



**redefining / standards**

## **AXA GROUP POLICY ON *DERIVATIVE INVESTMENTS IN FOOD (“SOFT”) COMMODITIES***

### **Our position**

The AXA Group has a commitment to responsible investment (RI), embodied in its Group Responsible Investment Policy. This commitment is a key element of AXA's broader Corporate Responsibility strategy. We define RI as the integration of environmental, social and corporate governance (ESG) considerations into our investment processes and ownership practices. AXA believes that ESG factors have the potential to impact investment portfolios across companies, sectors, regions and asset classes over time. ESG issues can therefore impact risk and returns and as such require monitoring. Business links with certain activities or products may also endanger AXA's reputation.

This policy on Derivative Investments in Food (“soft”) Commodities is complementary to the AXA Global RI Policy.

### **Background**

Institutional investors commonly gain exposure to commodity markets via commodity derivatives, namely exchange traded futures contracts. There is growing debate regarding whether financial investors in food commodity derivatives are responsible for artificially inflating the price of basic food commodities underlying these futures contracts. Although the empirical evidence is currently inconclusive, the issue is of sufficient concern for AXA to develop a formal position.

### **Scope**

The scope of this policy is based on AXA's Global Responsible Investment Policy's scope.

### **Governance**

The AXA RI Committee (“RIC”) is responsible for the development, implementation and monitoring of this policy. The RIC reports to the Group Investment Committee and is chaired by AXA's Group CIO.

AXA recognises that responsible commodity investing best practice is an emerging area and is evolving rapidly. The RIC is responsible for reviewing, and if necessary updating, this policy position and will do so on a regular basis.

## **Investment Principles**

- AXA is a responsible long-term investor and therefore strives not to participate in short-term instruments (such as commodity futures) based on food (“soft”) commodities or enter into speculative transactions that may contribute to price inflation in basic agricultural or marine commodities (eg. wheat, rice, meat, soy, sugar, dairy, fish, corn).
- AXA will work with its investment managers to ensure that they are able to meet these criteria and will encourage adherence to best practice standards. Investments with specific screening constraints will be considered on a case by case basis, where applicable. In addition, when selecting alternative investment managers AXA will favour institutions that can demonstrate adherence to these principles.
- AXA will not allow its delegated investment managers to take physical delivery of any food commodities.
- AXA will monitor the activities of its delegated investment managers to ensure their compliance with this policy.