

2019 Active Ownership and Stewardship Report

Welcome to a decade of transition



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AXA Investment Managers' 2019 Active Ownership and Stewardship Report demonstrates our active and impact-driven approach to engagement and voting. We have conviction that both company management and investors have critical roles to play when it comes to sustaining the health of financial markets and ensuring the efficient allocation of capital. This report sets out some key statistics, examples of our engagement and our views on some of the most important environmental, social and governance issues facing investors today – and what we believe will be the focus in the coming decade.

2020: Welcome to a decade of transition

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2020: Welcome to a decade of transition

The new decade heralds a time of great change and the coming years will be critical in ensuring a positive future for people and the planet. But change is essential if the world is to meet its ambitious goals on climate change and sustainable development while simultaneously ensuring ongoing global prosperity.



Matt Christensen
Global Head of Impact Strategy and Responsible Investment, AXA Investment Managers

The past 10 years will be remembered as the tipping point when responsible finance finally moved to centre stage. The finance industry's awareness of the scale of global sustainability challenges, and its responsibility to help solve these issues, has moved decisively from the sidelines. The next phase begins now.

We believe the 2020s will be the transition decade – and, as investors, we have a central role to play.

Transition must happen across four main areas – the environment, society, government, and the asset management industry itself.

A new climate

Resolving climate change will be the dominant challenge of the coming years. As investors, we will also need to tackle the complex – and at times severely damaging – relationships that companies can have with the environment and biodiversity.

This transition decade will require investors to consider the new and ongoing social demands of an evolving society. The rapid shift to a low carbon world creates challenges and opportunities for employers. This includes the growing expectation that companies will change their business models to factor in the impact they have on the workforce, as they strive to mitigate the effects of climate change.

There is a similar dynamic at work in managing how accelerated automation and digitalisation will affect employees. We also have to better address gender and racial inequalities that have held back not only businesses, but also society. We have a duty as investors – and as citizens – to use our voices to address this imbalance.

An inflection point for industry

We expect governments and regulators will have a significant part to play. The transition during the 2020s will be matched by a major shift in global political, legal and regulatory frameworks as these respond to environmental and social challenges.

Finally, we also need to examine ourselves as an industry and accept that a transition is needed. Asset management firms must embrace the spirit of activism and be more courageous and vocal. This means being more public on environmental, social and government (ESG) issues which harm the investments made on behalf of our clients, as well as people and the planet more broadly.

As an industry, we must take a proactive approach to ensuring that investments seek to achieve positive impact while fulfilling our fiduciary duty.

At AXA Investment Managers (AXA IM), our enhanced active ownership programme in 2019 laid the groundwork for our vision and strategy for the next 10 years. This report highlights our engagement and voting activity over the past year.

Setting a higher standard

Our actions are framed in light of the newly revised UK Stewardship Code that took effect on 1 January 2020 and sets out guidelines for how money is invested. While specifically covering the UK, the Code has widely been regarded as a benchmark for investor stewardship since it was first introduced in 2010, and many similar codes have been adopted around the world. Meanwhile the European Union's Shareholder Rights Directive has been revised recently, and the revamp focuses on disclosure.

As an industry, we are moving away from the narrow definition of fiduciary duty – a transition that we at AXA IM firmly support. Taking ESG factors into account, while aligning our investment decisions with the goals of our clients, is fundamental to sustainable, long-term, active investing. We will facilitate thoughtful, strategic discussions with our industry peers in order to set a higher standard for the benefit of our clients and of wider society, and the planet.

Today, we find ourselves at the starting line – the road ahead requires both imagination and pragmatism to meet a daunting set of challenges. Active investing in the next decade will require a more activist approach that incorporates sustainability into its DNA. We are committed to a better tomorrow, and tomorrow starts now.

Welcome to the decade of transition.



How AXA IM approaches engagement as a responsible, active and long-term investor



Yo Takatsuki
Head of ESG Research and Active Ownership,
AXA Investment Managers

Humanity is facing a fundamental challenge in the 21st century. How do we secure sustained prosperity for the world economy while striking a blow against the likes of climate change, biodiversity loss, gender inequality and governance failure?

At AXA IM we believe investors can play a pivotal role in tackling these challenges. We are committed active and long-term investors, which underpins our role as [responsible investors](#) too. Our scale gives us influence – and our deep experience as investors in thousands of companies means we know to wield that influence with care.

Our approach means our relationship with investee firms can continue for many years – decades in some cases. We have a duty to our clients, to our colleagues and to 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 long-term interests.

At the heart of this is our ambition to achieve a clear ‘win-win’ of improving risk-adjusted returns at the same time as contributing to broader societal and

environmental objectives as defined in the United Nations Sustainable Development Goals (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 that?

- **We are proactive:** We identify material ESG factors and strive to engage companies before concerns materialise and harm investors. We commit our efforts to those ESG themes which we consider to be the most strategically and financially material for long-term investors. These are climate change, biodiversity, human capital management, public health, data privacy and corporate governance.
- **We are research-driven:** As an active investment manager, we conduct in-depth analysis of companies as well as the broader macroeconomic backdrop and of ESG factors which shape investment outcomes. Our engagement and voting are built on the knowledge and insights we have developed¹.

- **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 could have the greatest impact taking account of UN SDG targets.
- **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 committed to providing transparency and regular reporting on active ownership. The intention of this report is to demonstrate the evolution and impact of our engagement programme through our activities in 2019.

Visit AXA IM Progress to [watch Yo Takatsuki](#) talk about why real change needs collective effort and AXA IM’s ambition to lead the change to businesses becoming more responsible.



217
Issuers
engaged in
2019



63
engagements at
senior executive
or board director
level

¹ The full list of Responsible Investment research published in 2019 can be found on [page 17](#).

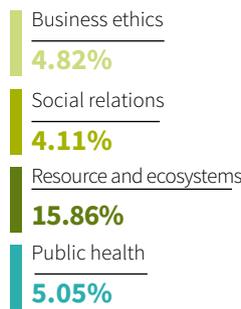


Why is engagement important?

Engaging with the companies in which we invest allows AXA IM to not only monitor our investments, but also to ensure we have an open dialogue that can enable change for the benefit of both society and the planet. We also want to provide transparency around investments, so that clients can ensure their holdings align with their own values. The work we do is also framed by the expectations set in the UK Stewardship Code, the Principles for Responsible Investment (PRI), the Taskforce for Climate-related Financial Disclosure and many other industry initiatives which we support.

In 2019, we identified a list of target companies with which to conduct intensive engagement. These are firms in which we have notable investment exposure and where our research has identified one or more specific ESG concerns.

Alongside this, we identified ESG themes which we consider to be most material to investors - climate change, biodiversity, human capital management, public health, data privacy and corporate governance.



