group is a South African pharmacy that we think has a positive contribution to SDG 3 (Good Health & Wellbeing) as it derives about two-thirds of its revenue from the distribution of medicines in Southern African countries through its extensive pharmacy network (+800) and wholesale distribution business.

We met with the company to gather information on how it improves access to health services and medicines in South Africa as well as to gather information on other issues like black empowerment, diversity carbon footprint and sustainability reporting.

Clicks Group is a partner to the South African government for a range of ongoing initiatives. We asked about its possible role in the national health insurance scheme which is currently in development and the company stated that it would likely be a strategic partner to the government. However, the company was also convinced that initiatives in the private sector that aim to expand access to affordable healthcare were more likely to be more rapidly implemented and fruitful.

The issue of black economic empowerment was also discussed with the company. In 2021, the company reported that 95% of the employees within its workforce were black, however, in top and senior management, only 34% of employees were black. Clicks Group acknowledges this diversity gap and attributes it to recruitment difficulties. It is also looking into internal training that would enable upward mobility for black employees and reports progress at middle-management levels. The group has reached Broad-Based Black Economic Empowerment (BBBEE) Level 4, which is an improvement from 2019 (Level 5). In addition, the company intends to achieve $400m procurement expenditure to black-owned businesses by 2025, including $250m to black female-owned suppliers.

We also made recommendations to the company about social KPIs to better assess its contribution to SDG 3. Suggested metrics include the number of patients treated in clinics, the number of patients served in pharmacies, and the number of stores in lower-income areas. We will pursue follow-up discussions on the above issues as well as on the company's progress around carbon emissions, science-based targets, and producing a carbon neutrality roadmap.

Case Study

US-based Ecolab provides water, hygiene and infection prevention solutions and its products and technologies are also used in water treatment, pollution control, energy conservation, refining and other industrial processes. Ecolab's products and services allow its customers to reduce their environmental footprint, especially in terms of water usage. As such, we believe the company contributes towards SDG 6 (Clean Water and Sanitation) as well as SDGs 3 (Good Health and Well-Being) and 13 (Climate Action).

Given the sensitive nature of its business, we included Ecolab in our engagement list for the fourth quarter 2022 with a focus on biodiversity. We discussed the company's approach to biodiversity and the problems they experienced in this new and complex field of ESG action. The company has already formulated its first goals regarding climate, and particularly water, as key aspects of its biodiversity approach (15 watersheds identified as priorities in terms of its biodiversity action).

However, Ecolab understands that water and climate are only the first step and it needs to develop a more comprehensive and biodiversity-specific approach. We therefore discussed its first biodiversity goals as well as new developments including participation in a Taskforce on Nature-related Financial Disclosures pilot scheme. Based on this exercise, Ecolab hopes to publish a new biodiversity position in its next report in June 2023. We also discussed the company's management of hazardous substances.

We will follow-up with Ecolab on developments regarding its biodiversity strategy in 2023, after the publication of its annual report. We will also continue our discussions with the company on the matter of hazardous substances management, and we note that a new collaborative engagement supported by the International Chemical Secretariat may offer an opportunity to develop that. In our view, the company has had a robust chemicals management system in place for a number of years, with a goal to bring chemicals of high concern down to 0% — although there is not currently a target date for this goal.

AXA IM Alts

Real Assets

Responsible investment sits at the core of AXA IM Real Assets' approach to business. We actively consider financial and non-financial criteria during our investment process – from origination of opportunities, to the investment assessment and decision-making process at acquisition, and through to our active ownership of investments.

This integrated approach is fundamental to the good stewardship of our investments. By making specific non-financial considerations part of our investment processes, we believe we can ensure better visibility of sustainability-related risks and potential adverse impacts on our investments. This visibility should provide us with a broader perspective on asset and sector-specific risks which then informs our underwriting and asset selection. Ultimately, it also helps to shape our view on investment risk, returns and liquidity, and we believe also enables our teams to better identify and unlock opportunities to enhance value for clients.

The integration of the assessment of sustainability risk at investment level and the application of group-wide sectorial exclusions and ESG-scoring methodologies can help us to address the most material sustainability risks at the time of an acquisition. From this position, we see an important opportunity to improve the performance of our investments through active management, stewardship and engagement. The goal is to amplify the impact we are able to generate through our investments while continuing to generate sustainable long-term returns for our clients.

Beyond meeting reporting obligations under new and upcoming regulatory requirements, AXA IM – alongside our parent AXA Group – is supporting the goal of net zero as a member of the Net Zero Asset Managers Initiative. This means working with our clients and partners to target net zero carbon emissions from our investment platforms by 2050, or before.

We acknowledge the scale of this challenge and recognise that success will only come through active collaboration and partnership. Accordingly, through 2021 we undertook a series of structured discussions across our investment platforms to encourage companies, borrowers and tenants to consider and disclose their environmental strategy and performance. These efforts were pursued in 2022 with additional questions on environmental strategies and performance progress.

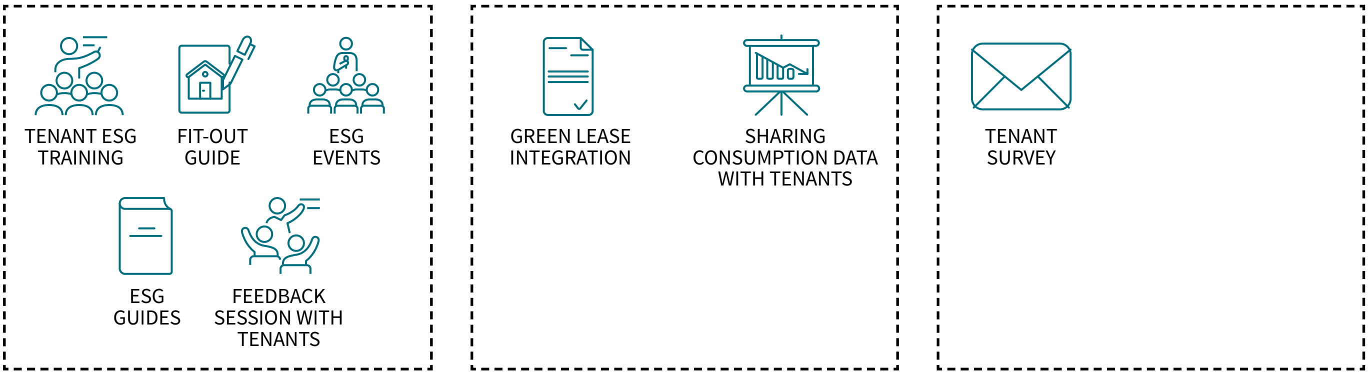
AXA IM Alts

Real Estate Equity

As users of the assets, the tenants of the buildings under management are key contributors in achieving the objectives of the ESG strategy. We actively engage with them, convinced that cooperation with tenants is a necessary condition for the implementation of relevant and effective measures over the long term. It has been demonstrated that the proper use of a building's facilities is a key factor in reducing its environmental impact. For this reason, it is essential to be proactive in supporting tenants to make good use of building facilities and to provide them with recommendations and good practices to implement.

Internal targets for coverage of our tenant engagement measures were defined in 2022 for internal asset managers, who oversee the strategy of the assets we manage. Our tenant engagement efforts are then focused around three core areas:

LEARNING	MONITORING	LIAISING
Educating our tenants on ESG to influence behavior and improve buy in	Collecting **data** on the asset and leveraging it to create targeted solutions	Maintaining a **dialogue** with our tenants to understand their present and future needs



- **Learning**
  We distribute ESG guides to the tenants of our assets to educate and increase awareness of ESG issues and the specific features of our assets related to ESG. For commercial tenants we provide fit-out guides to aid in mindful procurement. Through our ESG Rating we track the number of assets for which such tools are already deployed

- **Monitoring**
  We integrate an ESG clause (green lease) as standard to new contracts or contract renewal to maximise the sharing of consumption data from tenants and agree on ESG targets and monitoring for the building. We encourage the feedback of consumption data to tenants in order to further the discussion of targeted solutions

- **Liaising**
  We perform annual tenant satisfaction surveys (see case study below) to collect feedback from our tenant on their user experience and level of satisfaction. In 2021, the latest data currently available, 450 assets were included in such an initiative, corresponding to €24.4bn of assets under management (AUM). We also require our property managers to organise an annual 'ESG committee', which is a meeting dedicated to ESG between the property manager and the tenant. In 2021, 52% of AUM in scope report they have carried out an ESG Committee with at least one tenant.[73]

We continually work to increase our coverage and further internal and external integration of ESG by disseminating ESG training throughout our chain of stakeholders, from property managers to internal asset managers.

[73] AUM in scope exclude assets under development and assets out of scope such as forest, parking, plot of land and unit cells.

Case Study

In 2021 we undertook the first EU-wide tenant satisfaction survey project to better understand the current needs and future expectations of the tenants within our assets. Tenants are sent a set of questions, through their property manager, which assess tenants' satisfaction regarding their relationship with the property manager and ESG topics. The scope is determined through consideration of several factors including asset class, level of operational control, and future investment plan. In 2021, 450 assets, corresponding to €24.4bn AUM reported that tenants were sent the tenant satisfaction survey.

The aim of the survey is to establish an ongoing dialogue with our tenants by monitoring their views and integrating their feedback into our asset level actions plans. The output of the survey is considered in the ESG strategy of the asset and the wider portfolio.

The survey is sent out by property managers to tenants during the second half of the year with the survey closing to new respondents in November. In December the property managers share an analysis of survey responses, in line with metrics provided by the Global Real Assets ESG team. Using these results AXA IM will work in collaboration with our property managers in 2023 to identify areas of future focus within ESG.

The survey questions were composed by the Real Assets ESG team in line with requirements from markets standards (e.g. GRESB and certification schemes) as well as internal metrics for property manager performance. In 2022, this process was refreshed, with the questions asked reduced to five from 10, to ease the process and ensure more accurate feedback. The questions covered satisfaction with the relationship with the manager, the quality of services provided and comfort levels, as well as focusing specifically on ESG communication. Feedback sessions were organised for the beginning of 2023.

Commercial Real Estate Debt

For our Commercial Real Estate (CRE) Debt platform, we sought to actively improve the level of data visibility on underlying assets to better inform our view of environmental risks. Historically, access to such data in private or secondary markets has been poor, which has hampered visibility of the efficiency or underlying performance of assets.

We undertook a two-step approach to improve this.

First, we engaged with a third-party data provider to assist with the assessment of carbon emissions, based on estimated emissions per square metre for different asset types in different countries. This enabled us to generate an estimated carbon footprint for the portfolio. The natural limitations of this dataset were then addressed by including a second step which involved structural dialogue with our borrowers via a survey as well as direct requests for energy consumption and carbon emission data for the underlying assets.

The dialogue was initially undertaken via questionnaire and the survey was developed and issued over summer 2021. The survey was sent out to over 40 borrowers, representing 61 loans valued at €9.6bn. We received 39 responses (a 63% response rate) representing €6bn. This questionnaire was updated in 2022 and circulated during the fourth quarter with results expected in early 2023.

Information shared since 2021 has, for example, helped us develop a deeper level of insight into carbon and energy efficiency-related risk in our portfolios, in addition to our growing knowledge base of physical and transitional risk. The information will further inform refinancing opportunities and our ability to work more closely with borrowers and underlying assets in our journey towards net zero before 2050.

AXA IM Alts

Listed Real Estate

In 2021, two engagement exercises were undertaken as part of the active stewardship of our listed real estate investment platform.

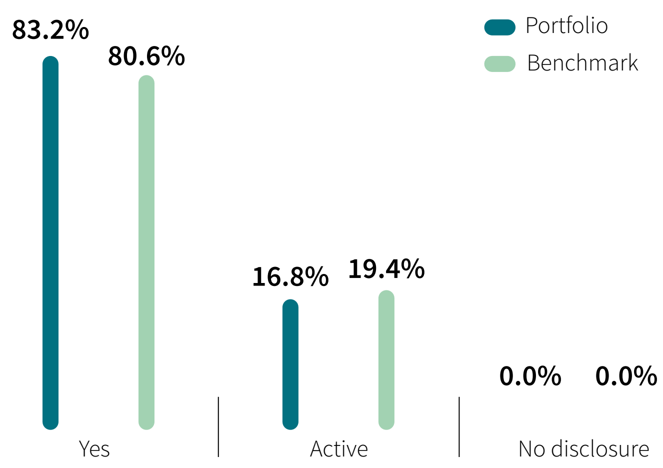
A survey was sent to investee companies in our investment portfolio to gain a better understanding of the qualitative and quantitative metrics associated with the companies' ESG practices and performance. In 2022, we included four additional questions on biodiversity risks and social risk, to understand investee companies' approach.

We also sought to determine the level of alignment of investee companies' commitment to achieve net zero before 2050, for a specific portfolio. This insight was undertaken via direct engagement in addition to the analysis of publicly available data.

Based on responses, investee companies were defined as follows:

- **Committed:** Publicly committed to net zero and set an explicit target date by which it will be achieved
- **Active:** Defined targets to reduce CO_2 emissions by a specified amount, but has not explicitly committed to net zero
- **No disclosure:** Has neither an explicit mention of net zero nor has publicly disclosed a tangible target to reduce CO_2 emissions.

PROPORTION OF INVESTEE COMPANIES COMMITED TO NET ZERO 2022 RESULTS



Source: AXA IM – Alts, Company data as at 31/12/2022. Portfolio weights as at 31/12/2022.
For illustrative purposes only.

Comparing the results from 2021 to 2022, the proportion of companies that have committed to net zero within the portfolio has increased from 73% to 83%.

