



AXA Investment Managers - Engagement Policy

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1. Purpose

At AXA IM, our purpose is to act for human progress by investing for what matters. Responsible allocation and oversight of capital is therefore a key pillar of our corporate purpose. By considering sustainability factors throughout the investment process, we aim to create sustainable investment outcomes for our clients, which would in turn lead to broader societal and economic benefits over the long-term.

An important way to achieve it involves investor engagement, which can be defined as a process based on long-term and constructive dialogue where investors seek to influence investee companies' practices with the aim of preserving or enhancing long-term value on behalf of their beneficiaries. Investor engagement also enables a better understanding of companies' management of sustainability risks, contributing to a more comprehensive assessment of the company's risk profile, hence to effective investment decision making.

We take an active engagement approach, emphasising dialogue on sustainability and governance issues that have a material impact on long-term financial performance, including (but not limited to) climate change, biodiversity, human capital, human rights, corporate governance, and controversies. We also conduct engagement to contribute to the achievement of societal targets such as those defined by the United Nations' Sustainable Development Goals ("SDGs"). As an investor active in Real Assets, Private Markets and fund selection we also aim to create sustainable value by encouraging the managers and partners we work with to adopt best practices when it comes to integrating sustainability in their strategy.

AXA IM Engagement Policy is framed by the expectations set in the UK Stewardship Code, the UN-backed Principles for Responsible Investment (PRI), the Taskforce for Climate-related Financial Disclosure (TCFD), the ICGN Global Stewardship Principles and the many other industry initiatives which we support. The revised Shareholder Rights Directive (SRD2) also requires asset managers in the European Union to publicly disclose a shareholder engagement policy. The policy also aims at complying with ESG-related regulations, in particular non-financial reporting requirements including the EU Sustainable Finance Disclosure Regulation (SFDR) for which we must disclose our approaches to i) integrate sustainability risks and ii) consider adverse sustainability impacts – engagement being a key component for both approaches –, as well as the French Article 29 of the Energy & Climate Law and the UK Sustainability Disclosure Requirements (SDR).

The philosophy of our engagement policy applies across all asset classes, although certain engagement mechanisms may vary depending on the asset type, as described below.

2. Governance, Resources & Oversight

Oversight

AXA IM Engagement policy is revised annually and is ultimately validated by AXA IM Management Board. Prior to this final validation, it is reviewed by AXA IM **Sustainability Strategic Committee**, AXA IM's leading body in charge of steering AXA IM's sustainability strategy and roadmap across all asset classes, chaired by the Head of AXA IM RI Centre and attended notably by Heads of Sustainability from AXA IM four business units, AXA IM Alts, AXA IM Core, AXA IM Prime and AXA IM Select, RI Centre teams as well as Compliance and Risk teams.

While key priorities for engagement are defined on an annual basis by AXA IM Sustainability Strategic Committee, the on-going implementation of AXA IM Engagement policy across all AXA IM asset classes is overseen by the **ESG Monitoring and Engagement Committee**. Committee members include representatives of AXA IM Business Units, RI Experts teams as well as Compliance and Risk teams. Meetings are held on a monthly basis. The Committee will ensure coordination of engagement actions and regularly review progress achieved on selected engagements. Proposals to escalate may be discussed with the committee, as well as successes. The committee will also review controversies impacting holdings and discuss possible subsequent actions, which include engagement.

Specific implementation of AXA IM voting and other AGM-related escalation policies within equity holdings is overseen by the **Corporate Governance Committee**. Committee members are drawn from equity investment teams, RI Experts teams, Compliance and Middle Office. Its overarching role is to oversee AXA IM's corporate governance, stewardship and voting activities in relation to investee companies and ensure clients' rights and obligations are exercised in line with good practice standards. It is the body in charge of proposing updates to the Corporate Governance and Voting Policy while making sure it is consistent with market developments. Evolution of thematic voting policy is closely tied to the engagement work that is undertaken.

Resources

Across AXA IM we have more than 60 experts responsible for responsible investment (RI) activities, embedded within a dedicated RI Centre (whose Head reports directly to the CEO) as well as within each AXA IM Business Units department. These experts cover all related aspects including research, due diligence, data/scoring, analytics, stock and credit analysis, as well as active ownership and engagement. RI is also embraced by all investment teams which perform RI-related activities as part of their day-to-day.

