

Responsible Investing

AXA IM Coal policy



According to the Intergovernmental Panel on Climate Change (IPCC), +2°C is considered to be the maximum temperature rise before triggering significant risks to society. Staying below this threshold requires significantly limiting carbon emissions globally and reducing our economies' reliance on fossil fuels.

Coal is often a low-cost form of energy and is widely available to a large proportion of the world's population. However, coal is also the most carbon-intensive energy source and generates a high level of other polluting emissions. As such and while political and economic realities vary from one country to another, the development of coal capacities shall be constrained if we want to keep the world below a two-degree increase in temperatures. In this context, we believe that the political commitments to fight climate change and the underlying economic trends in the cost of alternative sources of energy will keep putting coal activities under pressure globally.

In this context, AXA IM's Management Board has decided in November 2016 to divest from companies most exposed to coal-related activities, in the belief that 1) this contributes to de-risking our portfolios on the long-term, 2) it is consistent with our ESG integration process, and 3) this contributes to the global transition to a low carbon economy.

- **Principle**

AXA IM considers that investment in companies involved in coal production or in using coal for its business ("Excluded Companies") representing more than 50% of their revenue should be avoided. The companies concerned are the mining companies and the electric utilities.

Excluded Companies

Sector / Area	Exclusion criteria	Approach	Source
Coal	Companies that produce and / or use coal and for which coal represents more than 50% of the revenues	<p>Affiliates of Excluded Companies may also be excluded if they act as securities issuance entity for or act in a similar sector as the related excluded company.</p> <p>The exclusion lists are updated at least on a yearly basis unless a specific event requires an intermediate revision.</p>	We rely on external providers to prepare an initial list of issuers in scope. The lists are then reviewed qualitatively and discussed within our RI governance committees on a regular basis.

Scope

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, unless the client has given different instructions.

The policy does not apply:

- to funds of funds composed of funds which are not under the management of AXA IM.
- to index funds
- to funds of Hedge funds

Entities

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

Implementation

This coal policy is implemented on a best effort basis, taking into account the client's / fund's best interest. If the application of this policy dictates divestments, portfolio managers shall disinvest taking into account the portfolio impacts based on market conditions, liquidity and portfolio construction constraints.

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.

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