The graph below shows how the portfolio breaks down according to the above criteria, compared to the investible universe. It indicates a portfolio make-up which is largely representative of the benchmark, with slightly greater representation of committed companies.

The single company which had **No disclosure** in 2021 provided their climate strategy alongside their annual report in April 2022. While the company did not commit to net zero, their climate strategy firmly puts them in the **active** category. As such, the portfolio consists of companies that are either committed to net zero or have defined targets to reduce their CO_2 emissions by a specified amount as at December 2022.

The results of the survey have provided a baseline in term of response level and performance as at the end of 2021. This baseline has been used as the foundation for 2022 engagements through survey and direct engagement, with the intention of more actively identifying and encouraging the alignment of investee companies with our commitment towards net zero before 2050.

AXA IM Alts

Natural Capital and Impact

The AXA IM Impact Investing strategy targets the delivery of market rate financial returns alongside the generation of positive, intentional, and measurable impact returns. Using alternative assets – private equity, venture capital, private debt, real assets and project finance – we invest in a broad range of impact themes that aim to deliver on our clients' impact objectives. Our guiding mission is to address the needs and aspirations of underserved people globally while protecting the natural environment and contributing materially and directly to the UN SDGs and targets that are relevant to our strategy.

We believe that the proper management of ESG issues is critical to the long-term sustainability of businesses, and as such, the consideration, integration, and active stewardship of ESG issues is a fundamental part of our investment process.

We have developed a framework for the management of ESG issues that intends to take account of the alignment of prospective investments with applicable AXA IM RI policies, ESG regulations, standards and norms such as the International Finance Corporation's Environmental and Social Performance Standards, the Environmental, Health and Safety Guidelines of the World Bank and the International Labour Organization. This assessment framework is applied to investments during due diligence and over the tenure of our investments.

During 2022, we enhanced our ESG assessment framework to cover a comprehensive list of potential adverse impacts in line with emerging regulations. Our assessment framework takes account of a range of ESG issues including: Climate risks; biodiversity; pollution; health and safety; human rights; and governance concerns, amongst others. The ESG assessment framework is used to assess investee's performance on material ESG issues and identify areas where improvements are needed.

The enhanced ESG assessment framework was systematically applied to all new investments in 2022. Where we identified areas of improvement, we developed Environmental and Social Action Plans (ESAP) in collaboration with investees, detailing actions to be undertaken in relation to environmental and social issues identified as part of investment monitoring activities. The ESAP includes responsibilities and timelines within which corrective action needs to be undertaken. We actively monitor implementation of action plans and overall ESG performance throughout our investment tenure.

Case Study

GreenStruxure (GSX) is an energy-as-a-service company offering zero-to-lower carbon, climate-resilient microgrid solutions to commercial and industrial companies.

GSX's microgrids consist of a combination of solar, battery energy storage systems, combined heat and power systems. GSX seeks to address the severe environmental externalities associated with fossil fuel-based energy by providing a more sustainable and energy efficient solution. It establishes a foundation for companies to begin the gradual transition of their energy usage over time to cleaner, more reliable alternatives.

A key engagement with the company in 2022 was a requirement to establish climate related targets for its own operations, aligned with The Science Based Targets Initiative (SBTi). Over the course of 2022, GSX has made significant progress on this engagement. The company has worked extensively with a reputable service provider to comprehensively measure its carbon footprint and established baselines for Scope 1, 2 and 3 emissions. The company has further committed to have its SBTi targets approved early in 2023.

We believe that this engagement and resulting action would have multiple benefits for the company – improving its environmental footprint and performance, thereby reinforcing the credibility of its clean energy offering to its clients. We would expect this to potentially enhance both its impact and financial performance.

How the Responsible Investment team is organised at AXA IM

Across AXA IM we have more than 40 dedicated experts embedded within our investment and research teams who are responsible for responsible investment (RI) activities. These experts sit across both our Core and Alternatives businesses, covering all related aspects including research, due diligence, data/scoring, analytics, stock and credit analysis, as well as active ownership and engagement.

The organisation of RI functions within the business is in line with our principle that RI must be fully embedded within our investment functions, to ensure that ESG is not an 'add on', but simply part of everything we do.

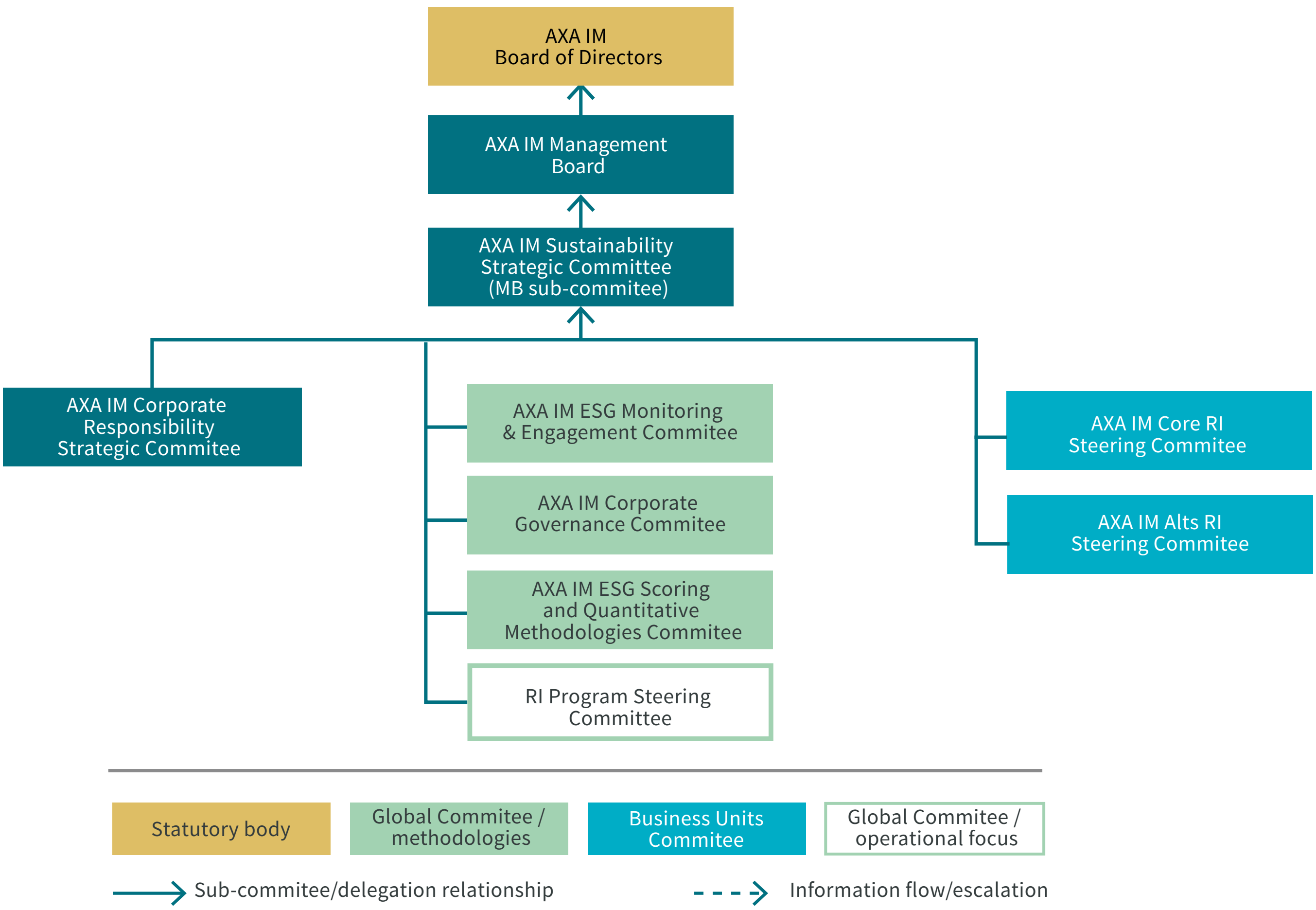
For more details on our RI governance and capabilities, refer to our RI policy.[74]

Responsible Investment governance

As part of AXA IM's continued efforts to further embed ESG within the business and ensure consistency in our approach across investment, operations and human resources (HR), the governance structure changed in 2022 with the creation of a sub-committee of the management board, the Sustainability Strategic Committee. It gathers sustainability leaders alongside management board members to define and monitor AXA IM's sustainability strategy.

Investment teams are involved in RI governance through the participation of the investment platform representatives in the dedicated committees. Representatives from the compliance, risk and legal teams bring their perspectives to the dedicated RI committee deliberations, helping to ensure that the evolution of the AXA IM sustainability strategy is robust and sound, and on-boards new sustainable-finance-related regulatory requirements.

Organisational structure of AXA IM RI committees



[74] AXA IM Responsible Investment Policy.

To ensure consistency and co-ordination between RI experts, investment teams and support functions, the following committees meet on a quarterly basis:

AXA IM RI committee descriptions

Main committees	Objectives	Frequency
AXA IM Board of Directors	▪ Discusses and oversees key components of AXA IM's ESG strategy and regulation directly or through the sub-committees of the Board (Audit and Risk Committee / Remuneration and Nomination Committee)	At least twice a year
AXA IM Sustainability Strategic Committee	▪ Leading body in charge of defining AXA IM's strategy and roadmap with regards to Sustainability (encompassing RI and corporate responsibility [CR]) and monitoring its delivery ▪ This notably includes the definition of sectorial policies and RI product framework as well as piloting efforts on selected themes such as climate change or biodiversity ▪ It also reviews how AXA IM and AXA Group Sustainability strategies interact	Quarterly
AXA IM Corporate Responsibility Committee	▪ Define AXA IM CR strategy, taking into account AXA Group strategy, with a concrete roadmap ▪ Animate a community through communication and business actions ▪ Report to the AXA IM Sustainability Strategic Committee	Quarterly
AXA IM ESG Scoring and Quantitative Methodologies Committee	▪ Ensure coordination of ESG integration focusing on more quantitative aspects ▪ Validate quantitative methodologies	Quarterly
AXA IM Corporate Governance Committee	▪ Provide strategic oversight of AXA IM's corporate governance, stewardship and voting activities in relation to investee companies and ensure clients' rights and obligations are exercised in a manner consistent with good practice standards	Bi-annual
AXA IM ESG Monitoring & Engagement Committee (and sub-committee)	▪ Ensure views developed on ESG risks and opportunities, from exclusion to engagement topics, are discussed collegially, considering possible implications for AXA IM as a whole, including from controversies ▪ Facilitate coordination between various stakeholders in the implementation of the engagement strategy. This includes priorities for engagement on certain sectors, which can encompass listed and non-listed assets ▪ Act as a gatekeeper of AXA IM exclusion policies ▪ Oversee the ESG scores override process (ESARC)	Quarterly
AXA IM Alts and Core RI steering committees	▪ Endorse the RI strategy of the business units based on the AXA IM strategy agreed at AXA IM level; implement and monitor ESG methodologies, scores and RI processes for equity and debt businesses. It keeps the AXA IM Sustainability Strategic Committee informed where appropriate, with the aim of ensuring consistency ▪ Define (and adapt when needed e.g. to regulatory standards) our common impact investment framework	Quarterly
RI Program Steering Committee	▪ Monitor progress of RI-related projects with an operational focus	Every two months

Inclusion and Diversity at AXA IM

Inclusion and diversity have been on our strategic agenda for many years. Our 2021-23 'Driving Growth' plan places sustainability at the centre of our priorities, to enhance AXA IM's role in society as an investor, an employer and as a business. As an employer, building an inclusive culture lies at the heart of our priorities. It is part of our 'Employer Promise' to create an environment where everyone feels they belong, are included and can thrive within a diverse community. Our global diversity and inclusion policy summarises our commitment and areas of focus. We have taken meaningful steps to create a more inclusive workplace, both internally and externally, and have:

- Ensured all our employees benefit from the **same minimum parental leave provision** globally and rolled out **smart working practices** globally
- Launched **employee resource groups** sponsored by management board members and partnered with external parties to make progress on gender, ethnicity, social mobility, age, disability and sexual orientation diversity and inclusion
- Used our annual **global inclusion survey** to track employees' perceptions on inclusion, belonging and equal opportunities with the possibility to analyse data across different diversity dimensions, like gender, age, ethnicity, disability/health condition, socio-economic background and sexual orientation
- Achieved EDGE (Economic Dividends for Gender Equality) Move certification, in recognition of the significant progress made by the company towards a gender-equitable workplace. Our recent campaign to promote the uptake of paternity leave is one example of the steps we are taking in this journey towards gender equity
- Integrated specific performance objectives related to diversity and inclusion in each of our management board annual targets
- Applied our diversity voting policy to challenge other companies on their actions.

To reflect our strong commitment to creating an inclusive and diverse workplace, **all our global management board members have concrete targets to improve representation and inclusion within AXA IM.**

Discrimination, non-inclusive behaviour and harassment have no place at AXA IM. We have a global standard on harassment that applies to all our employees, consultants, suppliers and clients. Mandatory training is provided to all our employees on how to identify and report any behaviour that is in breach of our global standard.

Our Employee Resource Groups (ERGs)

GENDER
GEN
(Gender Equality Network)

GEN seeks to engage everyone to accelerate gender equality at AXA IM and encourage a culture of inclusion for all colleagues and to support AXA IM's talent and business priorities.