Our engagement with companies covers a broad spectrum of themes

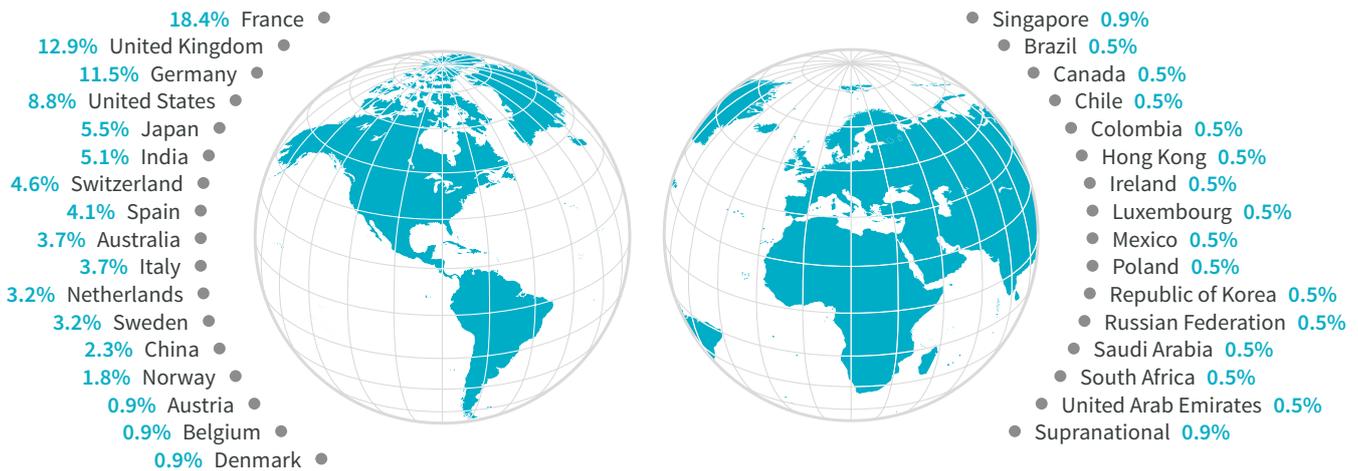


Engagement projects with clearly defined objectives were established around these themes, with each initiative running for 18 to 24 months and covering 20-40 companies. These projects are ongoing and will continue in 2020 and beyond.

Most of our engagement is based solely on our own efforts, but we also believe that collaborating with other like-minded investors and stakeholders can help us to achieve our goals. We participate actively in key industry engagement initiatives such as the Climate Action 100+, the Workforce Disclosure Initiative and the Access to Medicine Index [\(see Page 15 for full list\)](#).

There may be cases where controversies occur, or companies breach international norms, such as the UN Global Compact – a set of principles based on corporate commitments to implement sustainability principles. In these cases, we will assess the severity of the case through our ESG Monitoring and Engagement Committee and consider whether to engage or to divest. We also consider cases where companies are in breach of our internal ESG standards and policies. These include limits on coal usage or involvement in products and services such as tobacco, controversial weapons and palm oil.

In 2019, we engaged with companies across the world. This included visiting companies in the following countries:



Figures are rounded to the nearest one decimal place

Our engagements are also typically linked to the United Nations Sustainable Development Goals



How we exercised our voting rights in 2019

The nature of voting is evolving as the notion of fiduciary duty broadens from its traditional interpretation of being solely concerned with shareholder rights. We are mindful of the critical role corporate governance plays in connecting our engagement activities to our voting decisions on behalf of our clients. Our Corporate Governance Committee ensures strategic discussions are held prior, during and post voting season to reflect this evolution in societal and client expectations.



Irfan Patel
Corporate Governance Analyst,
AXA Investment Managers

Voting at company meetings is a vital part of how we communicate with investee companies. We are a global asset manager with a commitment to market-leading practices in stewardship, so we consider voting to be 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.

Our corporate governance and voting policy provides a robust global framework for encouraging high-quality, responsible leadership. It is based on principles of good corporate governance which serve to protect the long-term interests of shareholders and wider stakeholders. We have also carefully considered our ESG themes in the context of our voting policy actions, specifically in climate change and gender diversity.

Not all jurisdictions are the same, of course, and investee companies are subject to different local laws and regulations on governance matters. Therefore, we also have voting guidelines for specific markets ensuring we do not apply a one-size-fits-all approach but are

more refined in our thinking. Ultimately, when reviewing resolutions proposed at general meetings, we judge them against fundamental principles of good corporate governance, while taking account of best-practice standards appropriate to the relevant market and the company's circumstances.

2019 voting statistics and highlights

In 2019 we exercised our clients' voting rights globally in line with our investment footprint². Highlights include:

- **We voted against management on at least one resolution at 46% of all company annual meetings**
The North America region accounted for the highest proportion of votes against management.
- **Continued focus on boards, remuneration and shareholder rights**
We challenged companies on whether their leadership is structured to deliver long-term shareholder value, on how executives are incentivised, and on our rights as shareholders in companies. For more information see the section on executive pay in the US [on page 13](#).
- **Increase in dissent against remuneration compared to previous years**
This reflects our global commitment to drive appropriate remuneration structures at the companies in which we invest. We assess whether salary and bonus levels align with performance and outcomes, and with pay in the wider workforce.

- **Sharpened voting approach on diversity and climate-related issues**
We used our voting rights on both these issues following multi-year private engagements with a range of companies, also reflecting a gradual but decisive shift in market expectations. Our toughened approach targets the laggards and is an important way to escalate engagement on two topics strongly associated with long-term corporate sustainability. [See page 11](#) for more detail on how we voted around gender diversity issues in 2019.

2019 saw ESG topics and concerns continue their move into the mainstream, both within asset management and in the wider world. ESG is no longer a peripheral concern. Instead, companies and boards are increasingly talking at length about how these factors affect their organisation.



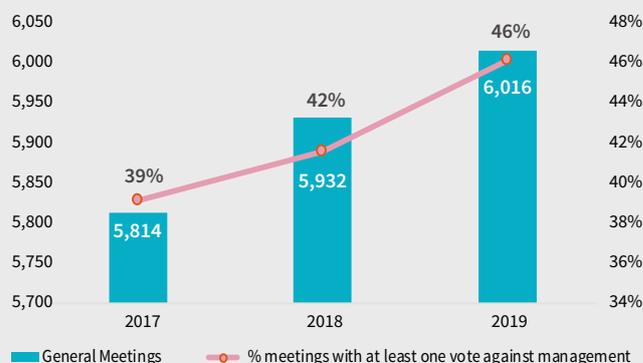
² We do not vote in share blocking markets which prevent investors from selling shares if voting, nor those which have imposed onerous administrative requirements on the exercise of voting rights.