Engagement and dialogue are often conducted in collaboration with various teams, providing both strategic and technical views of the company's practices but also demonstrating AXA IM integrated stewardship approach, enabling information gained during engagement to be fed into investment-decision making. Teams generally involved include:

- Within the RI centre:
 - **The Responsible Investment Research** team responsible for thematic research and engagement with a focus on climate, biodiversity, human rights, human capital & diversity, as well as data privacy.

- **The Corporate Governance Research** team responsible for corporate governance-related engagement, proxy voting and AGM-related escalation, and for proposing updates to the engagement policy. Together with the RI Coordination team, they are also responsible for the on-going monitoring of engagement governance and policy implementation.
- Within AXA IM Core:
 - **The ESG & Impact Research**
 - **Credit research**
 - **Sustainability analysts**
- Within AXA IM Alts:
 - **The Real Estate Responsible Investing** team which coordinates a network of ESG leads and ESG experts within the Asset Management team, who are in charge of the operational deployment of our ESG strategy within Real estate assets.
 - A dedicated **Impact Investing team** servicing the Natural capital & Impact and Alternative Credit business lines.
- Within AXA IM PRIME:
 - The **ESG Team** who leads the ESG approach and integration at AXA IM Prime and works closely with AXA IM's ESG Champions responsible for promoting the implementation of AXA IM Prime's ESG strategy into each investment teams' daily work.
- Within AXA IM Select:
 - **The Responsible Investment Lead**, reporting to the CIO, as well as sector specialists involved in ESG Due Diligence of managers.

Portfolio managers across business units may also be involved in ESG-related dialogue with investee companies.

3. Engagement Process

Engagement is a key pillar of our Responsible Investment strategy in both the traditional and alternative investment space, including Real Estate, Alternative Credit, Natural Capital & Impact and Private Markets & Hedge Funds.

Although our engagement process in traditional asset classes is framed by commonly accepted standards and regulations, alternative asset classes operate in fundamentally different ways, and many do not benefit yet from market norms or benchmarks enjoyed by traditional listed assets. However, AXA IM encourages and promotes the development of best engagement practices in those asset classes, aiming at upholding the same principles of transparency when possible.

Traditional asset classes

Our engagement approach in traditional listed assets focuses on direct dialogue with companies. We will seek to meet and engage with representatives from all levels of the investee company, depending on what we consider as most appropriate for our engagement objectives as well as on the type of asset class held. For traditional asset classes, this includes the board, senior management and operational specialists, amongst others. We challenge companies on their strategy and risks, financial and non-financial performance, and their environmental, social, and governance policies.

Engagement is about change and we acknowledge changing cultural behaviour rarely happens overnight. Some companies might be more willing to listen to us than others. In most cases, it will need several interactions before reaching any concrete progress.

As a result, at AXA IM we have rolled out a clear process for selecting priorities, defining engagement objectives and a system for tracking engagement progress, with a range of possible outcomes and escalation points. This process is applied consistently regardless of the type of asset (equity of fixed income) held in the company, although this may influence the choice of escalation tactics, when relevant.

Selection of Priorities

We seek to engage companies across various sustainability thematic, determined as priorities by AXA IM based on:

- AXA IM's overarching RI strategy and commitments, including our commitment to become Net Zero by 2050, leveraging shareholder engagement as a key mechanism to support real-world decarbonisation in that perspective;
- our observation of global market developments and emerging ESG practices: the Responsible Investment Research Team, with thematic expertise on biodiversity, climate change, human rights etc. defines RI research themes that will then feed engagement and stewardship strategies. RI research themes are defined by the RI Research team, in cooperation with the Advisory Committee of AXA IM Investment Institute, composed of internal as well as external experts to provide insights on sustainability issues;
- the feedbacks we get from clients on their ESG priorities;
- inputs from various business units, including via formal approval from the Sustainability Strategic Committee.