Sponsor – Jean-Christophe Menioux

Co-chairs – Michaela Munro (Alts), Peter Hughes (Core – Equity), Caroline Scott (GenSec - Compliance)

GENERATIONS
Generaction

Generaction aims to foster and increase intergenerational collaboration within AXA IM, through awareness of the topic and knowledge exchanges as part of the I&D policy.

Sponsor – Florence Dard

Co-chairs – Hélène Caillet (Comms), Matthieu Firmian (Core – Transversal), Vincent Devoisin (Alts – RA)

SOCIO-ECONOMIC
AXcess

AXcess aims to ensure talented individuals from all backgrounds are identified and nurtured in order to meet their true potential. To do so, we will increase awareness and prompt conversations about social mobility and strive to ultimately make AXA IM truly diverse from a socioeconomic background standpoint.

Sponsor – Isabelle Scemama

Co-chairs – Julian McKenzie (GCOO), Hina Varsani (Core - Transversal) and Fahd Siddiqi (GenSec – Risk)

MULTICULTURAL
Mosaic

Mosaic seeks to highlight the collegial value of individual differences. Through events, educative initiatives & networking, we seek to include underrepresented ethnicities within a multicultural environment in order to promote a culture of inclusion at AXA IM.

Sponsor – Hans Stoter

Co-chairs – Firyal Teemul (GenSec – Legal), Marc Kramer (Alts Real Assets), Elizabeth Cadavid Correa (HR)

Information regarding the background and personnel of AXA IM are provided for information purposes only. Such persons may not necessarily continue to be employed by AXA IM, and may not perform, or continue to perform services for AXA IM.

We understand the need for the financial industry to accelerate progress on inclusion and diversity to meet the evolving expectations of employees, clients, regulators and the communities within which we operate. We play an active role in cross-industry initiatives to jointly address some of the intrinsic challenges in making the corporate world more generally, and the financial industry more specifically, a truly diverse and inclusive environment. Below are three examples of external initiatives we supported in 2022:

- AXA IM is among 33 peers participating in **Diversity Project UK's Pathway Programme** to support and develop the female portfolio managers of the future. Instead of competing against each other, the programme brings together leading asset managers to provide internal female talent with the best opportunity to progress and succeed in becoming portfolio managers
- AXA IM was one of 10 companies across various industries to participate in the pilot programme 10,000 Able Interns over summer 2022. The programme aims to unlock career opportunities for students with disabilities, connecting them with workplaces that are well-equipped to support their career progression
- AXA IM supported the launch of **CFA's Young Women in Investment Programme** in France, UK and Spain, expanding access to the investment industry for aspiring young women.

AXA IM is also a proud signatory and supporter of a number of external charters and commitments, including the Women in Finance Charter, Women's Empowerment Principles, United Nations LGBTI Standards of Conduct for Business, the 30% Club and France's l'Autre Cercle Charter.

Learning and development

Our educational offering related to ESG and RI includes engagement and learning opportunities to help our employees to:

- **Understand and be part of AXA's transformation towards sustainability**
  Our flagship AXA Group-wide 'AXA Climate Academy' programme was launched in October 2021 with the aim to support our collective effort to mitigate the effects of climate change. AXA committed to train 100% of its staff by 2023 as part of AXA's Driving Progress 2023 plan. Over several hours, our employees learn why climate matters increasingly to our clients; the main risks associated with climate change; the impact all along the value chain for insurance and investment companies; as well as how they can contribute to reducing the carbon footprint of our company through professional and personal practices

  To go one step further, AXA IM will continue to build on the AXA Climate Academy programme in 2023 with the 'ACT playlist' from AXA Climate School. The new programme will explain how the human instinct for survival and adaptation can be a trigger for change and will explore major business topics such as decarbonisation and ecological footprints – for the company as well as for our employees. The role-specific content is available for functions including HR, technology, purchasing, finance and legal to help employees understand how sustainability impacts their jobs

- **Build technical expertise in ESG & Responsible Investing**
  Our dedicated learning journey includes introductory ESG & RI online courses, intermediate and advanced level live sessions delivered in partnership with external training providers. It also includes lessons from peers and offers opportunities to get certified with industry-leading qualifications in ESG and climate Investing.

ESG and climate learning 2019-2022

The training of teams across the business on RI and climate has been a focus for the past four years, for example:

- The AXA IM ESG Academy was launched in 2020 to increase access to ESG upskilling for all employees. That same year, the major analysts' associations launched ESG certifications including an ESG Certificate from the Chartered Financial Analyst (CFA) Institute as well as a Certified ESG Analyst (CESGA) programme from the European Federation of Financial Analysts Societies (EFFAS). The widespread access to this external training and certification has been provided since 2020, with a particular focus on the participation of Core and Core client group teams. This upskilling journey has been accelerated by live sessions, delivered in partnership with external training companies, as well as by the encouragement of investment, research and sales professionals to make progress towards achieving major industry qualifications – including the newly-introduced CFA Certificate in Climate Investing
- AXA Group launched Learning Week in October 2021 to mobilise employees around climate change. As part of this initiative, the AXA Climate Academy program was introduced to help employees better understand the basic science of climate, the role AXA must play as well as empower individuals to help deliver change.

In addition to the above-mentioned engagement and learning opportunities offered to our employees, specific training sessions on particular topics, such as sustainable regulations, real estate ESG fundamentals and AXA IM's sustainability strategy – including corporate social responsibility (CSR) and RI strategies – were organised in 2022 by our internal ESG experts. This was aimed to increase our sales, investment and support function teams' awareness and knowledge on the implementation of ESG concepts at AXA IM.

Performance management and remuneration at AXA IM

The AXA IM Remuneration Policy sets out principles relating to remuneration, which accounts for AXA IM's business strategy, objectives, risk tolerance, and the long-term interests of AXA IM clients, shareholders and employees. It also seeks to ensure sound and effective risk management and behaviour which is consistent with the risk profile, strategy, objectives and values of the managed portfolios.

Since 2018, all heads of investment platforms at AXA IM have had ESG objectives included in the target letters they cascade to the relevant teams in their department. Since January 2021, individual and collective objectives for investment teams have also included elements related to the sustainability risk framework as well as updated investment processes which include the monitoring of these risks. Thus, the individual level of the variable portion will depend on the achievement of individual qualitative and quantitative objectives, as well as collective performance criteria. Please refer to our remuneration policy for more details.

AXA IM's risk management department validates and assesses risk-adjustment techniques – which are used in assessing performance, determining AXA IM's target variable pay and ex-post risk adjustment – under the consideration of all relevant types of current and future risks, including financial and non-financial risks (e.g. reputation, conduct and client outcomes).

Variable remuneration must account for appropriate qualitative criteria, such as sound and effective risk management (including regulatory compliance) and client service which delivers fair, high-quality outcomes. As AXA IM variable pay is potentially composed of cash and deferred variable pay, from 2023, the deferred part of the variable pay is indexed to an ESG performance index, aligned with the AXA IM net zero ambition.

In the 2022 update of the Remuneration Policy, the importance of equity and gender equality has also been re-emphasised. AXA IM aims to reward equal performance free from discrimination or irrelevant personal factors such as age, nationality, ethnic origin, gender, sexual orientation, gender identity or expression, religion, marital status, or disability.

Third-party service providers and due diligence

We use research from ESG specialists such as MSCI, Sustainalytics, and Institutional Shareholder Services (ISS) for ESG research, quantitative data and scoring. A thorough due diligence process is in place for the selection of these providers, involving quantitative experts as well as investment and risk teams, and we regularly meet with the providers over the duration of our partnership to review, propose or challenge methodological evolutions. We are particularly attentive to the limitations of methodologies reported by issuers, linked to the unavailability of comparable, comprehensive data.

Challenges with regards to data availability is in part addressed in AXA IM's internal scoring methodology, Q^2, described in detail in other sections of this report. We aim to be transparent on those limitations and to advocate externally to help to progressively address them, including through our membership of the ISSB Investor Advisory Group.

With regards to proxy voting specifically, AXA IM makes use of the services of ISS for processing votes. In that respect, the Operations Third Party Management team has implemented a systematic 12-month cycle of due diligence. This process, in three phases – sending a questionnaire, assessing responses, and on-site visit – aims to ensure that the voting chain and processing of voting instructions works correctly. The due diligence questionnaire covers issues such as human resources, operational resilience, information security, operational organisation, risk and control frameworks, compliance, and outsourcing arrangements. Should we be unsatisfied with the outcome of the due diligence, we will define follow-up items or a remediation plan to be followed until full resolution with the provider. In the case that no resolution can be found in a reasonable timeframe, we would ultimately terminate our contract with the provider. To date, this situation has not occurred.

We also use the voting information services of ISS and Proxinvest. While we do not outsource our voting decisions, which are made by the AXA IM Corporate Governance Team, we use their research to augment our knowledge of companies and resolutions.

When we are confronted with material errors in the research we receive, the AXA IM Corporate Governance Team reaches out to proxy advisors to seek corrections. In 2022, there were issues linked to auditor tenure, the number of outside mandates, and performance conditions attached to executive pay. In total, we found the error rate of our providers to be very limited, and any recurring and material error would be raised during the due diligence process.

Moreover, to ensure continuous improvement in the quality and level of information included in proxy advisors' research, AXA IM corporate governance analysts participated in roundtables and policy surveys organised by proxy advisors during 2022, to share AXA IM feedback on their voting policies. They also contributed to the questionnaire sent annually by the French financial market authority.

In November 2022, AXA IM joined the Steering Committee of Proxinvest, whose mission is to give an advisory opinion on Proxinvest's Corporate Governance Principles and Voting Policy.

Investment professionals also have access to external qualitative research through brokers, for instance.

For a full table of AXA IM third-party providers, see below:

ESG Data Provider	Expertise	Description	ESG Scores and Company Research	ESG Raw Data & KPIs	Start Date
MSCI	Leader in corporate and sovereign ESG ratings with a strong track record and expertise in climate analysis for corporates	ESG and climate research	✓	✓	04/2004
Sustainalytics	Controversies analysis/ exposure to some activities and compliance with international norms	Controversies analysis/ exposure to some activities and compliance with international norms	✓	✓	11/2012
Trucost	Full range of quantitative environmental and social key performance indicators (KPIs) –including SFDR PAIs – and taxonomy alignment metrics[75]	Full range of quantitative environmental KPIs, SFDR PAIs and taxonomy alignment metrics		✓	03/2012
Carbon 4	Offers a climate risk package	Measures the carbon impact of investments	Only used for Green Bonds reporting		01/2017
ISS - Ethix	Offers expertise across a full range of ESG issues	Ethical filters and controversial weapons	✓		01/2003 02/2011
ISS - Oekom	Expertise in impact analysis	Impact research and UN SDG alignment assessment	✓		06/2018
Beyond Ratings	Expertise in climate analysis	Climate research for sovereigns	✓	✓	08/2018
Bloomberg ESG	ESG KPIs. Used for investment and reporting purposes.	ESG KPIs. Used for investment and reporting purposes.		✓	12/2018
Ethifinance	Strong expertise in European micro and small caps	ESG ratings used for leveraged loans and private debt asset classes	✓	✓	03/2019
Iceberg Data Lab **I Care & Consult**	Measurement of investors' investments impact on biodiversity	These two data providers joined forces to develop metrics quantifying companies' impact on biodiversity and nature to help investors integrate this into risk assessment and research	✓	✓	01/2021
Urgewald (NGO)	Coal, oil and gas research	Coal, oil and gas research with GCEL and GOGEL		✓	Used for our fossil fuels exclusions since 2020

[75] "SFDR PAIs" refers to Principle Adverse Impacts under the EU's Sustainable Finance Disclosure Regulation.

Supporting Client Needs

We think it is crucial to communicate with clients in the most transparent and clear way possible, especially in an evolving and dynamic environment such as the year we have just experienced. This is all the more important given additional regulatory guidance in relation to sustainable finance being developed in different jurisdictions and applying to asset management activities as well as other parts of the financial sector value chain. The main financial and non-financial information on every strategy that has integrated ESG criteria into its investment process is available in our Fund Centre. This is in accordance with European and local regulations.

We have noted over recent years a growing interest from our clients for a more comprehensive and enriched ESG reporting offer. A new version of the ESG report at portfolio level is now available, including many more key performance indicators (KPIs). These comprise a range of new metrics, with a particular focus on biodiversity as well as climate and carbon in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), but which will also include voting and engagement metrics. A specific impact report, a version of our ESG report enriched with quantitative indicators and qualitative impact information, will be also deployed on our growing Listed Impact offering. Those reports aim to provide transparency on a range of metrics, a selection of which may be specifically embedded in the investment process as described in the regulatory documentation when it is the case.

The production perimeter of the Engagement report has been extended to all our ESG Integrated and ACT range funds, and, since the end of 2022, we are progressively deploying voting reports across the same ranges.

ESG reporting remains an area of focus and we continue working to enhance our reports and provide more customised reports, relying on an increasing integration of ESG-related data into data systems, to better meet client expectations.

Client interactions, inputs and expectations

As an active and long-term horizon investment manager, we continuously engage with our clients to understand their needs and understand how we can help them to make informed investment decisions that may support a sustainable future. We are committed to answering their questions whether this is about market movements, regulatory changes, asset allocation or future trends. We do this via surveys as well as conversations at our own or industry events, and also regular interactions through our sales teams. This enables us to improve our product offering as well as ensuring that we have the right content and communications in place to stay relevant to clients' changing needs and to answer the questions at the top of their minds.