How active ownership is changing across the industry

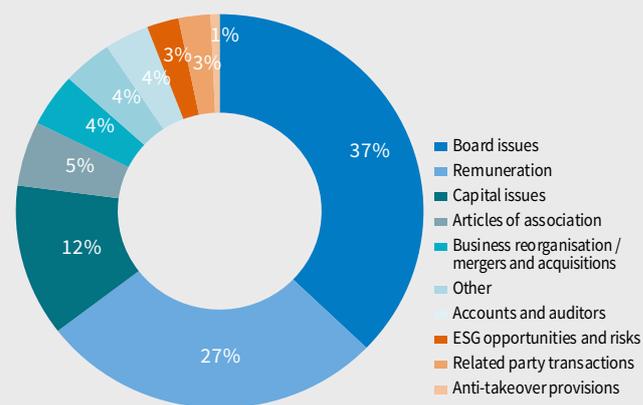
We identified the following trends in investor engagement across the asset management industry in 2019:

- Investors have generally become more comfortable expressing their views through voting. More companies are seeing support on certain topics fall below the 80% threshold – previously seen as an indicator of major issues. Where this is the case, investors are increasingly demanding companies take remedial action and disclose what they have done.
- Discussion about board directors now not only includes demands on diversity but more focus on the skillsets present, the availability of directors, and their ability to properly challenge management.
- We are also seeing an evolution from shareholder primacy – the theory that shareholder interests should take priority over those of other stakeholders – to much broader considerations of a wider stakeholder base. In France, a new law – commonly known as *loi PACTE* – requires companies to consider the social and environmental impacts of their business. It pushes companies to establish corporate purpose within the articles of association to include principles beyond just profit. Elsewhere, we are seeing an increased emphasis on greater involvement of stakeholders, including employees.
- Activism, particularly around issues such as climate, has increased. Investors and pressure groups alike see it as a bona fide route to push for change, even if their tactics vary greatly. We expect that if long-term investors fail to deliver genuine engagement that delivers tangible results, this more aggressive approach will likely become more commonplace.

AXA IM engagement: meetings voted and level of dissent



Our votes against management by topic



Our voting focus for 2020

In 2020 we will continue to drive positive change at the companies in which we invest. The next decade will be defined by our ability as an investment and corporate community to turn thoughts, ambitions and desires into tangible action on global issues such as climate change, biodiversity loss, gender diversity and data privacy. This is how we can help ensure companies continue to create long-term value for shareholders, stakeholders, and society as a whole. On voting this will mean:

- Enhancing the use of voting as a tool to escalate stalled engagement on key themes identified by our research team, including climate, biodiversity, public health, and data governance.
- Continuing to push companies on diversity right across the business and pipeline, while strengthening diversity thresholds in some markets and expanding the number of markets that fall within the scope of our diversity policy.
- Increasing scrutiny of company lobbying practices and membership of lobbying bodies.
- Challenging companies on their stated purpose and how this aligns with board and executive skills, workforce expectations and wider societal impacts.
- Continuing to ensure appropriate pay structures which align with company performance and wider workforce pay equity.

Engagement in action

Climate change



Lise Moret
Head of Climate Strategy,
AXA Investment Managers

Climate change is a major risk facing society and the planet today, and immediate action is required if the most catastrophic damage is to be avoided. The 2015 Paris Agreement was a decisive step forward, delivering a global consensus on the need to dramatically curb worldwide emissions and achieve carbon neutrality by 2050. Our research highlighted the challenge for investors in [assessing how companies are responding to the challenge of transitioning to a low carbon economy](#).

Our engagement goals and activity

Our key climate engagement objectives are shaped by the Taskforce for Climate-related Financial Disclosures (TCFD) framework, the de facto reporting framework on this issue. Alongside establishing public support for the TCFD, our recommendations included urging companies to:

- Commit to short-, mid- and long-term carbon emissions reduction targets that are based on climate science. There should be a clear explanation of corresponding capital expenditure plans
- Perform scenario analysis using a scenario where global warming is limited to the Paris Agreement goal of well below 2°C
- Align executive remuneration with climate change objectives.

We are an integral part of Climate Action 100+, a major collaborative engagement initiative consisting of a large group of institutional investors and the 100 most carbon-intensive listed companies in the world. We led the group's engagement

with numerous companies in the oil and gas, mining and utilities sectors. Dialogue focused on conducting climate scenario planning, ensuring lobbying practices are aligned with climate goals and establishing clear coal exit roll-out plans.

Many of the investment industry's engagements with the energy sector have focused on listed international oil companies – even though most of the world's oil and gas reserves are held by government-controlled oil companies, often in emerging markets.

We initiated an engagement project with state-owned oil companies, most of them mainly corporate bonds issuers, with discussions on climate and wider environmental practices.

Smaller companies have not, overall, encountered the same level of investor engagement and scrutiny on this issue. In 2019, we engaged with several small European companies on how they are addressing climate change-related risks to their business. Much of the engagement was with companies that are significant users of energy – such as in the transportation, capital goods and real estate sectors.

Results and next steps

We made tangible progress in our engagements and we are seeing corporates taking more decisive steps in identifying targets and establishing metrics disclosure.

In 2020, we will continue our active involvement in Climate Action 100+ by focusing our engagement on companies in industries which have been slower to embrace the TCFD framework, such as transportation. We also plan to broaden our engagement to the real estate sector, an industry which is responsible for more than 40% of greenhouse gas emissions³.



³ Source: United Nations Environment Programme Global Status Report 2018.

A clear voting strategy on climate change issues

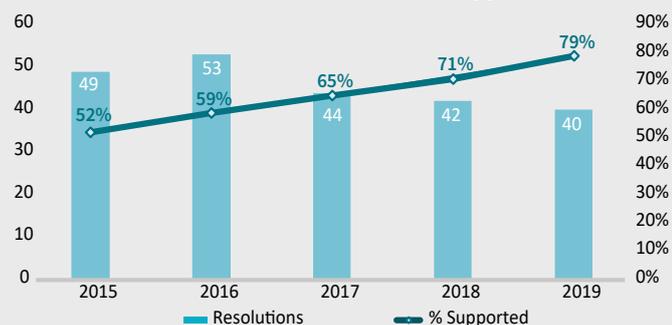
A major challenge for investors is to encourage growth at the companies in which we invest – but to achieve that in a sustainable fashion which supports the goals of the Paris Agreement. Voting has become an increasingly powerful way for investors to highlight concerns to companies about climate change. For AXA IM, this is fully aligned with our broader research and engagement on this theme.

Over the last few years, there has been an increasing number of very public proxy battles at company annual general meetings (AGMs) on the issue of climate. 2019 was no different. There were some notable resolutions brought by shareholders, but we also expressed our views on climate to companies through votes on director elections, executive pay and other resolutions.

