

AXA IM 2020 Corporate Governance and Voting Policy – Diversity: Boards & Beyond

As long-term stewards of our investments, we believe that the interests of shareholders are best served where the Board is structured to ensure an appropriate diversity of skills, knowledge, gender and experience for the requirements of the business.

Studies show that a well-balanced and gender-diverse board leads to higher profitability and value creation. They are also linked to overcoming issues of group-think, triggering debates and innovation, and tend to lead to stronger diversity of representation across the organisation..

Board of Directors

At AXA IM, we believe that companies should strive to have a minimum one-third of the lesser represented gender on Boards – a goal that, for now, calls for the promotion of women to more senior roles. This figure is acknowledged to be the threshold at which critical mass is achieved and outperformance is achieved (we consider this figure to be a floor and not a maximum). As part of our voting policy update for 2020 we expect Boards to adhere to domestic legal requirements or local best practices or be in line with international established practices. In addition, we have updated our policy as follows:

- From 2021 we will vote against companies in developed market economies where women do not make up at least one-third of the board; and
- From this year we will be targeting companies in the developing world, including India, where the board does not include a minimum of one female director (or 10% of the board for larger boards). This approach will also apply to companies in Japan.

AXA IM will oppose the election or re-election of the Nomination Committee Chair where these minimum requirements are not met, taking into considerations commitments to address the lack of diversity as mitigating factor.

Executive Committees

Gender diversity across executive committees and within leadership positions is also an important topic for AXA IM. Studies have shown that more women on boards is correlated with more diversity in other senior roles and in the workforce at large. This can also be seen in recent updates to best practice guidelines on women in executive management positions in a number of markets, including UK and France.

AXA IM will be pushing, in its engagement activities, for companies to disclose and report against their executive committee gender diversity policy and targets. We will hold companies accountable against these targets and push companies that continue to fall short of their defined target or market best practice to explain shortcomings and how they intend to address the situation.

We may use our voting at annual general meetings as a tool to address concerns at companies that fall short of appropriate disclosure and measures on executive committee diversity and have no credible plan to address the topic.