We seek to empower our clients – across institutional, wholesale and retail segments – to be able to confidently invest for a better planet, society and sustainable economy. We do this by creating thought leadership, market commentary and educational content across multiple formats, such as research papers and articles, webinars, events, videos, and infographics to provide clients with access to our investment experts, and at the level of detail they require. This content is then shared with clients through a variety of channels, such as our website, email, social media, and third-party websites.

The increase in regulations such as the European Sustainable Finance Disclosure Regulation (SFDR) has been a recent area of focus for us and our clients. We believe the fact that 78% of AXA IM Core's eligible assets qualify as Article 8 and 9 under SFDR (as of 12/2022) is testament to the importance we place on ensuring our RI approach is robust and transparent to our clients. In line with the new requirements under the European Union's MiFID regulation on clients' ESG preferences, we have started to deploy an approach to help assess their preference for sustainability in 2022 and will continue to deploy this in 2023.[76] In a moving environment characterised by uncertainty on some regulatory expectations and divergences between local approaches, we seek to share and explain our knowledge with our clients in order to accompany them in these important changes. Indeed, we get many questions from clients on our methodology to identify sustainable assets, on the mechanisms to monitor these type of assets and our ability to report on the level of funds' sustainability.

It is also important to note the growing interest of our clients (mainly institutions) for investment solutions that will enable them to achieve carbon neutrality by 2050 in their portfolios. Indeed, many of them share the same ambition as AXA IM. This theme has occupied a lot of time in our discussions with them in 2022 and will obviously continue in the years to come.

To meet our clients' growing demands for more sustainable investing approaches, we have continued to expand our range of ACT funds, launching new products that address some of the environmental and social challenges we face, including:

- An Exchange Traded Funds (ETF) platform with a focus on active management and responsible investment. Two of the three ETFs launched in 2022 seek to invest in companies that can deliver positive impacts for either climate or biodiversity

[76] Under MiFID II (Markets in Financial Instruments Directive) financial firms are required to determine client sustainability preferences in conjunction with suitability assessments.

- A fund focused on biodiversity preservation, by investing in companies acting positively for the climate by reducing and/or limiting the negative impact of human activities on biodiversity
- A fund dedicated to social bonds, aiming to support sustainable activities and deliver positive social impact by targeting employment, health and basic needs
- We also have extended our green bonds fund range targeting projects which aim to support transition to a low carbon economy.

Our RI experts regularly interact with our institutional clients through joint meetings with our investment teams when specific insights are required. Furthermore, our clients regularly send us due diligence questionnaires through which we can identify new trends and requirements.

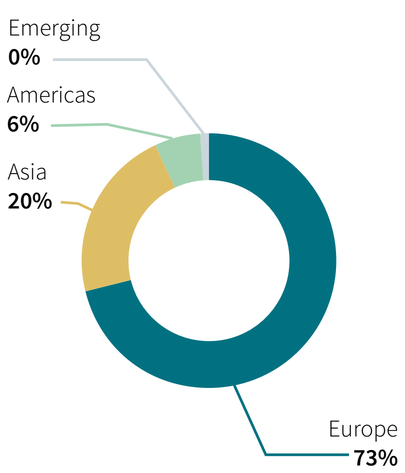
To support our retail clients with their continued learning, we have launched educational modules, including the AXA IM Academy, an educational platform in the UK providing interactive, CDP-certified, financial learning experiences across several key areas of commercial interest: Investing, asset classes, market factors and ESG/socially responsible investing.[77] These have included our own bespoke AXA IM modules.

At AXA IM we aim to be very attentive to market and client needs, best practices and new expectations and these interactions are one of the ways through which we can identify our areas of potential improvements.

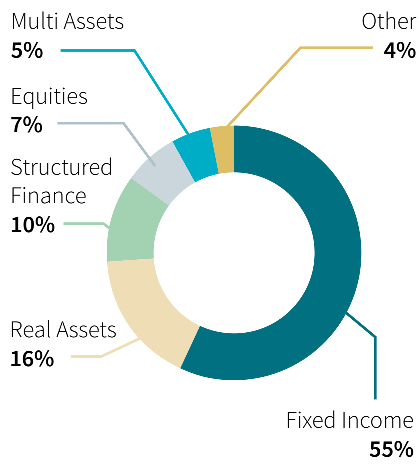
AXA IM at a glance – A breakdown of the assets under management across asset classes and geography:

AuM: €824.2bn

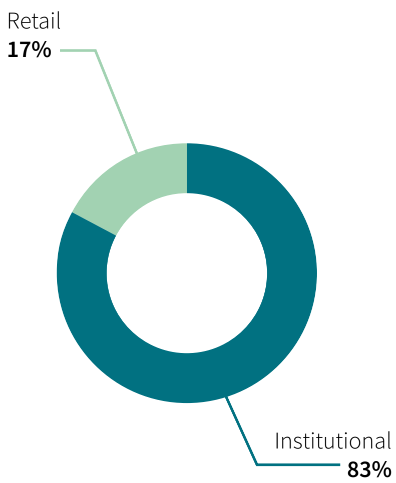
Geographical split*



Platform split*



Client segment split*



Source: AXA IM, as of end-2022.
*Figures may not total 100% due to rounding.

[77] CPD stands for continuing professional development. Accredited CPD training means the training has reached required CPD standards and benchmarks.

About us

The following content is available on our website:

- Annual Active Ownership and Stewardship Report
- Annual Climate Report (aligned with the TCFD and Article 29 of the French Energy Climate Law)
- Annual Principles for Responsible Investment (PRI) assessment report
- Policies

Going into more detail about stewardship, we are committed to provide transparency and regular reporting on active ownership, both internally and externally.

AXA IM's RI activities are published and available publicly. Our full voting records are accessible publicly and detail how we voted at general meetings of companies held on our clients' behalf. In addition, we publish an annual Active Ownership and Stewardship Report which includes information on RI issues, engagement with companies, and aggregated voting records for the relevant year.

About our funds

We have mentioned broader fund content above. For products classed within our ACT range, the following content is made available to clients in our Fund Centre:

- Transparency code
- Voting Report (for equity and multi-asset funds only) – with the AGMs voted and rationales for any vote against the management
- ESG Report
- Impact Report for our range of Impact funds
- Engagement Report
- Legal documentation
  - Prospectus
  - KIID
  - Annual reports and semi-annual reports including funds' inventories
- Monthly comments from the portfolio manager.

We also provide bespoke and customised reports aligned with specific client requests – the decision whether to make the report public or private is made by the clients. This includes a statistical overview and analysis of engagements conducted including breakdowns by theme and by the UN SDGs. There is also information on progress made through engagement and details of where we consider success has been achieved. We also provide a list of all issuers engaged with and on which specific themes.

Accountability

AXA IM's Management Board, via the Sustainability Strategic Committee – a sub-committee formed in 2022 which gathers all Management Board members as well as senior leaders from sustainability and risk and compliance functions – is accountable for the responsible investment (RI) strategy across the organisation. This includes focusing on the integration of relevant RI considerations into our investment and stewardship processes and regularly reviewing the strategy and stewardship undertaken across the business.

As detailed under the "Responsible Investment organisation" section, the AXA IM Management Board has established three ESG committees to ensure effective implementation of our RI and stewardship strategy. The Corporate Governance Committee, the ESG Scoring and Quantitative Methodologies Committee and the ESG Monitoring and Engagement Committee all play a key role in reviewing and approving the annual Active Ownership Reports, the Corporate Governance & Voting Policies, the Engagement Policy, and any other relevant policies and processes related to RI and stewardship. These committees aim to represent all interested parties within AXA IM, to ensure appropriate and relevant expertise depending on each committee's responsibilities. Internal legal, risk and compliance teams are also represented on each of these committees, either as full members or permanent guests.

RI and stewardship policies are regularly reviewed to ensure their relevance, for example in light of possible evolution in market trends or external stakeholders' recommendations.

Internal controls ensure alignment with the AXA IM Responsible Investment Policy, the AXA IM Corporate Governance & Voting Policy, the AXA IM Conflicts of Interest Policy and other relevant policies, which are also subject to periodic internal audit. As ESG and RI continue to gain importance strategically, in terms of clients' interest and regulatory attention, the number of ESG-targeted audits led by our internal audit team has naturally increased. In addition, reflecting the integration of ESG within our organisation and processes, ESG is becoming an area of consideration even in audit reviews with a larger scope, for instance when looking at an investment platform.

In addition to this, AXA IM manages a range of funds for which the level of ESG integration is significantly deeper, with specific ESG objectives set at fund launch, disclosed in the regulatory documentation and regularly monitored. An annual audit is performed by external auditors on these funds to ensure adherence with those objectives, and to ensure that engagement and stewardship responsibilities are fully met.

As of December 2022, AXA IM manages 83 funds awarded at least one Sustainable Label (including Towards Sustainability, ISR Label, Greenfin, RIAA, Luxflag and CIES). These are subject to regular audits conducted by external auditors. In addition, the French supervisory authority AMF performs annual reviews looking at certain dimensions of our RI strategy. This includes annual controls on the definition, communication and implementation of our climate-related commitments including exclusion and engagement activities.

This report has been reviewed internally by the Sustainability Strategic Committee and the Global Risk Committee as well as by our our compliance department.

Case Study

2021 saw the emergence of a new type of shareholder resolution at general meetings of US companies, related to racial equity audits. At that time, no specific voting policy was in place to address such issue, so the AXA IM Corporate Governance & Voting Committee first adopted a conservative approach when voting on these resolutions. During the revision process of the Corporate Governance & Voting Policy, the Committee agreed on a strengthened approach to increase AXA IM's level of support on these resolutions from 2022.

Case Study

AXA IM ESG Committees regularly review stewardship-related recommendations issued by external stakeholders. In that respect, they considered campaign group ShareAction's recommendation to "vote in support of ESG-related shareholder resolutions as a default position".[78] This led AXA IM's Corporate Governance Committee to debate the relevance of its current approach when analysing shareholder resolutions. Although AXA IM eventually decided to maintain a case-by-case analysis of shareholder resolutions, further transparency and explanations were disclosed publicly to ensure proper understanding of the merits of such an approach.

[78] ShareAction is a non-profit organisation that works to define high standards for responsible investment and to drive the adoption of these standards worldwide.

Full list of engagements in 2022

We view engagement as a fundamental part of our role as responsible investors. As such, our engagements focus on those ESG issues which we consider to be the most strategically and financially material over the long term. Our goal is to work closely with companies to ensure that any threats are addressed before they potentially damage investor value. The list below details the issuers with which we engaged in 2022. We are fully transparent about our voting activities. The full 2022 voting record can be found here.

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
3M Co		✓	✓	✓				US	Collaborative - Participant
A10 Networks Inc						✓		US	
ACCO Brands Corp	✓							US	
Achmea BV	✓							Netherlands	
Activision Blizzard Inc			✓			✓		US	
ADLER GROUP SA	✓	✓	✓	✓				Luxembourg	
AEDIFICA	✓	✓	✓	✓				Belgium	
Aeon Co Ltd			✓			✓	✓	Japan	
Aeon Mall Co Ltd			✓			✓	✓	Japan	
Aethon United BR LP	✓			✓		✓	✓	US	
Agence Francaise de Developpement EPIC	✓			✓				France	
Ahead DB Holdings LLC	✓							US	
AIB Group PLC	✓		✓	✓				Ireland	
Air Liquide SA	✓	✓	✓	✓				France	Collaborative - Participant
Air Products and Chemicals Inc	✓	✓	✓			✓		US	Collaborative - Participant
Airbus SE	✓		✓	✓				France	
Akzo Nobel NV		✓	✓					Netherlands	Collaborative - Participant
Alarm.com Holdings Inc						✓		US	
Alibaba Group Holding Ltd				✓		✓		China	
Allscripts Healthcare Solutions Inc						✓		US	
Alphabet Inc				✓		✓		US	
ALSTRIA OFFICE REIT-AG	✓	✓	✓	✓				Germany	
Amazon.com Inc			✓	✓		✓		US	Collaborative - Participant
Amcor PLC	✓	✓						UK	
American Water Works Co Inc	✓		✓			✓		US	
Anexo Group PLC						✓		UK	
Anglian Water Group Ltd	✓	✓		✓				UK	
Apollo Medical Holdings Inc						✓		US	
Apple Inc				✓		✓		US	
ArcelorMittal SA	✓		✓			✓		Luxembourg	
Archer-Daniels-Midland Co	✓	✓				✓		US	
Arkema SA		✓	✓					France	Collaborative - Participant
Asahi Group Holdings Ltd			✓			✓	✓	Japan	
Asahi Kasei Corp		✓	✓					Japan	Collaborative - Participant
Ascent Resources PLC	✓					✓		UK	
Assicurazioni Generali SpA						✓		Italy	
ASSURA PLC	✓	✓	✓	✓				UK	
athenahealth Inc	✓		✓	✓		✓	✓	US	
Atlantic Sapphire ASA		✓				✓		US	
Atos SE			✓			✓		France	Collaborative - Lead
ATRIUM LJUNGBERG AB-B SHS	✓	✓	✓	✓				Sweden	
Auction Technology Group PLC	✓	✓	✓	✓		✓		UK	
Autodesk Inc						✓		US	