We have a clear stewardship approach that frames how we decide whether to support climate-related resolutions:

- **Define policy approach:** We disclose publicly our policy to support shareholder resolutions that seek improved reporting, practices, and disclosure on a range of climate-related issues.
- **Review company practices, disclosures and commitments:** We look at how the company is handling climate issues in terms of governance. Namely, the board’s climate understanding, remuneration tied to climate issues, whether the company discloses an action plan to address climate-related concerns, and what commitments have been made over what timeframe. In addition, we look at broader disclosure practices by the company as well as its role in industry associations which might pursue policies that go against our stance on climate issues.
- **Understand the rationale:** We will closely examine a proposal put forward by shareholders, particularly looking at the actions they hope to see the company take and what outcomes they hope the company will achieve. We also assess whether the request is overly prescriptive.
- **Consider long-term impact and implication:** When reviewing shareholder resolutions – including whether to co-file on resolutions – we consider the impact that we believe the proposed resolution will have on the long-term sustainable future of the company.

Climate-related resolutions and our level of support



Co-filing a shareholder resolution on climate disclosure at BP

Climate disclosure and strategy are constantly under the microscope for companies in the oil and gas industry, due to the risks and opportunities for their business models. At BP’s 2019 AGM we co-filed a shareholder resolution around climate disclosure along with a consortium of shareholders coordinated by Climate Action 100+. This built on a previous shareholder resolution filed in 2015 – which passed – around the company’s management of climate change-related risks and opportunities. The 2019 resolution called on the company to disclose how its capital expenditure aligns with the Paris Agreement goals, metrics and targets over the short, medium, and long term, and to provide progress reports on an annual basis. The resolution was supported with 99% of votes cast in favour – the company’s management also recommended shareholders support the resolution. Investors who are part of Climate Action 100+ are closely monitoring the progress being made by the company in meeting the resolution’s requests.

Voting against every director election at ExxonMobil

We believe it is a key component of shareholder rights that company boards actively seek and consider the views of investors on all material issues, including climate change. It was therefore particularly disappointing that a proposed shareholder resolution at ExxonMobil – which requested the company disclose whether its greenhouse gas emissions targets aligned with the Paris Agreement goals – was rejected. In the engagement ahead of the AGM, we had written to the company’s Chair/Chief Executive in late 2018, urging ExxonMobil not to contest this resolution with the Securities and Exchange Commission. We took a dim view of the company’s actions and we held every board director accountable – and so we voted against every director standing for re-election.

While the directors were nonetheless re-elected, this was a powerful way to show our dissent. In addition, there was significant support for the splitting of the roles of Chair and Chief Executive at the AGM.

Voting in support of a shareholder resolution on climate lobbying at BHP Group

BHP is one of the world’s largest coal mining companies. Despite recent positive steps by the company to address climate change, BHP maintains memberships of industry groups that lobby for policies which are inconsistent with the Paris Agreement on climate change. AXA IM is divesting BHP Group from its investment portfolios as its current coal production levels do not meet [our enhanced climate policy](#) adopted in 2019. Nevertheless, we used our last remaining voting position in the company’s shares to support a shareholder resolution urging BHP to leave such lobby groups. We also took the rare step of announcing our voting intention before the AGM as a public signal to the market of the urgent need to tackle global warming. Approximately a fifth of investors supported the resolution.

Engagement in action

Gender equality in the workplace



Marie Fromaget
Responsible Investment Analyst,
AXA Investment Managers

Women make up half the world's working-age population, but only account for 37% of global GDP⁴. While clear progress has been made over the past century to strike an equal balance between the sexes, gender stereotypes and discrimination are still, overall, preventing women from achieving their economic potential. Our research in 2019 found that [women face a lifetime of gender inequality](#). It starts in the womb and continues all the way to the final years of their career.

Our engagement goals and activity

Investor engagement across the industry has largely focused on seeking higher levels of female representation on company boards and in senior management. Our engagement in 2019 focused instead on pressing companies to proactively seek gender equality at every level of the corporate hierarchy. We urged tailored policies, culture-specific programmes, and granular performance reporting alongside a clear tone from the top of the organisation on diversity and inclusion. These are key to closing the gender pay gap.

In 2019, we focused our engagement efforts on four markets – Japan, India, China and Germany – which our research identified as having specific challenges regarding gender equality. Separately, we engaged with French media companies, as female staff representation remained low in certain areas such as news programme production. In total, we had discussions around gender diversity with 32 companies. We also actively participated in collaborative industry initiatives such as the 30% Investor Club in the UK and the Workforce Disclosure Initiative.

Results and next steps

2019 was a year of promise. We encountered more companies than ever before accepting the growing evidence that gender equality leads to better corporate performance. However, well-intentioned corporate practices to

help achieve parity between the sexes were too often inconsistent or were not developed out of the specific needs of the workforce.

Companies in all regions were interested in engaging on this issue but we had the most constructive discussions, and found the greatest willingness to acknowledge the challenge, with companies in Germany and Japan. We look forward to seeing specific engagement progress in these markets in 2020. Our engagements with Chinese and Indian companies have seen slower progress.

Engagement allows us to dig beneath the surface to assess companies' statements and provide feedback. 2020 needs to be a year of progress and impact. We will closely monitor whether companies with which we have engaged have taken steps to adopt our recommendations. We will also continue our efforts with Chinese and Indian companies while at the same time broadening our scope to new markets and sectors.



⁴ McKinsey Global Institute Report, September 2015

An enhanced approach to voting on gender issues

In 2019, we improved how we incorporate gender diversity considerations into our voting at AGMs. We adopted specific, and more robust, targets in key markets in Europe, North America, and Asia. These changes included:

- Voting against the approval of the company’s report and accounts or a relevant director for all-male boards at companies in developed markets
- Voting against the chairman of the nomination committee at companies in the UK FTSE All Share Index where less than a quarter of the board is female
- Voting against the chairman of the nomination committee or relevant director at US companies with lower than 20% female board representation

These changes were an evolution of gender-related voting policies we implemented in 2018. We committed to tackling the issue not only at a leadership level – or the visible face of the company – but in the broader workforce and with a view to the progression of women to roles where they can influence strategy and performance.

The implementation of these voting changes has resulted in an increase in the number of votes against companies where we have voted against companies on gender diversity considerations, from 44 companies in 2018 to 245 companies in 2019. In 2020, we will closely monitor companies with which we have engaged and where we have voted on gender-related

resolutions to see if any progress is forthcoming. In addition, we will:

- Increase the number of markets where we use voting to register dissent at companies where board diversity, executive pipeline and broader workforce progression of women has stalled or is not at a level we expect
- Engage more companies with large identified gender pay gaps ahead of their AGMs to better understand the actions being taken in this area
- Continue to drive the topic of diversity in markets where gender equality practices are at an earlier stage of maturity.

Our voting on gender issues

	2018	2019
Number of companies targeted for diversity concerns	58	272
Total votes against based on diversity issue	45	245
Individual director(s)	32	196
Report and accounts	13	49



Engagement in action

Public health



Pharmaceutical companies are faced with several ESG issues such as drug pricing, business ethics, product safety and access to medicines. Poor practices have led to regulatory investigations and fines, litigation, loss of customers and risks to the business model. Our research identified that many of these factors are financially material to investors and the nature of corporate practices are [reflected in a company's Price-to-Book Ratio](#).

