

Responsible Investing

Soft commodity derivatives policy



Institutional investors commonly gain exposure to commodity markets via commodity derivatives, namely exchange traded future contracts. There is a growing debate regarding whether financial investors in food commodity derivatives are responsible for artificially inflating the price of basic food commodities, leading to increasing future prices. However, while the link between hunger and food prices is relatively plain, the relation between commodity derivatives trading and food price increases and volatility is less clear among academics. Indeed many other factors impact prices such as energy prices, climate change, rising demand for agriculture products and grain-led livestock. In this ongoing debate, AXA IM has made the decision to not invest in food commodity derivatives.

AXA IM has been a member of the PRI¹ since 2007 and is committed to promoting responsible investment (RI). We define RI as the integration of environmental, social and corporate governance (ESG) considerations into our investment processes. For these reasons, the Management Board of AXA IM decided in December 2014 to implement a policy for investments related to soft commodity derivatives

AXA IM strives to not participate in short-term instruments (such as commodity futures, ETF, based on food (“soft”) commodities or enter into speculative transactions that may contribute to price inflation in basic agricultural or marine commodities (such as wheat, rice, meat, soy, sugar, dairy, fish, and corn).

Scope

Portfolios

¹ Principles for Responsible Investments

The policy applies in principle to all portfolios under AXA IM's management, including dedicated funds and third-party mandates unless the client has given different instructions for their mandate.

The policy does not apply to funds of funds composed of funds which are not under the management of AXA IM. But AXA IM will favour institutions that can demonstrate adherence to these principles.

For index funds under AXA IM's management, the policy applies to the extent that the objective of the fund is not compromised

Entities

This policy applies to AXA IM and to all of its subsidiaries worldwide.

Instruments

This policy applies to short term instruments (commodity futures, EFT)