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Avery Dennison Corp		✓	✓					US	Collaborative - Participant
B&G Foods Inc	✓	✓	✓					US	
Banco Bilbao Vizcaya Argentaria SA						✓		Spain	
Bank of America Corp	✓					✓		US	
Bank Rakyat Indonesia Persero Tbk PT	✓	✓				✓		Indonesia	
BASF SE		✓	✓					Germany	Collaborative - Participant
Bayer AG		✓	✓					Germany	Collaborative - Participant
BEFIMMO	✓	✓	✓	✓				Belgium	
Belden Inc						✓		US	
Berlin Hyp AG	✓			✓				Germany	
BHP Group Ltd		✓						Australia	
Bidvest Group Ltd/The	✓		✓					South Africa	
BIG YELLOW GROUP PLC	✓	✓	✓	✓				UK	
BJ's Wholesale Club Holdings Inc						✓		US	
Blackbaud Inc						✓		US	
BNG Bank NV	✓			✓	✓			Netherlands	
Bonduelle SCA		✓		✓		✓		France	
Bouygues SA	✓		✓			✓		France	
BP PLC	✓	✓	✓			✓	✓	UK	
Braskem SA		✓	✓					Brazil	Collaborative - Participant
Bread Financial Holdings Inc	✓	✓		✓		✓		US	
BRF SA		✓			✓			Brazil	Collaborative - Participant
BRITISH LAND CO PLC	✓	✓	✓	✓				UK	
BroadStreet Partners Inc	✓		✓			✓		US	
Brunswick Corp/DE	✓		✓			✓		US	
Budweiser Brewing Co APAC Ltd	✓	✓		✓				Hong Kong	
Bunge Ltd		✓						US	
Bureau Veritas SA						✓		France	
CA IMMOBILIEN ANLAGEN AG	✓		✓	✓				Austria	
Caisse d'Amortissement de la Dette Sociale	✓							France	
Caleres Inc						✓		US	
Canada Government International Bond	✓							Canada	
CAPITAL & COUNTIES PROPERTIES	✓	✓	✓	✓				UK	
Carbios SACA						✓		France	
CARE PROPERTY INVEST	✓	✓	✓	✓				Belgium	
Carlsberg AS	✓	✓			✓			Denmark	
CARMILA	✓	✓	✓	✓				France	
Carnival Corp	✓							US	
Carrefour SA		✓						France	
Casino Guichard Perrachon SA		✓						France	
CASTELLUM AB	✓	✓	✓	✓				Sweden	
CATENA AB	✓	✓	✓	✓				Sweden	
Celanese Corp	✓	✓	✓			✓		US	
Centene Corp			✓	✓	✓		✓	US	
Central Garden & Pet Co	✓	✓		✓		✓		US	
CEVA Inc						✓		US	
Charoen Pokphand Foods PCL		✓			✓			Thailand	Collaborative - Participant
Chegg Inc						✓		US	
Chevron Corp	✓							US	
Cie de Saint-Gobain	✓	✓				✓		France	

Full list of engagements in 2022 (continued)

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Cie Generale des Etablissements Michelin SCA						✓		France	
Cimpress PLC	✓							Ireland	
Citigroup Inc	✓					✓		US	
CIVITAS SOCIAL HOUSING PLC	✓	✓	✓	✓				UK	
CK Hutchison Holdings Ltd			✓	✓				Hong Kong	
Clarion Housing Group Ltd	✓							UK	
Clicks Group Ltd	✓		✓		✓	✓		South Africa	
Coca-Cola HBC AG		✓						Switzerland	
COFINIMMO	✓	✓	✓	✓				Belgium	
Columbia Sportswear Co						✓		US	
ConvaTec Group PLC	✓	✓	✓	✓		✓		UK	
Co-Operative Bank PLC/The	✓							UK	
Corteva Inc		✓	✓					US	Collaborative - Participant
Costco Wholesale Corp	✓					✓		US	
Council Of Europe Development Bank	✓		✓	✓	✓			France	
Covestro AG	✓	✓	✓			✓		Germany	Collaborative - Participant
Covivio						✓		France	
Cranswick PLC		✓			✓			UK	Collaborative - Participant
Credit Mutuel Arkea SA	✓							France	
Credit Suisse Group AG	✓					✓	✓	Switzerland	
CRH PLC	✓							Ireland	
CSL Ltd					✓	✓		Australia	
Custom Truck One Source Inc	✓							US	
Daido Steel Co Ltd	✓		✓			✓	✓	Japan	
Daiwa Securities Group Inc	✓		✓			✓	✓	Japan	
Danone SA						✓		France	
Darden Restaurants Inc	✓	✓	✓			✓		US	
Darling Ingredients Inc		✓			✓			US	Collaborative - Participant
Dave & Buster's Entertainment Inc						✓		US	
Demant A/S			✓					Denmark	
DERWENT LONDON PLC	✓	✓	✓	✓				UK	
DEUTSCHE EUROSHOP AG	✓	✓	✓	✓				Germany	
Deutsche Post AG	✓							Germany	
DEUTSCHE WOHNEN SE	✓	✓	✓	✓				Germany	
Dexcom Inc	✓			✓	✓	✓		US	
Diageo PLC	✓	✓	✓	✓		✓	✓	UK	
Domino's Pizza Group PLC						✓		UK	
Dow Inc		✓	✓					US	Collaborative - Participant
Dr Lal PathLabs Ltd		✓		✓	✓	✓		India	
Duke Energy Corp	✓							US	
DuPont de Nemours Inc		✓	✓					US	Collaborative - Participant
DWS Grundbesitz GmbH	✓							Germany	
Dycom Industries Inc	✓							US	
East Japan Railway Co	✓		✓	✓		✓	✓	Japan	
Eastman Chemical Co	✓	✓	✓			✓		US	Collaborative - Participant
Ecolab Inc		✓	✓					US	Collaborative - Participant
Ecopetrol SA	✓		✓			✓		Colombia	Collaborative - Lead
Edenred						✓		France	

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
El Puerto de Liverpool SAB de CV	✓		✓	✓				Mexico	
Eli Lilly & Co					✓			US	
EMPIRIC STUDENT PROPERTY PLC	✓	✓	✓	✓				UK	
Encino Acquisition Partners Holdings LLC	✓					✓		US	
Endava PLC						✓	✓	UK	
Enel SpA	✓		✓	✓				Italy	Collaborative - Participant
Engie SA	✓					✓		France	
Enphase Energy Inc				✓		✓		US	
Ensign Group Inc/The						✓		US	
ENTRA ASA	✓	✓	✓	✓				Norway	
Equinor ASA	✓							Norway	
Essity AB		✓						Sweden	
Eurazeo SE			✓			✓		France	
Eurofins Scientific SE		✓		✓	✓	✓		Luxembourg	
European Investment Bank	✓							Luxembourg	
Eutelsat Communications SA						✓		France	
Evonik Industries AG		✓	✓					Germany	Collaborative - Participant
Exelixis Inc						✓		US	
ExlService Holdings Inc						✓		US	
Experian PLC	✓		✓	✓		✓	✓	Ireland	
FABEGE AB	✓	✓	✓	✓				Sweden	
FASTIGHETS AB BALDER-B SHRS	✓	✓	✓	✓				Sweden	
Faurecia SE						✓		France	
FinecoBank Banca Fineco SpA	✓		✓	✓		✓		Italy	
FleetCor Technologies Inc						✓		US	
Flow Traders						✓		Netherlands	Collaborative - Participant
French Republic Government Bond OAT	✓							France	
Gamma Communications PLC	✓	✓	✓			✓	✓	UK	
Garda World Security Corp	✓							Canada	
GATX Corp	✓					✓		US	
Gaztransport Et Technigaz SA						✓		France	
GCP STUDENT LIVING PLC	✓	✓	✓	✓				UK	
GECINA SA	✓	✓	✓	✓				France	
General Mills Inc		✓						US	
Genesis Energy LP	✓							US	
Georgia-Pacific LLC	✓	✓				✓		US	
GLADSTONE LAND CORP	✓	✓	✓	✓				US	
Globus Medical Inc						✓		US	
Goldman Sachs Group Inc/The	✓							US	
GoPro Inc						✓		US	
Grafton Group PLC						✓		Ireland	
GRAND CITY PROPERTIES	✓	✓	✓	✓				Luxembourg	
GREAT PORTLAND ESTATES PLC	✓	✓	✓	✓				UK	
GXO Logistics Inc						✓		US	
HAMBORNER REIT AG	✓	✓	✓	✓				Germany	
HAMMERSON PLC	✓	✓	✓	✓				UK	
Harworth Group PLC						✓		UK	
Heineken NV			✓			✓		Netherlands	Collaborative - Participant
HELICAL PLC	✓	✓	✓	✓				UK	
Henkel AG & Co KGaA	✓							Germany	
Hewlett Packard Enterprise Co	✓	✓	✓	✓		✓		US	

Full list of engagements in 2022 (continued)

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Holcim AG				✓				Switzerland	
Home Depot Inc/The		✓	✓					US	
Honda Motor Co Ltd			✓			✓	✓	Japan	
Hormel Foods Corp		✓			✓			US	Collaborative - Participant
Howard Hughes Corp/The	✓							US	
HUFVUDSTADEN AB-A SHS	✓	✓	✓	✓				Sweden	
HUGO BOSS AG			✓	✓				Germany	
Iberdrola SA	✓					✓		Spain	
ICADE	✓	✓	✓	✓				France	
Illimity Bank SpA						✓		Italy	
Illumina Inc						✓		US	
Indorama Ventures PCL		✓	✓					Thailand	Collaborative - Participant
Industria de Diseno Textil SA			✓	✓		✓		Spain	
Industrias Penoles SAB de CV	✓							Mexico	
INMOBILIARIA COLONIAL SOCIMI	✓	✓	✓	✓				Spain	
International Bank for Reconstruction & Development	✓							US	
INTERVEST OFFICES & WAREHOUS	✓	✓	✓	✓				Belgium	
Intesa Sanpaolo SpA						✓		Italy	
IPL Plastics Inc	✓							Canada	
IPSOS						✓		France	
IRISH RESIDENTIAL PROPERTIES	✓	✓	✓	✓				Ireland	
Italy Buoni Poliennali Del Tesoro	✓							Italy	
J Front Retailing Co Ltd			✓			✓		Japan	
Jack in the Box Inc		✓						US	
JDE Peet's NV	✓	✓	✓			✓		Netherlands	
JFE Holdings Inc			✓	✓		✓		Japan	
Johnson & Johnson			✓					US	
Johnson Matthey PLC		✓	✓					UK	Collaborative - Participant
Jones Lang LaSalle Inc						✓		US	
JPMorgan Chase & Co	✓					✓		US	
Just Group PLC	✓	✓	✓			✓		UK	
Kawasaki Heavy Industries Ltd			✓			✓	✓	Japan	
KBC Group NV	✓							Belgium	
KDDI Corp			✓			✓		Japan	
Kerry Group PLC		✓			✓	✓		Ireland	
Kingdom of Belgium Government Bond	✓							Belgium	
Kingdom of Saudi Arabia	✓					✓		Saudi Arabia	
Kirin Holdings Co Ltd			✓			✓	✓	Japan	
KLEPIERRE	✓	✓	✓	✓				France	
Klepierre SA	✓					✓		France	
KOJAMO OYJ	✓	✓	✓	✓				Finland	
Komatsu Ltd			✓			✓	✓	Japan	
Kommunekredit	✓							Denmark	
Koninklijke DSM NV		✓						Netherlands	
Koninklijke Philips NV				✓		✓		Netherlands	Collaborative - Participant
Korian SA			✓	✓		✓		France	
Kreditanstalt fuer Wiederaufbau	✓							Germany	
KUNGSLEDEN AB	✓	✓	✓	✓				Sweden	
Kuntarahoitus Oyj	✓	✓				✓		Finland	
Kura Oncology Inc						✓		US	
Kyushu Electric Power Co Inc			✓			✓	✓	Japan	

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
La Poste SA	✓		✓	✓				France	
LANXESS AG		✓	✓					Germany	Collaborative - Participant
LEG Immobilien SE						✓		Germany	
LEG IMMOBILIEN SE	✓	✓	✓	✓				Germany	
Legal & General Group PLC	✓		✓	✓		✓		UK	
Legrand SA	✓		✓					France	
LG Chem Ltd		✓	✓					South Korea	Collaborative - Participant
LifeStorage LP/CA						✓		US	
Likewize Corp	✓							US	
Linde PLC		✓	✓					UK	Collaborative - Participant
Liquid Intelligent Technologies	✓		✓	✓		✓	✓	South Africa	
Live Nation Entertainment Inc			✓					US	
London Stock Exchange Group PLC	✓	✓	✓	✓		✓		UK	
LONDONMETRIC PROPERTY PLC	✓	✓	✓	✓				UK	
Longboat Energy PLC						✓		UK	
L'Oreal SA						✓		France	
Lowe's Cos Inc			✓					US	
Lumen Technologies Inc	✓							US	
LyondellBasell Industries NV		✓	✓					US	Collaborative - Participant
MACK-CALI REALTY CORP	✓	✓	✓	✓				US	
Madrigal Pharmaceuticals Inc						✓		US	
Majid Al Futtaim Holding LLC	✓							UAE	
Marfrig Global Foods SA		✓						Brazil	
Marshalls PLC						✓		UK	
Martin Marietta Materials Inc	✓							US	
Match Group Inc						✓		US	
Mattel Inc				✓				US	
Mauser Packaging Solutions Intermediate Co Inc	✓					✓		US	
Medical Properties Trust Inc	✓					✓		US	
Mediobanca Banca di Credito Finanziario SpA						✓		Italy	
Medline Industries Inc	✓					✓		US	
MERCIALYS	✓	✓	✓	✓				France	
Meritage Homes Corp	✓							US	
Merlin Properties Socimi SA	✓							Spain	
MERLIN PROPERTIES SOCIMI SA	✓	✓	✓	✓				Spain	
Meta Platforms Inc	✓		✓	✓		✓	✓	US	
MGP Ingredients Inc						✓		US	
Microchip Technology Inc						✓		US	
Mitsubishi Chemical Group Corp		✓	✓					Japan	Collaborative - Participant
Mitsubishi Heavy Industries Ltd			✓			✓	✓	Japan	
Mitsui Chemicals Inc		✓	✓					Japan	Collaborative - Participant
Mizuho Financial Group Inc	✓					✓		Japan	
Mondelez International Inc		✓		✓				US	
Mondi PLC		✓	✓	✓				UK	
MONTEA NV	✓	✓	✓	✓				Belgium	
Mosaic Co/The	✓	✓	✓			✓		US	Collaborative - Participant
MPLX LP				✓				US	
Mr Cooper Group Inc	✓							US	
Muyuan Foods Co Ltd		✓			✓			China	Collaborative - Participant