Our engagement goals and activity

Many companies have implemented relevant policies and programmes to deal with these issues, but it is often unclear the extent to which these are meaningfully overseen by senior executives and the board. Also, the disclosure of relevant and granular performance data remains weak. These need reforms.

We engaged with 22 pharmaceutical companies in 2019. One example where we saw useful progress was with Johnson & Johnson. The pharmaceutical-to-consumer goods company has faced a series of lawsuits related to its products such as medical implants, talcum powder and opioids. We had several discussions

with management and, notably, with the non-executive board director in charge of overseeing the committee for product quality and safety.

Results and next steps

These discussions provided important insights into the responsibilities and the active role the directors play on this issue. We were also able to see how the company was responding to engagement and strengthening its practices.

In 2020, we will intensify our engagements on the issue of public health including through our position as the sole investor representative on the Access to Medicine Index's Expert Review Committee. Such engagement is an important way that investors can deliver impact on sustainability issues. We will also continue our efforts on drug pricing and transparency, which is likely to be a major topic of public discourse in the US as it heads for Presidential elections in the autumn.

Yo Takatsuki Head of ESG Research and Active Ownership,
AXA Investment Managers

Biodiversity conservation



Species are becoming extinct at an unprecedented rate. As well as the broader impact of climate change, a notable driver has been poor corporate practices. At the same time, companies are being harmed by the loss of biodiversity.

We believe that [biodiversity loss represents a risk to investment returns](#) – but that investors can play an important role alongside other stakeholders in finding solutions to the crisis.

Our engagement goals and activity

Companies have incorporated different levels of integration of biodiversity issues in their business practices. We strongly encourage all companies to measure and monitor their impact and dependencies on biodiversity. In 2019 we held dialogues on this issue with 33 companies across a range of sectors, including food, retail, utilities, materials, energy, healthcare, real estate and financials. We also held meetings with government representatives related to sovereign bond issuances.

We encountered a broad range of practices at different stages of maturity. At one company our engagement focused on a river

restoration project. We wanted better disclosure of relevant biodiversity performance indicators, which the company agreed to report.

Results and next steps

Biodiversity loss is not a new concern but for many companies we spoke to, this was the first time an investor had requested an in-depth engagement on the issue. On the whole, the response was positive, and discussions were constructive. Several companies have indicated to us they were willing to commit more publicly to addressing biodiversity issues.

In 2020, we plan to intensify our engagements as we foresee biodiversity to be a topic of growing public interest. There will be a number of key events, including a major convention on biodiversity in China in October. We hope that by influencing companies to better monitor and disclose their practices linked to biodiversity and species extinction, we will be able to promote better practices at the companies in which we invest and more widely in the market.

Julien Foll Responsible Investment Analyst,
AXA Investment Managers

Executive pay in the US

Executive pay at US companies is never out of the headlines for long. More and more studies highlight the huge disparity between executive pay and that of employees, and with mandatory disclosure of chief executive-to-worker pay ratios, investors have a role to play around ensuring good corporate governance. We want to ensure executive payouts are appropriate in light of company performance, and in the context of the wider workforce.

Our engagement goals and activity

We have been involved in multi-year private engagements with US companies, emphasising the need for a more substantial link between executive pay and performance, as well as the level of pay overall. We have pushed for companies to link long-term incentive rewards to defined performance conditions, rather than simply granting large number of shares that vest over long periods.

We strengthened our policy with respect to 'say on pay' in the US, where investors are asked to approve the compensation package for a company's senior management. Our toughened approach targeted companies we viewed as laggards, where performance-linked pay remains under-utilised and does not make up at least half of the long-term incentive awards granted.



Results and next steps

Over the past year, we voted against 42% of company resolutions at AGMs regarding executive pay where we were not comfortable with the proposed remuneration. This compared to 11% in 2018.

In 2020, we will intensify our engagements with companies on this topic. Such engagement is a good way for investors to drive positive change over time on remuneration issues. We will also continue to use voting as a mechanism to escalate engagement concerns.

Irfan Patel Corporate Governance Analyst,
AXA Investment Managers

Active ownership in fixed income

Engagement with bond issuers is an important aspect of our active ownership programme, 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

In 2019, we engaged with 36 bond-only issuers – that is, organisations that do not issue shares. Many of these engagements took place with green or social bond issuers. We held extensive discussions with issuers about commitment to a robust climate strategy and providing clear ongoing reporting on how a bond's proceeds are used. We used the opportunity to discuss other thematic areas of interest to us – in particular biodiversity ([see case study on page 12 for more details](#)).

Separately, we published a call-to-action to [establish Transition Bonds](#) as a complementary asset class alongside green bonds. These are aimed at issuers from carbon-intensive industries who want to raise money to finance decarbonisation-related projects.

Results and next steps

Setting out our proposed guidelines for Transition Bonds led to the formation of a Climate Transition Finance Working Group under the



auspices of the International Capital Market Association's Green and Social Bond Principles, which will begin in 2020. We also worked with Crédit Agricole Corporate and Investment Bank on [the first Transition Bond aligned with our guidelines](#). We subscribed to this private placement on behalf of our parent entity AXA Group.

Fixed income issuers are more willing to engage with investors than ever before. Many now actively seek views on sustainability issues from their investor base and we consider the quality of engagement discussion to be generally of high quality. This is particularly so with green and social bond issuers who have made commitments and transparency on sustainability.

Théo Kotula Responsible investment Analyst,
AXA Investment Managers

Active involvement with public policy and industry groups

Involvement with policymakers and industry groups is a key part of our active ownership and stewardship strategy.

As interest in ESG grows among clients and regulators in many geographies, the need for clearer definitions and usable standards is a top priority for the financial industry. This forms another important area for our public policy engagement.

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, so we use a combination of collective and individual engagement.

In 2019, we contributed to or supported a number of initiatives, including:

Human capital/gender diversity	Involvement
PRI statement on Just Transition	Signatory
Investor statement to support Gender Equality (Mirova)	Signatory
As You Sow statement regarding the need for corporate workplace equity transparency	Signatory
Climate	
<p>Transition bonds guidelines proposal</p> <p>Aimed at companies operating on greenhouse gas intensive industries such as materials, extractives, or chemicals, alongside other companies which lack sufficiently green assets to issue a green bond. Transition bonds would provide an alternative source of finance specifically aimed at helping the journey to become greener</p>	Initiator
PRI letter on investor expectations on climate change for airlines and aerospace companies	Signatory
Institutional Investors Group on Climate Change (IIGCC) letter asking the Australian extractive sector to be proactive in enabling Paris Agreement-aligned public policy	Signatory
Data privacy/tech	
<p>Social media collaborative engagement (Lead: NZ Super Fund)</p> <p>After the 2019 Christchurch terrorist attack the New Zealand Crown-owned investors joined together to lead a global investment collaboration to engage with the world's three leading social media companies: Facebook, Alphabet (YouTube) and Twitter. The objective of the engagement is for these social media companies to strengthen controls to prevent the live streaming and distribution of objectionable content.</p>	Signatory
ESG/Impact/Stewardship	
Association Française de Gestion (AFG) response to Autorité des marchés financiers (AMF) consultation on extra-financial doctrine.	Contributor
<p>PRI letter to SEC on shareholders' rights</p> <p>The letter was prepared in response to proposed rules from the Securities and Exchange Commission (SEC) on shareholder proposals and proxy advisers which would make stewardship more complicated, including on ESG and climate topics. In particular, these rules would:</p> <ul style="list-style-type: none"> - Increase the dollar value of the stock an investor must hold in order to be eligible to submit a proposal - Dramatically increase the portion of the vote a proposal must receive to be resubmitted in subsequent years – it often takes several years for the investor community to appreciate the importance of an emerging ESG topic and integrate the appropriate response to shareholder proposals into their voting decisions. This would have the effect of cutting off discussion of emerging issues before investors have the chance to analyse them and integrate the latest thinking into voting behaviour - Undermine investors' access to independent advice on matters brought to a vote at companies' AGMs by requiring proxy advisory firms to allow companies to review and comment on voting recommendations before investors see them. 	Signatory

We play a proactive role in several industry initiatives and groups and take a leadership role as often as possible, as highlighted below:

<p>30% Club Investor Group</p>	<p>The 30% Club Investor Group's purpose is to co-ordinate the investment community's approach to diversity, in particular to explain the investment case for more diverse boards and senior management teams through voting and engagement activities.</p> <p style="text-align: right;">Member</p>
<p>Access to Medicine Index</p>	<p>The Access to Medicine Index covers seven areas of corporate behaviour. In each one, the Index evaluates 20 of the world's largest research and development-based pharmaceutical companies against a list of responsibilities for improving access to medicine as they enter low- and middle-income countries.</p> <p style="text-align: right;">Expert Review Committee member</p>
<p>Autorité des marchés financiers (AMF) Climate and Sustainable Finance Commission</p>	<p>The new commission is a reflection of the various components of the financial markets, civil society and academia, and will provide the AMF with multiple expertise in climate risk and sustainable finance. As a forum for discussion and advice, it will issue recommendations to the AMF and will contribute to the work carried out by the regulator in collaboration with the Autorité de Contrôle Prudentiel et de Résolution (ACPR) on the monitoring and evaluation of the climate-related commitments of the French financial market.</p> <p style="text-align: right;">Member</p>
<p>Asset Management and Investors Council (AMIC) Sustainable Finance Working Group</p>	<p>The AMIC Sustainable Finance Working Group provides a dedicated platform to exchange views on applicable market developments and innovations, issue positions and respond to consultations.</p> <p style="text-align: right;">Member</p>
<p>Association Française de Gestion (AFG) - Responsible Investment and Corporate Governance Committees</p>	<p>The AFG is the French industry body for asset management.</p> <p style="text-align: right;">Member</p>
<p>Climate Action 100+</p>	<p>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.</p> <p style="text-align: right;">Member</p>
<p>Climate Bonds Initiative</p>	<p>Climate Bonds Initiative is an international organisation working to mobilise the \$100 trillion 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.</p> <p style="text-align: right;">Member. Particular involvement in the “brown to green initiative”</p>
<p>European Fund and Asset Management Association (EFAMA) Stewardship and ESG Standing Committee</p>	<p>The EFAMA is the European industry body for asset management.</p> <p style="text-align: right;">Member</p>
<p>Forum pour l'Investissement Responsable (FIR)</p>	<p>The FIR's purpose is to raise awareness of responsible investing, and to encourage investors to integrate social cohesion and sustainable development considerations in their work. The FIR is a member of the European Sustainable Investment Forum.</p> <p style="text-align: right;">Chair of the Research Commission</p>
<p>Global Impact Investor Network (GIIN)</p>	<p>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.</p> <p style="text-align: right;">Member of the Investor Council Group</p>

International Capital Market Association (ICMA) - Green Bonds 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, referred to collectively as the 'Principles', have become the leading framework globally for issuance of green, social and sustainability bonds.	Member of the Executive Committee. Co-chair of the Climate Transition Finance Working Group
ICMA - Sustainable Finance committee	A forum in charge of discussing sustainable finance in its entirety with representatives from key ICMA Committees including AMIC.	Member
Institute of International Finance (IIF) - Sustainable Finance Working Group (SFWG)	The IIF SFWG brings together key stakeholders to identify and promote capital markets solutions that support the development and growth of sustainable finance. The SFWG includes representatives from global banks, major institutional investors, credit ratings agencies, consultancies and other interested parties, as well as public sector collaborators such as the UN Environment Programme, World Bank/International Finance Corporation and many more.	Chair
Impact Management Project (IMP)	The IMP is a forum for building global consensus on how to measure, manage and report impact	Member of the Investor Advisory Committee
Institutional Investor Global Coalition 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. The 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 risk 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.	Member
Investment Association - Sustainability and Responsible Investment Committee	The Investment Association is the trade body that represents UK investment managers.	Member
Investor Forum	The Forum's purpose is to position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value.	Member
Powering Past Coal Alliance (PPCA)	The PPCA is a group of public and private stakeholders (governments, supranationals, companies and financial institutions) working together to advance the transition away from unabated coal generation.	Signatory
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.	Signatory
Sustainability Accounting Standards Board (SASB)	The mission of the SASB Foundation is to establish industry-specific disclosure standards across environmental, social, and governance topics that facilitate communication between companies and investors about financially material, decision-useful information.	Advisory Body Member
Workplace Disclosure Initiative	The initiative is calling for transparency from companies on how they manage workers. The ultimate goal is to improve the quality of jobs in companies' operations and supply chains.	Advocate Group member

Research papers and articles on responsible investing published during 2019

Visit www.axa-im.com/insights to read these and more



March	Mind the gap: Digging into the diversity data challenge
March	Gender diversity: Why balance is better than history's wild pendulum
April	Driving impact in listed assets investment
June	Financing brown to green: Guidelines for Transition Bonds
June	Coal phase out: The investment case
July	A lifetime of gender inequality: What investors can do
July	Diversity in earnings calls
July	ESG and financial returns: The academic perspective
September	Climate scenario analysis: Assessing the future for investments
September	Biodiversity crisis: The role of investors in resolving species extinction
November	Just Transition: Managing the social impact of a low-carbon transition
November	Carbon reduction: Moving away from carbon footprint towards carbon footprint
November	A European Climate Emergency Fund
December	ESG and intangibles: Driving value creation across companies
December	Data Privacy: Trust is hard earned, easily lost

Issuers engaged in 2019

AXA IM views engagement as a fundamental part of our role as active investors. As such, our engagements focus on those 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, public health, data privacy and corporate governance. We hold constructive dialogues with company leadership in order to understand and

influence their approach on these key issues. Our goal is to work closely with executives to ensure that threats from these factors are addressed before they damage investor value. The list below details the issuers with which we engaged in 2019.

