

Responsible Investing

AXA IM Controversial weapons policy



The production and use of certain weapons have been deemed unacceptable under international conventions and even illegal within certain jurisdictions because they may cause severe harm to civilians during and after the conflicts and generate significant long term health and safety effects on the civilian population.

These controversial weapons regulated by international conventions are anti-personnel landmines, cluster munitions, chemical, biological and nuclear weapons (collectively referred to as “Controversial Weapons”).

Since 2008, AXA IM has implemented an exclusion policy for investment in companies involved in anti-personnel landmines and cluster bombs. This exclusion policy has been extended to include those companies involved in depleted uranium, chemical and biological weapons and those companies in breach with the Non-proliferation Treaty for nuclear weapons. Definitions of the Controversial Weapons used by AXA IM to identify the Excluded Companies are those stated in the international conventions listed below:

- The Ottawa Convention on anti-personnel landmines, which entered into force on 1 March 1999.
- The Oslo convention on cluster munitions, which entered into force on 1 August 2010.
- The convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological that entered into force on 26 March 1975.
Biological and Toxin Weapons and on Their Destruction (BTWC), which entered into force in 1975.
- The Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (CWC), which entered into force in 1997.
- The Treaty on the Non-Proliferation of Nuclear Weapons (NPT), rigorously controlled by the United Nations that entered into force on 5 March 1975.
- The Council Regulation (EU) 2018/1542 of 15 October 2018 concerning restrictive measures against the proliferation and use of chemical weapons.

AXA IM considers that investment in companies involved in Controversial Weapons activities (“Excluded Companies”) or provisions to such companies should be avoided. This policy defines a set of rules and procedures which aim at addressing this principle within the AXA IM Group.

It is to be noted in addition that AXA IM will not develop any business with the Excluded Companies.

Excluded companies

| Sector / Area | Exclusion criteria | Approach | Source |
|-----------------------|---|--|---|
| Controversial weapons | <ul style="list-style-type: none"> - Companies that Produce, use, store, trade, or ensure the maintenance, transport and financing of Controversial Weapons or components specifically designed for those types of Controversial Weapons (customized components). - Companies that support or provide assistance, research and technology dedicated only to those Controversial Weapons. - Companies that Breach the Non-proliferation Treaty for the nuclear weapons. - Companies that own 50% or more of an Excluded Company. | <p>The list of Excluded Companies covers all companies worldwide, be they state-owned or private companies, listed or unlisted companies.</p> <p>Affiliates of such Excluded Companies are not excluded unless involved in the production, use or distribution of Controversial Weapons.</p> <p>The exclusion list is updated on a yearly basis unless a specific event requires an intermediate revision.</p> | <p>We rely on external providers to prepare an initial list of issuers in scope.</p> <p>The list is reviewed by our internal governance bodies.</p> |

Scope of the policy

Financial instruments

The policy excludes all financial instruments issued by the Excluded Companies or offering exposure to Excluded Companies.

Portfolios

The policy applies in principle to all portfolios under AXA IM’s management, including dedicated funds and third-party mandates.

For index funds under AXA IM’s management, the policy applies to the extent the objective of the fund is not compromised. AXA IM will support any initiative to promote the use of indices which do not comprise any Excluded Companies.

The policy applies on direct product investments with no look-through.

Entities

This policy applies to AXA IM and all its subsidiaries worldwide. It applies to Joint Ventures when AXA IM’s stake is 50% or higher.

Implementation

If the application of this standard dictates divestments, portfolio manager shall disinvest in a timely manner. For certain structured assets such as Collateralized Loan Obligations (“CLOs”), Mutual Securitization Funds (“FCT” in French) and other securitization products, if the divestment is considered impossible, such holdings in portfolio could be kept until maturity following an internal validation process.

In order to comply with regulations and to implement the principles defined in this policy, AXA IM bases itself on the information gathered and the interpretation provided by external providers/advisers and is therefore dependent on the quality and accuracy of information.

The implementation of this policy is subject to compliance with asset management local laws or regulations, therefore some specific implementation mechanisms of this policy may be put in place locally.