Full list of engagements in 2022 (continued)

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Nemetschek SE			✓			✓		Germany	
Neste Oyj	✓	✓	✓	✓				Finland	Collaborative - Lead
Nestle SA		✓		✓				Switzerland	
Netcompany Group A/S			✓					Denmark	
Netflix Inc				✓		✓		US	
New Enterprise Stone & Lime Co Inc	✓		✓			✓		US	
New Zealand Government Bond	✓							New Zealand	
Nexans SA	✓		✓					France	
Nexity SA						✓		France	
NextEra Energy Inc	✓	✓						US	
NGK Spark Plug Co Ltd			✓			✓	✓	Japan	
Nidec Corp			✓			✓	✓	Japan	
Nippon Paint Holdings Co Ltd		✓	✓					Japan	Collaborative - Participant
Nippon Telegraph & Telephone Corp	✓		✓			✓	✓	Japan	
Nishi-Nippon Railroad Co Ltd			✓			✓	✓	Japan	
Nitto Denko Corp		✓	✓					Japan	Collaborative - Participant
Nomura Holdings Inc			✓			✓	✓	Japan	
Norinchukin Bank/The	✓	✓						Japan	
Northwest Fiber LLC	✓							US	
Norwegian Cruise Line Holdings Ltd	✓							US	
Novo Nordisk A/S			✓		✓			Denmark	
NRW Bank	✓	✓		✓				Germany	
NSI NV	✓	✓	✓	✓				Netherlands	
Nu Skin Enterprises Inc						✓		US	
Nucor Corp	✓	✓	✓			✓		US	
Nutrien Ltd		✓	✓					Canada	Collaborative - Participant
NYFOSA AB	✓	✓	✓	✓				Sweden	
Obayashi Corp			✓			✓	✓	Japan	
Occidental Petroleum Corp	✓	✓						US	
OLAV THON EIENDOMSSELSKAP AS	✓	✓	✓	✓				Norway	
OMV AG	✓	✓						Austria	
ON Semiconductor Corp						✓		US	
Open Text Corp	✓	✓	✓			✓		Canada	
Orange SA						✓		France	
O'Reilly Automotive Inc	✓		✓			✓		US	
Oriental Republic of Uruguay	✓	✓						Uruguay	
ORIX Corp			✓			✓	✓	Japan	
Orpea SA			✓			✓		France	
Panasonic Holdings Corp			✓			✓		Japan	
Park Hotels & Resorts Inc	✓							US	
Peabody Trust	✓			✓				UK	
Pernod Ricard SA	✓	✓						France	
PHOENIX SPREE DEUTSCHLAND LT	✓	✓	✓	✓				UK	
PLATZER FASTIGHETER HOLD-B	✓	✓	✓	✓				Sweden	
Pliant Therapeutics Inc						✓		US	
Pool Corp						✓		US	
PPG Industries Inc		✓	✓					US	Collaborative - Participant
PRIMARY HEALTH PROPERTIES	✓	✓	✓	✓				UK	
Procter & Gamble Co/The		✓				✓		US	
Prudential PLC	✓		✓	✓		✓		UK	

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Prysmian SpA			✓			✓		Italy	
Publicis Groupe SA						✓		France	
Puma SE			✓	✓				Germany	
Q2 Holdings Inc						✓		US	
Qualys Inc						✓		US	
Quebecor Inc	✓							Canada	
Quixant PLC						✓		UK	
Radio Systems Corp	✓			✓		✓		US	
Raiffeisen Bank International AG	✓							Austria	
Rational AG	✓	✓	✓			✓		Germany	
Red Rock Resorts Inc						✓		US	
Reliance Industries Ltd	✓							India	
RELX PLC						✓		UK	
Renault SA	✓	✓	✓			✓		France	Collaborative - Lead
Rentokil Initial PLC	✓	✓	✓	✓	✓	✓		UK	
Repsol SA	✓		✓					Spain	
Republic of Austria Government Bond	✓	✓						Austria	
Republic of Chile	✓							Chile	
Republic Services Inc	✓	✓						US	
Restaurant Group PLC/The						✓		UK	
RETAIL ESTATES	✓	✓	✓	✓				Belgium	
Rimini Street Inc						✓		US	
Rio Tinto PLC			✓	✓				UK	
Rocket Mortgage LLC	✓							US	
Roper Technologies Inc	✓		✓			✓		US	
Royal Bank of Canada	✓							Canada	
Royal Caribbean Cruises Ltd	✓					✓		US	
RWS Holdings PLC	✓	✓	✓	✓		✓	✓	UK	
SAGAX AB-B	✓	✓	✓	✓				Sweden	
Saudi Arabian Oil Co	✓	✓						Saudi Arabia	Collaborative - Lead
SCOR SE						✓		France	
SEB SA	✓			✓		✓		France	
SEGRO PLC	✓	✓	✓	✓				UK	
Serica Energy PLC						✓		UK	
Service Properties Trust	✓					✓		US	
Shell PLC	✓					✓		UK	Collaborative - Participant
Sherwin-Williams Co/The	✓	✓	✓			✓		US	Collaborative - Participant
Shin-Etsu Chemical Co Ltd		✓	✓					Japan	Collaborative - Participant
Shockwave Medical Inc						✓		US	
Showa Denko KK		✓	✓					Japan	Collaborative - Participant
SHURGARD SELF STORAGE SA	✓	✓	✓	✓				Luxembourg	
Shutterfly LLC	✓	✓	✓			✓		US	
Siemens AG		✓					✓	Germany	
Siemens Energy AG	✓							Germany	
Signify NV						✓		Netherlands	Collaborative - Participant
Sika AG	✓	✓	✓					Switzerland	Collaborative - Participant
Silicon Laboratories Inc						✓		US	
Simmons Foods Inc	✓	✓				✓	✓	US	
Singapore Government Bond	✓							Singapore	

Full list of engagements in 2022 (continued)

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
Singapore Power Ltd	✓					✓		Singapore	
Sinopec Shanghai Petrochemical Co Ltd		✓	✓					China	Collaborative - Participant
SIRIUS REAL ESTATE LTD	✓	✓	✓	✓				Germany	
Skandinaviska Enskilda Banken AB	✓							Sweden	
Snap Inc				✓		✓		US	
Societe Du Grand Paris EPIC	✓	✓				✓		France	
SOITEC						✓		France	
Solvay SA		✓	✓					Belgium	Collaborative - Participant
Sopra Steria Group SACA	✓		✓			✓		France	
Sovereign Housing Association Ltd	✓							UK	
SPIE SA						✓		France	
SSE PLC	✓		✓					UK	
STAAR Surgical Co						✓		US	
Stagwell Inc	✓							US	
State of North Rhine-Westphalia Germany	✓	✓	✓	✓				Germany	
Stellantis NV	✓		✓			✓		Netherlands	
Stora Enso Oyj		✓						Finland	
Suez SACA	✓	✓						France	
Sumitomo Chemical Co Ltd		✓	✓					Japan	Collaborative - Participant
Sumitomo Realty & Development Co Ltd			✓			✓	✓	Japan	
Suntory Holdings Ltd			✓					Japan	
SUPERMARKET INCOME REIT PLC	✓	✓	✓	✓				UK	
Swiss Confederation	✓	✓						Switzerland	
SWISS PRIME SITE-REG	✓	✓	✓	✓				Switzerland	
Switch Inc						✓		US	
TAG IMMOBILIEN AG	✓	✓	✓	✓				Germany	
Tandem Diabetes Care Inc						✓		US	
TARGET HEALTHCARE REIT PLC	✓	✓	✓	✓				UK	
Technip Energies NV						✓		France	
Teijin Ltd		✓	✓					Japan	Collaborative - Participant
Teleperformance			✓	✓				France	
Tesla Inc			✓	✓		✓		US	
Texas Instruments Inc	✓					✓		US	
Tokyo Century Corp			✓			✓		Japan	
Tokyo Metro Co Ltd			✓			✓	✓	Japan	
Toray Industries Inc		✓	✓					Japan	Collaborative - Participant
Toromont Industries Ltd			✓					Canada	
Toronto-Dominion Bank/The	✓							Canada	
Tosoh Corp		✓	✓					Japan	Collaborative - Participant
TotalEnergies SE	✓	✓	✓	✓				France	Collaborative - Lead
Toyota Industries Corp			✓			✓	✓	Japan	
Toyota Motor Corp			✓	✓		✓	✓	Japan	
TP ICAP Group PLC						✓		UK	
TPI Composites Inc						✓		US	
Treatt PLC	✓	✓	✓	✓		✓	✓	UK	
TRITAX BIG BOX REIT PLC	✓	✓	✓	✓				UK	

ENTITY NAME	CLIMATE CHANGE	RESOURCES & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS	COUNTRY	COLLABORATIVE ENGAGEMENTS
TRITAX EUROBOX PLC	✓	✓	✓	✓				UK	
Tyson Foods Inc		✓			✓			US	Collaborative - Participant
UCB SA			✓			✓		Belgium	
UK COMMERCIAL PROPERTY REIT	✓	✓	✓	✓				UK	
Umicore SA		✓	✓					Belgium	Collaborative - Participant
Unibail - Rodamco -Westfield			✓					France	Collaborative - Lead
UNIBAIL-RODAMCO-WESTFIELD	✓	✓	✓	✓				France	
UniCredit SpA	✓		✓			✓		Italy	
Unilever PLC		✓						UK	
UNITE GROUP PLC/THE	✓	✓	✓	✓				UK	
Universal Music Group NV						✓		Netherlands	
Varo Energy BV	✓							Netherlands	
Veolia Environnement SA	✓					✓		France	
Verizon Communications Inc	✓	✓	✓			✓		US	
Vestas Wind Systems A/S	✓	✓	✓					Denmark	
Viavi Solutions Inc						✓		US	
VIB VERMOEGEN AG	✓	✓	✓	✓				Germany	
Vinci SA		✓		✓		✓		France	
Vishay Intertechnology Inc						✓		US	
Vista Outdoor Inc	✓			✓		✓	✓	US	
Vivendi SE			✓	✓				France	Collaborative - Lead
VodafoneZiggo Employment BV	✓		✓					Netherlands	
VONOVIA SE	✓	✓	✓	✓				Germany	
WALLENSTAM AB-B SHS	✓	✓	✓	✓				Sweden	
Walt Disney Co/The			✓					US	
WAREHOUSES DE PAUW SCA	✓	✓	✓	✓				Belgium	
Waste Connections Inc	✓	✓						US	
Waste Management Inc	✓	✓						US	
Wells Fargo & Co						✓	✓	US	
West Japan Railway Co			✓			✓	✓	Japan	
Westlake Corp		✓	✓					US	Collaborative - Participant
WH Group Ltd		✓			✓			Hong Kong	Collaborative - Participant
White Cap Supply Holdings LLC	✓							US	
WIHLBORGS FASTIGHETER AB	✓	✓	✓	✓				Sweden	
Williams-Sonoma Inc						✓		US	
Windstream Services LLC	✓							US	
Wolters Kluwer NV				✓		✓	✓	Netherlands	Collaborative - Participant
WORKSPACE GROUP PLC	✓	✓	✓	✓				UK	
Worldline SA/France			✓			✓		France	
Xenia Hotels & Resorts Inc	✓							US	
XIOR STUDENT HOUSING NV	✓	✓	✓	✓				Belgium	
Yara International ASA		✓	✓		✓			Norway	Collaborative - Participant
YouGov PLC						✓	✓	UK	
Yum China Holdings Inc						✓		China	
Z Holdings Corp			✓			✓	✓	Japan	
Zapadoslovenska Energetika AS	✓							Slovakia	
Zotefoams PLC						✓		UK	