We are fully transparent about our voting activities. The full 2019 record can be found [here](#).

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
A2A SPA	Italy	✓						
ACCIONA SA	Spain	✓						
ADIDAS AG	Germany			✓				
AIA GROUP LTD	Hong Kong			✓			✓	
AIR FRANCE-KLM	France	✓	✓	✓	✓		✓	
AIR LIQUIDE SA	France	✓	✓				✓	
ALIBABA GROUP HOLDING	China				✓		✓	
ALLERGAN PLC	United States of America					✓		
ALLIANT ENERGY CORP	United States of America	✓						
ALSTRIA OFFICE REIT-AG	Germany	✓			✓		✓	
AMAZON.COM INC	United States of America	✓		✓	✓		✓	
AMIGO HOLDINGS PLC	United Kingdom						✓	
ANDRITZ AG	Austria			✓				
ANGLO AMERICAN PLC	South Africa	✓						
APOLLO HOSPITALS ENTERPRISE	India			✓				
APPLE INC	United States of America				✓			
ARCELORMITTAL	Luxembourg	✓		✓			✓	
ASHMORE GROUP PLC	United Kingdom						✓	
ASSICURAZIONI GENERALI	Italy	✓						
ASSOCIATED BRITISH PORTS HOLDING	United Kingdom	✓						
ASTRAZENECA PLC	United Kingdom	✓				✓		
ATOS SE	France				✓			
AUCHAN HOLDING SA	France		✓					
AUSTRALIA AND NEW ZEALAND BANKING GROUP	Australia	✓					✓	✓
AXIS BANK LTD	India			✓				
BAE SYSTEMS PLC	United Kingdom				✓			✓
BAIDU INC	China			✓	✓			
BANCO BILBAO VIZCAYA ARGENTARIA	Spain	✓		✓			✓	
BANCO SANTANDER SA	Spain	✓					✓	
BANK OF NOVA SCOTIA	Canada	✓						
BARCLAYS PLC	United Kingdom						✓	
BASQUE GOVERNMENT	Spain	✓				✓		

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
BAUSCH HEALTH COS INC	United States of America					✓	✓	✓
BAYER AG	Germany				✓	✓		
BAYERISCHE MOTOREN WERKE AG	Germany			✓				
BHP GROUP LTD	Australia	✓			✓		✓	
BOEHRINGER INGELHEIM	Germany					✓		
BONDUELLE SCA	France	✓	✓			✓		
BP PLC	United Kingdom	✓		✓	✓		✓	
BRITISH AMERICAN TOBACCO PLC	United Kingdom	✓						
CAISSE FRANCAISE DE FINANCEMENT LOCAL	France	✓						
CAIXABANK SA	Spain	✓						
CAPGEMINI SE	France				✓			
CARREFOUR SA	France		✓					
CASINO GUICHARD PERRACHON	France		✓					
CASSA DEPOSITI & PRESTITI	Italy				✓			
CERVED GROUP SPA	Italy			✓				
CHR. HANSEN HOLDING A/S	Denmark		✓			✓		
CIPLA LTD	India					✓		
CNP ASSURANCES	France	✓	✓		✓			
COATS GROUP PLC	United Kingdom	✓	✓					
COLRUYT SA	Belgium		✓					
COMMERZBANK AG	Germany			✓				
COMMONWEALTH BANK OF AUSTRALIA	Australia	✓						
COMPAGNIE DE SAINT-GOBAIN SA	France	✓					✓	
CONTINENTAL AG	Germany			✓				
CREDIT AGRICOLE SA	France	✓	✓					
CREDIT MUTUEL ARKEA SA	France			✓	✓			
CRH PLC	Ireland	✓					✓	
CVS HEALTH CORP	United States of America					✓	✓	
DAIICHI SANKYO CO LTD	Japan					✓		
DAIMLER AG	Germany			✓				
DARDEN RESTAURANTS INC	United States of America	✓	✓	✓			✓	
DE VOLKSBANK NV	Netherlands	✓						
DEUTSCHE BANK AG	Germany			✓				
DEUTSCHE TELEKOM AG	Germany			✓				
DEVELOPMENT BANK OF JAPAN INC	Japan	✓						
DOW INC	United States of America		✓					
E.ON SE	Germany	✓						
ECOPETROL SA	Colombia	✓					✓	
EDF	France	✓	✓	✓			✓	
EISAI CO LTD	Japan				✓	✓		✓

Issuers engaged in 2019

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
ELIOR GROUP	France		✓					
ENBW ENERGIE BADEN-WUERTTEMBERG	Germany	✓					✓	
ENEL SPA	Italy	✓						
ENGIE	France	✓		✓	✓		✓	
EQUINOR ASA	Norway	✓						
EUROFIMA	Supranational	✓						
EVRAZ PLC	Russian Federation	✓						
FACEBOOK INC	United States of America				✓		✓	✓
FISCHER (GEORG)	Switzerland			✓				
FNAC DARTY SA	France	✓	✓					
FUJITSU LTD	Japan			✓				
FUTURE RETAIL LTD	India			✓				
GAZTRANSPORT ET TECHNIGA SA	France	✓	✓	✓	✓		✓	
GENFIT	France						✓	
GLAXOSMITHKLINE PLC	United Kingdom	✓				✓	✓	✓
GLENCORE PLC	Switzerland	✓						
GODREJ CONSUMER PRODUCTS LTD	India			✓				
HDFC BANK LIMITED	India			✓				
HENKEL AG & CO KGAA	Germany			✓				
HOUSING DEVELOPMENT FINANCE	India			✓				
HSBC HOLDINGS PLC	United Kingdom	✓					✓	✓
HUGO BOSS AG	Germany			✓				
ICADE	France	✓	✓					
ICICI BANK LTD	India			✓				
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD	China	✓						
INSTITUTO DE CREDITO OFICIAL	Spain	✓	✓					
INTERNATIONAL BUSINESS MACHINES CORP	United States of America						✓	
JCDECAUX HOLDING SAS	France			✓				
JM AB	Sweden			✓				
JOHNSON & JOHNSON	United States of America				✓	✓	✓	
JULIUS BAER GROUP LTD	Switzerland			✓				
KELDA HOLDINGS LTD	United Kingdom	✓						
KERING	France						✓	
KINGDOM OF THE NETHERLANDS	Netherlands	✓						
KONINKLIJKE AHOLD DELHAIZE NV	Netherlands		✓		✓			
KONINKLIJKE PHILIPS NV	Netherlands	✓						
LA BANQUE POSTALE	France	✓						
LAFARGEHOLCIM LTD	Switzerland	✓					✓	