Investor initiatives supported in 2022

Themes	Organisation	Description	Status
Environment	Carbon Disclosure Project (CDP)	CDP works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations.	Member
Environment	ChemSec	Founded in 2002, ChemSec engages the work of chemists, political scientists, business experts and communicators, among others. Hazardous chemicals can be found in clothing, consumer electronics, packaging and many other products which surround us in our everyday lives. They spread throughout the environment, increasing the risk of cancer and infertility, among other things. We want to prevent this from happening. ChemSec also coordinates the Investor Initiative on Hazardous Chemicals (IIHC), which aims to reduce the impacts on human health and the environment from the manufacture of hazardous chemicals. The investorled collaborative engagement initiative comprises 50 institutional investors with $8trn under management or advice.	Member of the collaborative engagement initiative
Climate	Climate Action 100+	The Climate Action 100+ coalition aims to engage and work with companies and industry members to communicate the need for greater disclosure around climate change risk and company strategies aligned with the Paris Agreement.	Signatory
Climate	Climate Bonds Initiative	The Climate Bonds Initiative is an international organisation working solely to mobilise the largest capital market of all, the $100trn bond market, to create climate change solutions. It promotes investment in projects and assets necessary for a rapid transition to a low-carbon and climate-resilient economy.	Member. Particular involvement in the 'brown-to-green initiative'
Climate	Institutional Investors Group on Climate Change (IIGCC)	The IIGCC's mission is to mobilise capital for the low carbon transition by working with business, policymakers and fellow investors. IIGCC works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change. Members consider it a fiduciary duty to ensure stranded asset risks or other losses from climate change are minimised and that opportunities presented by the transition to a low-carbon economy – such as renewable energy, new technologies and energy efficiency – are maximised.	Co-Chair of : Policy Advisory Group Member of: ▪ Corporate Programme ▪ Paris-aligned Investment Initiative (PAII) ▪ Property group ▪ Real Estate working group
Net Zero	Net Zero Asset Managers initiative	The Net Zero Asset Managers initiative will play a critical leadership role in directing the asset management industry towards a net zero future. A signatory commits to support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. It also commits to support investing aligned with net zero emissions by 2050 or sooner.	Signatory
Net Zero	WEF - Net Zero Carbon Cities	This project is part of the World Economic Forum's Centre for Nature and Climate, Climate Action Platform, Shaping the Future of Energy, Materials and Infrastructure, and Shaping the Future of Urban Transformation Platforms. The mission is to create an enabling environment for clean electrification and circularity, resulting in urban decarbonisation and resilience. The programme aims to do this by fostering public private collaboration to bridge the gap across the energy, built environment and transport sectors.	Member
Net Zero	Carbon Risk Real Estate Monitor (CRREM))	CRREM is the leading global standard and initiative for operational decarbonisation of real estate assets.	Member of the Scientific Committee

Investor initiatives supported in 2022 (continued)

Themes	Organisation	Description	Status
Biodiversity	European Commission Business@Biodiversity (EC B@B)	The EU Business@Biodiversity Platform provides a unique forum for dialogue and policy interface to discuss the links between business and biodiversity at EU level. It was set up by the European Commission with the aim to work with and help businesses integrate natural capital and biodiversity considerations into business practices. The Finance@Biodiversity platform serves as a forum of dialogue between financial institutions to share experiences, raise awareness and promote best practices at EU level on how to integrate biodiversity and natural capital into mainstream financial activities and foster investments in natural capital as a new asset class.	Member
Biodiversity	Finance for Biodiversity Foundation	A community of investors working collaboratively on metrics, engagement and global advocacy in the field of biodiversity (FfB Foundation members are all FfB Pledge signatories). The aim of the Foundation is to support a call to action and collaboration between financial institutions via working groups, as a connecting body for contributing signatories and partner organisations. Finance for Biodiversity aims to increase the materiality of biodiversity in financial decision making, and to better align global finance with nature conservation and restoration.	Co-chair of the Impact Assessment Working Group
Biodiversity	Nature Action 100	A group of 12 investors – supported by the Finance for Biodiversity Foundation – is taking the lead in setting up Nature Action 100 (NA100), a collaborative engagement programme for investors to engage with companies and policymakers on nature. The initiative is in the process of scoping its governance structure and selecting partner organisations for coordination and to support operations. NA100 is expected to launch this summer.	Member of the launching investor group
Biodiversity	FAIRR	The FAIRR Initiative facilitates collaborative investor engagements with companies on some of the most material issues linked to intensive animal production, such as labour risk, protein diversification and supply chain resilience. These engagements are supported by investor coalitions with trillions of dollars in AUM, and through collective investor action, FAIRR encourages companies to improve upon their management practices to protect returns and enhance performance on selected ESG issues. AXA IM joined a FAIRR collaborative engagement on biodiversity focused on waste and pollution. This initiative in particular addresses the impact of livestock manure waste on biodiversity. As well as targeting 10 publicly listed pork and chicken producers with material shares in their respective markets, this engagement will also target two fertiliser companies whose range of services includes the extraction and marketing of nutrients from manure.	Member of FAIRR and of the Collaborative Engagement Initiative
Biodiversity	Global Canopy	Global Canopy is a data-driven not-for-profit that targets the market forces destroying nature. They do this by providing innovative open-access data, clear metrics, and actionable insights to leading companies, financial institutions, governments and campaigning organisations worldwide. Global Canopy has launched a groundbreaking programme focused on bringing together the best data available to improve metrics on deforestation. The Aligned Accountability project responds to growing demand from companies, financial institutions and governments for the best possible information on how market actors can go further to tackle their impacts on forests and nature and will draw on partnerships with the Accountability Framework Initiative, ZSL SPOTT, the Stockholm Environment Institute, and London-based fintech innovator Neural Alpha.	Member of the Aligned Accountability working group (Deforestation)

Investor initiatives supported in 2022 (continued)

Themes	Organisation	Description	Status
Just Transition	Institut de la Finance Durable - Investors for a Just Transition	Investors for a Just Transition is a coalition of French investors set up under the auspices of the Institut de la Finance Durable. It aims to engage companies on the Just Transition theme, identifying best practices and pushing laggards for change. The working groups will tackle four sectors: Energy, transport, real-estate/ buildings and construction and agri-food.	Member Lead of the Working Group Energy
Human Rights	Investor Alliance for Human Rights	The Investor Alliance for Human Rights is a collective action platform for responsible investment that is grounded in respect for people's fundamental rights. It is a membership-based, non-profit initiative focusing on the investor responsibility to respect human rights, corporate engagements that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies. Membership is currently comprised of over 200 institutional investors, including asset management firms, trade union funds, public pension funds, foundations, endowments, faith-based organisations, and family funds. Members currently represent a total of over $10trn in AUM across 19 countries.	Member
Human Rights	Big tech and human rights - Investor collaboration	The Council on Ethics of the Swedish National Pension Funds (AP-funds) has issued a new statement of its expectations of global tech companies on human rights. These expectations demand that tech giants reinforce measures to respect human rights and fully align their work with the UN Guiding Principles (UNGPs) on Business and Human Rights. AXA IM signed this statement in 2020 (please refer to our AXA IM 2020 Active Ownership and Stewardship Report). The Council on Ethics has, in cooperation with the Danish Institute for Human Rights, produced a document for the technology sector outlining its long-term expectations of how the sector should work strategically on human rights. A larger group of investors, including AXA IM, has been engaged during the preparation of the document. In December 2022, the group decided to start a structured collaborative engagement programme with tech companies on human rights: ▪ Three-year engagement starting January 2023 ▪ Builds on the investor expectations the Council on Ethics developed in cooperation with the Danish Institute of Human Rights in 2020 ▪ The engagement objectives and the KPI framework align with UNGPs, Ranking Digital Rights and SASB ▪ The intention is to closely cooperate with other initiatives, especially the Investor Alliance for Human Rights and the WBA's Digital Inclusion Collective Impact Coalition (CIC) ▪ Establish constructive dialogues to influence companies to better mitigate, manage and report on the human rights impacts of their platforms – and their business models	Member
Human Rights	Advance	Advance is a stewardship initiative launched by the Principles for Responsible Investment (PRI) in 2022 where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society. Within the initiative, the PRI will support a range of activities, including investor collaborative engagement with companies, along with potential further escalation where needed. The PRI will also support investor engagement with policymakers and other stakeholders to make progress on the overall goal. Engagement has started with 40 companies in the metals, mining and renewables sector.	Endorser of the initiative

Themes	Organisation	Description	Status
Diversity	30% Club France Investor Group 30% Club Japan Investor Group	The 30% Club Investor Group's purpose is to coordinate the investment community's approach to diversity, in particular to explain the investment case for more diverse boards and senior management teams; to exercise our ownership rights, including voting and engagement; to effect change on company boards and within senior management teams; and to encourage all investors to engage on the issue of diversity with chairs of boards and senior management teams. The 30% Club France Investor Group aims to increase the representation of women in the SBF 120's executive management teams to reach at least 30% by 2025. The 30% Club Japan Investor Group aims to reach 30% of women on board of directors in the TOPIX100 by 2030.	Co-Chair of the French Investor Group in 2021 and Member of the French Investor Group since 2022 Member of the Japan Investor Group since 2022
Health	Access to Medicine Foundation (ATMF)	The ATMF is an independent, non-profit organisation based in the Netherlands. Its mission is to transform the healthcare ecosystem by motivating and mobilising companies to expand access to their essential healthcare products in low and middle-income countries. 130+ institutional investors – collectively managing assets in excess of $21trn – have already signed the investor statement in support of the ATMF, committing to use its research findings in their investment analysis and engagements with companies.	Donor and member
Governance	International Corporate Governance Network (ICGN)	Led by investors responsible for assets worth around $70trn, the ICGN aims to advance the highest standards of corporate governance and investor stewardship worldwide, in pursuit of long-term value creation and contributing to sustainable economies, societies and the environment. Efforts are focused through a comprehensive international work programme based around the ICGN Global Governance Principles and ICGN Global Stewardship Principles.	Global Governance Committee member
Governance	Eumedion	Eumedion represents the interests of institutional investors in the field of corporate governance and sustainability. All institutional investors holding shares in Dutch listed companies can become a member of Eumedion. Eumedion is committed to promoting good corporate governance and sustainability policies at Dutch listed companies as well as to promoting engaged and responsible shareholdership by its members. Eumedion wants to achieve this by: ▪ Committing itself to the conservation of an attractive investment climate and an adequate protection of the position of shareholders. Eumedion does this by consulting with relevant policy makers and influencing relevant legislation and regulation ▪ Supporting its members to act as engaged and responsible shareholders. Eumedion does this among other things by facilitating dialogues between its members and Dutch listed companies ▪ Being a leading research and knowledge centre for its members in the field of corporate governance and sustainability	Member
Governance	Proxinvest Steering Committee	Proxinvest helps institutional investors with global asset portfolios to understand the regulatory diversity in Europe by providing corporate governance research and proxy voting advice based on local market expertise. Governance structures and shareholder rights vary widely in different European markets depending on legal framework and cultural traditions. Pursuing a consistent proxy voting or corporate governance engagement policy across markets therefore can be challenging for global investors.	Member of Proxinvest Steering Committee (starting in November 2022)

Investor initiatives supported in 2022 (continued)

Themes	Organisation	Description	Status
Impact Investing	Global Impact Investing Network (GIIN)	The GIIN focuses on reducing barriers to impact investment so more investors can allocate capital to fund solutions to the world's most intractable challenges. It does this by building critical infrastructure and developing activities, education, and research that help accelerate the development of a coherent impact investing industry.	Member of the Investor Council Group. Active participant of the Network including speaking at GIIN events. Member of the GIIN advisory group for listed equity.
Impact Investing	Impact Management Project (IMP)	The IMP is a forum for building global consensus on how to measure, manage and report impact.	Investor advisory committee
Impact Investing	Operating principles for Impact Management	The Operating Principles for Impact Management provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment lifecycle. The Impact Principles aim to bring greater discipline and transparency to the impact investing market, requiring annual disclosure statements and independent verification of signatories' impact management systems and processes.	Signatory
Impact Investing	ICMA - Green and Social Bond Principles	The group has an oversight role on the Green Bonds Principles. The Green Bond Principles and Social Bond Principles, as well as the Sustainability Bond Guidelines have become the leading framework globally for issuance of green, social and sustainability bonds.	AXA IM has been on the Executive Committee since 2017 and reelected at the 2019 AGM and then in 2021 for two years. We also participate actively in the following working groups: Impact Reporting, Green Projects Eligibility and Social Bonds
Responsible Investment	Association Française de Gestion (AFG) - Responsible Investment and Corporate Governance Committees	The AFG is the French industry body for asset management.	Member
Responsible Investment	European Fund and Asset Management Association (EFAMA) Stewardship and ESG Standing Committee	The EFAMA is the European industry body for asset management.	Corporate Member
Responsible Investment	European Sustainable Investment Forum (Eurosif)	Eurosif's mission is to promote sustainability through European financial markets. The main activities of Eurosif are public policy, research and creating platforms for nurturing sustainable investing best practices. Eurosif works as a partnership of Europe-based national Sustainable Investment Forums (SIFs). Eurosif is also a founding member of the Global Sustainable Investment Alliance, the alliance of the largest SIFs around the world. AXA IM has been part of Eurosif SFDR Advisory Group formed in 2021.	Through member organisations
Responsible Investment	Forum pour l'Investissement Responsable (FIR)	The FIR's purpose is to raise awareness on social and responsible investing, and to encourage investors to integrate social cohesion and sustainable development considerations in its work. The FIR is a member of the European network Eurosif.	Member of working groups for: ▪ Circular Economy ▪ Corporate Purpose ▪ Dialogue & Engagement ▪ Say on Climate and Shareholder Resolutions

Themes	Organisation	Description	Status
Responsible Investment	Principles for Responsible Investment (PRI)	The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.	Member
Responsible Investment	Forum per la Finanza Sostenibile (ItaSIF)	The ItaSIF's purpose is to raise awareness around responsible investing, and to encourage investors to integrate social cohesion and sustainable development considerations in their work in Italy. The ItaSIF is member of the European network Eurosif.	Member of the Sustainability Committee
Responsible Investment	Global Real Estate Sustainability Benchmark (GRESB)	An industry-driven organisation committed to assessing the sustainability performance of real estate portfolios around the globe.	Member of several working groups
Responsible Investment	European Association for Investors in Non-Listed Real Estate Vehicles (INREV)	The European Association for Investors in Non-Listed Real Estate Vehicles is a non-profit association in the Netherlands that provides services and education for investors interested in the European non-listed real estate fund market.	ESG Committee Member
Sustainability	Observatoire de l'Immobilier Durable (OID)	OID (Green Building Observatory) is an independent space for exchanges between actors in the real estate industry on sustainable development. The OID gathers 60 members and partners, among them the leaders of commercial real estate in France over the whole value chain.	Member
Sustainability	European Sustainable Real Estate Initiative (ESREI)	This initiative brings together stakeholders in the real estate sector to discuss ESG issues and the state of ESG regulation across Europe. It was launched by Observatoire de l'Immobilier Durable.	Member
Sustainability	International Sustainability Standard Board (ISSB)	The intention is for the ISSB to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.	Member of the Investor Advisory Group
Sustainability	Sustainable Trading	Sustainable Trading is a non-profit membership network, dedicated to transforming ESG practices within the financial markets trading industry. The network brings firms together to devise practical solutions to industry-specific ESG issues as well as providing a mechanism for self-assessment and benchmarking. Sustainable Trading members consider the environmental impact of how the financial trading industry builds, maintains, and operates trading infrastructure, as well as focusing on areas such as diversity, equity and inclusion, employee well-being, engagement with communities and a stakeholder-oriented approach to enterprise governance.	Founding Member
Sustainability	World Benchmarking Alliance	The WBA is a collaborative community of over 280 organisations globally, working to develop an accountability mechanism for business action on the SDGs. Members, or 'allies', play a significant role in shaping and amplifying WBA's benchmarks, as well as using them to inform and influence decisions. Echoing the spirit of SDG17, they believe in the power of cross-sector partnerships and collective action to drive systemic progress.	Ally
Sustainability	Institut de la Finance Durable	The role of the Institute is to coordinate and accelerate the roadmap of the French financial industry with regards to sustainable finance – with the objective of supporting the energy transition and the broader transformation of our economy.	Member of the Bureau

Investment industry partnerships and collaboration in 2022

When deciding which initiatives to participate in, or support, we focus on topics and groups where we believe our involvement will have a material impact. Impact can often be greater by joining forces with other investors and stakeholders.

Statement	Involvement	Description	Start Year	Topic	Link
Investor Statement on Corporate Accountability for Digital Rights of the Investor Alliance for Human Rights	Signatory	Given the increased proliferation of misinformation, viral hate speech, and levels of illegal surveillance, the Investor Alliance for Human Rights initiated a statement. Companies in the information and communication technology (ICT) sector must be held accountable for their policies and practices that affect people's right to freedom of expression and privacy. 176 investors and their representatives constituting over $9.2trn in assets under management (AUM) signed the Investor Statement on Corporate Accountability for Digital Rights, outlining investor expectations in line with the evaluation and recommendation of the 2020 Ranking Digital Rights Corporate Accountability Index. In October 2021, investor signatories sent the letter to 26 companies assessed in the 2020 Ranking Digital Rights Index, escalating engagements they initiated with the sector in 2018.	**2022**	Responsible Tech	https://investorsforhumanrights.org/investor-statement-corporate-accountability-digital-rights-0
Investors' letter to the world's biggest chemical producer to phase out the production of dangerous 'forever chemicals'	Signatory	Investors with $8trn under management and advice, are calling on the world's biggest chemical producers to phase out persistent chemicals as the annual ChemScore ranking shows the industry is doing little to halt an emerging global crisis. The 47 asset managers warned that growing awareness of the dangers posed by so-called 'forever chemicals' — or per- and poly-fluoroalkyl substances (PFAS) — that stay in the environment for generations, has triggered an increasing number of lawsuits against companies and sparked action to tighten legislation around the world. ChemScore ranks the world's largest chemical companies based on their environmental impact and treatment of hazardous chemicals. Only four of the 54 it assessed have a public strategy to phase out hazardous chemicals from their portfolio.	**2022**	Biodiversity	https://chemsec.org/investors-with-8-trillion-call-for-phase-out-of-dangerous-forever-chemicals/
Global Investor Statement to Governments on the Climate Crisis	Signatory	Effective policies, in line with limiting global warming to no more than 1.5°C, are essential for accelerating and scaling up private capital flows needed for a climate resilient, net-zero transition. Investors are taking action as it is not only permitted by law but is in many cases required to ensure their ability to generate returns in the long term as a core fiduciary duty and benefit from the opportunities associated with the shift to a net-zero emissions economy. The 602 investors, representing almost $42trn in AUM encourage governments to engage closely with investors to make sure these risks are effectively managed and these opportunities are fully realised.	**2022**	Climate	https://theinvestoragenda.org/wp-content/uploads/2022/08/2022-Global-Investor-Statement-.pdf

Statement	Involvement	Description	Start Year	Topic	Link
FAIRR letter to selected agri-food companies	Signatory	In the first part of a three-pronged engagement series, the FAIRR Initiative seeks to address animal waste mismanagement and nutrient pollution. More than three billion tonnes of waste, including manure and urine, are produced by farm animals each year. The FAIRR initiative targets 10 publicly-listed pork and chicken producers with material shares in their respective markets. This engagement also targets two fertiliser companies whose range of services includes the extraction and marketing of nutrients from manure. As a first step of this collaborative engagement initiative, we co-signed a letter addressed to select agri-food companies producing chicken, pork and agrochemical companies.	**2022**	Biodiversity	https://www.fairr.org/engagements/biodiversity-engagement/
Advance Investor Statement	Signatory	Advance is a stewardship initiative where institutional investors work together to act on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society. The initiative is made up of 220 investors with over $30trn in AUM and comprises both endorsers and participants. Endorsers, including AXA IM, are those which publicly endorse the initiative by signing the public investor statement, signaling their support for the objectives and strategy of Advance.	**2022**	Human Rights	https://www.unpri.org/investment-tools/stewardship/advance/the-investors
ACGA Open Letter: Gender Diversity in TSE Prime Market Boards	Signatory	The Asian Corporate Governance Association (ACGA) recently formed a working group of members and other interested investors to discuss the issue of gender diversity on Japanese listed company boards. We are writing to share our thoughts and suggestions on this topic. The presence of women on the boards of Tokyo Stock Exchange (TSE) Prime companies has been increasing, with 79% of those which held annual general meetings (AGMs) from January to June 2022 having at least one woman as a director. In this letter we suggest a series of targets for achieving faster and higher levels of board gender diversity via two pathways: The TSE listing rules, with a particular focus on TSE Prime companies; and the Corporate Governance Code (CG Code). We also recommend a number of supporting governance and managerial measures to assist in meeting these targets.	**2022**	Diversity	https://www.acga-asia.org/advocacy-detail.php?id=461&sk=&sa=

Regulatory Review

The UK Stewardship Code	Reference page
Purpose and governance	
1. Purpose, strategy and culture	3, 5, 6, 48
2. Governance, resources and incentives	30, 66-72, 77, Appendices
3. Conflicts of interest	46-47
4. Promoting well-functioning markets	34-37, 50, Appendices
5. Review and assurance	77
Investment approach	
6. Client and beneficiary needs	74-75
7. Stewardship, investment and ESG integration	48-65
8. Monitoring managers and service providers	72-73
Engagement	
9. Engagement	7-28, 33
10. Collaboration	32
11. Escalation	33
Exercising rights and responsibilities	
12. Exercising rights and responsibilities	34-47

PRI	Reference page
Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.	12-27, 48-65, Appendices
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.	12-47, Appendices
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.	48-78, Appendices
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.	34-37, 72, Appendices, AXA IM website
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.	Appendices, PRI Assessment Report AXA IM TCFD - Article 29 Report
Principle 6: We will each report on our activities and progress towards implementing the Principles.	PRI Assessment Report AXA IM TCFD - Article 29 Report

Japanese Stewardship Code	Reference page
1. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	Full report
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	46, 47
3. Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	6-28, 32-33, 38-67, Appendices
4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	6-27
5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	38-47
6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	74-76
7. To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	66-73
8. Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	N/A

Selected RI research and publications in 2022

Bringing research, insights and investment ideas to our clients is an integral part of our service. With this in mind, in June 2022, we created the AXA IM Investment Institute. This thought leadership platform brings together experts from across our research, responsible investment and investment teams, to discuss the short- and long-term trends affecting the global macroeconomic and investment landscape, to generate insights, to help clients make more informed investment decisions.

At AXA IM, we produce in-house ESG research and thought leadership on key themes including climate change, biodiversity, gender diversity and human capital, responsible technology and corporate governance. Research papers are published on the Investment Institute page of our website. This research allows us to identify ESG risks, understand and anticipate their impacts on the assets in which we invest as well as understand the environmental and social impacts of our investments. Key findings from this research also help guide adjustments to our stewardship and exclusion strategies.

Environmental

- COP15: Debunking myths on biodiversity and deforestation target-setting, Liudmila Strakodonskaya, Geoffroy Dufay, 7 December 2022
- Meagre but maybe meaningful: The key COP27 takeaways for investors, Olivier Eugène, 23 November 2022
- COP 27: Modest hopes for a climate meeting convened in an energy crisis, Olivier Eugène, 28 October 2022
- Hydrogen and the energy transition: One molecule to rule them all? Olivier Eugène, 4 October 2022
- Biodiversity loss: Understanding and responding to a global systemic risk, Liudmila Strakodonskaya, Sian Long, 28 September 2022
- Climate change: The relationship between net zero and rising global temperatures, Olivier Eugène, 9 September 2022
- How investors can respond to the plastics invasion, Liudmila Strakodonskaya, Jules Arnaud, 1 September 2022
- A ministry of all talents: Exploring technologies in the fight against climate change, Olivier Eugène, 26 August 2022
- The circular economy: A potential value driver across industries, Virginie Derue, 29 July 2022
- The impact of the Ukraine crisis on climate change, David Page, Olivier Eugène, 7 June 2022
- Responsible investment in the shadow of the Ukraine war, Gilles Moëc, 26 May 2022
- Back to our roots: How responsible investors can help tackle the biodiversity crisis, Liudmila Strakodonskaya, 22 May 2022
- Carbon Capture and Storage: Hiding dirt under the rug or a real clean up? Olivier Eugène, 21 March 2022

Social

- Rising social risks in emerging markets should be a catalyst for action for responsible investors, Virginie Derue, 12 December 2022
- Liquid assets: Why water stress should be a priority for responsible investors, Liudmila Strakodonskaya, 5 December 2022
- Bridging society's digital divide: How investors can help, Anne Tolmunen, 8 November 2022
- How companies can rethink how they address social issues, Alexandre Prost, 27 October 2022
- Is social the most important part of ESG investing? Chris Iggo, 27 October 2022
- Four reasons why social investing will be a driver of long-term sustainability, Anne Tolmunen, 27 October 2022
- Social impact: Testing a new opportunity for institutional investors, 27 October 2022
- Artificial Intelligence: Responsible AI and the path to long-term growth, Théo Kotula, 26 September 2022
- Climate Change: How investors can help deliver a Just Transition, Virginie Derue, 22 June 2022
- More accessible and effective health solutions: What is the social impact and economic potential? Anne Tolmunen, 14 January 2022

Governance

- Board ESG oversight: Embedding sustainability in corporate strategy, Héloïse Courault, 15 November 2022
- Does linking ESG performance to bonuses actually work? Constance Caillet, 12 August 2022
- AXA IM's voting policy: Five key questions, Clémence Humeau, 13 April 2022

Organisational chart

AXA IM Core RI professionals

Gilles Moëc
AXA Group
Chief Economist and
AXA IM Core Head of
Research

Research

Gautier Bonnécuelle
Head of ESG & Impact Research

- Jules Arnaud
- Jihane el Haidoudi
- Gael Hancali
- Ariel Girard
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- Lorenzo Schinelli
- Madeleine Gill

Clémence Humeau
Head of Sustainability Coordination and Governance

- Constance Caillet
- Julie Cavaignac
- Héloïse Courault
- Marine Jubert-Sirgue
- Alexandre Prost
- Clément Bultheel

Virginie Derue
Head of ESG Research

- Laurence Devivier
- Olivier Eugène
- Liudmila Strakodonskaya
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29
Fixed Income Analysts*

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Head of Quant Lab

Quant Lab

Yolande Poulou
Head of SI Solutions Models and Tools

- David Baudouin
- Danika Matheron
- Nicolas Pouzenc
- Benjamin Jacot
- Grégoire Albizzati

16
Investment Analysts

Portfolio Managers

Thomas Coudert
Fixed Income

- Jamison Friedland

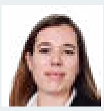
Jonathan White
Equity QI

Brenda Clarke
Multi Asset

Vincent Vinatier
Equity

156
Portfolio Managers

Investment Specialists



Marie Walbaum
RI Solutions Expert

26
Investment specialists

COO

Cyril du Chéné
Core COO

231 Client Group staff
(Sales, Marketing, Product Development and Client Services)

Source: AXA IM as of 31/01/2023
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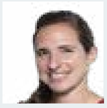
Global Head of Responsible Investment AXA IM Alts



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- Sreydao Lenain
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Valeria Bianco
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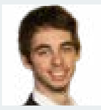
Raphael Amajuoyi
UK & Nordics



Oscar Salling
France

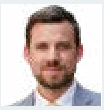
Leah Gelardini
Switzerland

Lola Araujo Hazas
Iberia & Italy

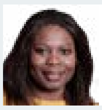
Katharina Hopp
Switzerland

Alexandre Martin-Minh
Head of Natural Capital & Impact Investments

AXA IM Alts Impact Management



Jonathan Dean
Head of Fund Management Impact PE



Shade Duffy
Director of Impact Management

- Camila A. Estabridis

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