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
LANXESS AG	Germany			✓				
LEASEPLAN CORPORATION NV	Netherlands	✓						
LEG IMMOBILIEN AG	Germany			✓				
LENDLEASE GROUP	Australia	✓					✓	
LLOYDS BANKING GROUP PLC	United Kingdom						✓	✓
LONDONMETRIC PROPERTY PLC	United Kingdom						✓	
LONZA GROUP AG	Switzerland	✓	✓	✓	✓			
LVMH MOET HENNESSY LOUIS VUITTON	France			✓				
M6-METROPOLE TELEVISION	France			✓				
MACQUARIE UNIVERSITY	Australia	✓						
MAJID AL FUTTAIM HOLDING LLC	United Arab Emirates	✓						
MERCK KGAA	Germany					✓		
mitsubishi corp	Japan	✓		✓				
MITSUBISHI UFJ FINANCIAL GROUP	Japan	✓						
MONDI PLC	United Kingdom	✓	✓				✓	
MYLAN NV	United States of America					✓		
NATIONAL AUSTRALIA BANK LTD	Australia						✓	✓
NEMETSCHEK SE	Germany			✓				
NESTLE SA	Switzerland		✓			✓		
NETFLIX INC	United States of America						✓	
NEXITY	France	✓	✓					
NOMURA HOLDINGS INC	Japan			✓				
NORDIC INVESTMENT BANK	Supranational	✓						
NORDRHEIN-WESTFALEN	Germany	✓						
NOVARTIS AG	Switzerland					✓		✓
NOVO NORDISK A/S	Denmark				✓	✓		
NRW.BANK	Germany	✓	✓					
OLAM INTERNATIONAL LTD	Singapore	✓	✓				✓	
OMV AG	Austria	✓	✓					
ORBIA ADVANCE CORP SAB DE CV	Mexico	✓	✓	✓				
PAPREC HOLDING SA	France	✓	✓					✓
PEOPLE'S REPUBLIC OF CHINA	China	✓						
PERSIMMON PLC	United Kingdom						✓	✓
PETROLEO BRASILEIRO SA	Brazil	✓					✓	
PFIZER INC	United States of America					✓	✓	
PKO BANK HIPOTECZNY SA	Poland	✓						
POSCO	Republic of Korea	✓						
PREMIER OIL PLC	United Kingdom						✓	
PRYSMIAN SPA	Italy			✓				
PUBLICIS GROUPE	France			✓				

Issuers engaged in 2019

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
RANGE RESOURCES CORP	United States of America	✓					✓	
RED ELECTRICA CORPORACION SA	Spain	✓	✓					
REDROW PLC	United Kingdom						✓	
REGIE AUTONOME DES TRANSPORT	France	✓						
RENAULT SA	France	✓	✓		✓		✓	✓
REPSOL SA	Spain	✓						
REPUBLIC OF CHILE	Chile	✓						
RETAIL CHARITY BONDS PLC	United Kingdom				✓	✓		
RIO TINTO PLC	Australia	✓					✓	
ROCHE HOLDING AG	Switzerland					✓		✓
ROLLS-ROYCE HOLDINGS PLC	United Kingdom						✓	
ROYAL BANK OF SCOTLAND GROUP	United Kingdom				✓			
ROYAL DUTCH SHELL PLC	Netherlands						✓	
SANOFI	France					✓		
SAP SE	Germany				✓			
SARTORIUS STEDIM BIOTECH	France	✓	✓		✓			✓
SAUDI ARAMCO	Saudi Arabia	✓	✓					
SBAB BANK AB	Sweden	✓						
SCHNEIDER ELECTRIC SE	France	✓		✓			✓	
SHISEIDO CO LTD	Japan			✓				
SIEMENS AG	Germany	✓		✓				
SINGAPORE POWER	Singapore	✓						
SKANSKA AB	Sweden	✓					✓	
SKF AB	Sweden	✓						
SNAM SPA	Italy	✓						
SOCIETE DU GRAND PARIS EPIC	France	✓	✓					
SOCIETE GENERALE SA	France	✓	✓					
SODEXO SA	France						✓	
SOFTBANK GROUP CORP	Japan			✓				
SPAREBANK 1 SMN	Norway	✓						
SPAREBANKEN SOR	Norway	✓						
SPAREBANKEN VEST	Norway	✓						
SPECTRIS PLC	United Kingdom			✓				
ST JAMES'S PLACE PLC	United Kingdom			✓				
STANDARD CHARTERED PLC	United Kingdom	✓		✓			✓	✓
STATE DEVELOPMENT & INVESTMENT	China	✓						
STEDIN HOLDING NV	Netherlands	✓						
SWEDBANK AB	Sweden							✓
SWISS RE AG	Switzerland				✓			
SYMRISE AG	Germany			✓				
SYNGENTA AG	Switzerland	✓	✓				✓	
TAG IMMOBILIEN AG	Germany			✓				

ISSUER	COUNTRY	CLIMATE CHANGE	RESOURCE & ECOSYSTEMS	HUMAN CAPITAL	SOCIAL RELATIONS	PUBLIC HEALTH	CORPORATE GOVERNANCE	BUSINESS ETHICS
TAKEDA PHARMACEUTICAL CO LTD	Japan			✓		✓		
TATA CONSULTANCY SVCS LTD	India			✓				
TATE & LYLE PLC	United Kingdom	✓						
TECHNIPFMC PLC	United Kingdom		✓				✓	
TELEFONICA SA	Spain	✓						
TELEPERFORMANCE	France			✓	✓			
TELIA CO AB	Sweden	✓	✓					
THE COCA-COLA COMPANY	United States of America		✓			✓		
TORAY INDUSTRIES INC	Japan			✓			✓	
TOTAL SA	France	✓	✓				✓	
TOYOTA MOTOR CORP	Japan			✓			✓	
UBI BANCA SPA	Italy	✓						
UNILEVER NV	United Kingdom	✓	✓				✓	
VATTENFALL AB	Sweden	✓						
VERIZON COMMUNICATIONS INC	United States of America	✓						
VINCI SA	France	✓	✓	✓				
VIRBAC SA	France	✓	✓					✓
VISA INC	United States of America	✓					✓	✓
VODAFONE GROUP PLC	United Kingdom	✓					✓	✓
VONOVIA SE	Germany			✓				
WELLS FARGO & CO	United States of America						✓	✓
WESTPAC BANKING CORP	Australia						✓	✓
XIOR STUDENT HOUSING NV	Belgium	✓	✓		✓		✓	
YES BANK LTD	India			✓				
ZEE ENTERTAINMENT ENTERPRISE	India			✓				

Conflicts of Interest:

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. Firstly, 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 ensures that decisions taken to engage are aligned with the engagement strategy of AXA IM and is free from any outside influence.

Secondly, the Corporate Governance Committee has the sole responsibility for taking voting decisions 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 is to ensure that decisions are free from outside influence.

All data and statistics sourced from AXA IM as at 31 December 2019, unless otherwise stated

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