Our thematic engagement priorities focus on¹:

- Climate change mitigation and adaptation in line with the goals of the Paris Agreement
- Biodiversity, natural resource and eco-systems
- Human capital and diversity
- Public health (incl. anti-microbial resistance)
- Labour, customer, supply chain management
- Human rights included in the International Bill of Human Rights and the ILO's labour standards
- Data privacy and security
- Business ethics
- Corporate governance with a focus on board effectiveness, executive pay and shareholder rights
- Controversies and breaches of international norms such as the UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
- Contributions to various SDGs, through products & services or operations
- Integrity and quality of the Green, Social and Sustainability-linked Bond market
- Responsible investment practices.

AXA IM Engagement Policy is complemented by sectorial policies² which provide additional details on our engagement strategy for certain sectors and / or themes (incl. climate risks policy, ecosystem protection & deforestation policy, etc.) as well as by our Corporate Governance & Voting Policy.

Forms of Engagement

When defining engagement, we distinguish regular dialogue conducted with investee companies around their sustainability practices (referred to as "sustainability dialogue") from active engagement with specific, identified objectives (referred to as "engagement with objectives"):

- **Sustainability dialogues** are key in establishing and developing a constructive relationship with the company, as well as gaining insights into its policies and practices.
 - These are generally led by credit research, equity or fixed income analysts, and portfolio managers looking to have a better understanding of the sustainability-related risk profile of a position held in portfolios. They may also feed into future targeted engagement.
 - These can in certain cases be conducted at fund level, in which case they may prioritize ESG issues depending on the specific sustainability objectives of the fund or the asset class type.
- In the case of **engagement with objectives**, which seek to influence change at investee companies, we define targeted objectives related to the key ESG issues as described in more details below.
 - These are most often led by the Responsible Investment Research and the Corporate Governance Research teams, although often conducted in collaboration with fixed income and/or equity teams.
 - These are conducted at entity level, regardless of the asset class type held in the engaged investee company.

¹ At the time of publication of this engagement policy.

² [Our Policies | AXA IM Corporate \(axa-im.com\)](#)

Definition of Objectives

For the “Engagement with Objectives” category described above, we aim to engage in a constructive manner with identified, tailored and achievable goals. Therefore, at the start of engagement, we define objectives for each of the companies we engage with, with clear targets, and in most cases the timeframe we consider appropriate to see progress depending on the nature of the objectives. We share these with investee companies at the outset of the engagement, and systematically track and record the progress of engagement as described below. Where there is little progress, we will escalate the engagement in an appropriate fashion.

Engagement objectives will be tailored to each company’s business model and to the engagement forms, which generally include:

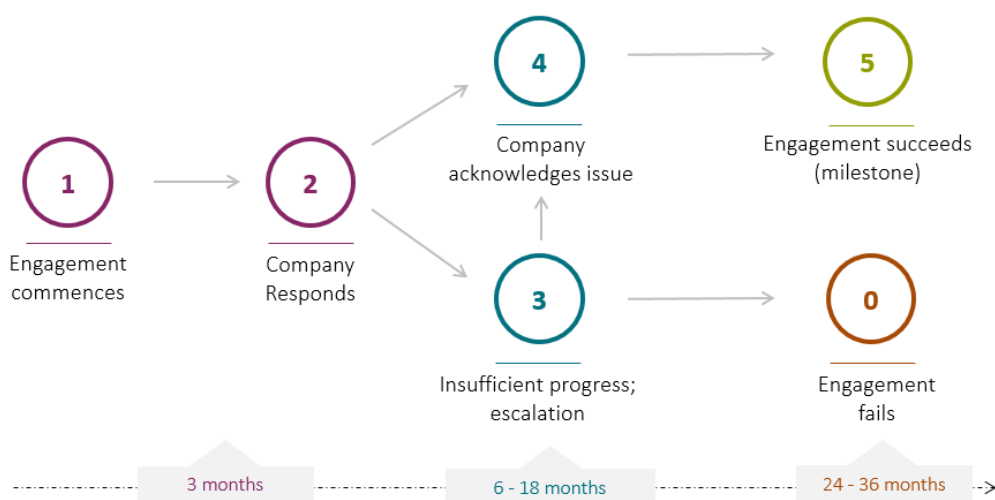
- **Proactive:** AXA IM will generally engage in a pro-active fashion on some of the key ESG issues which our engagement programme focuses on, as listed on page 7, with a view to a company acknowledging the issue and improving its practices before risks materialise and opportunities are lost.
 - Proactive engagement is deployed for a **list of companies** which is revised at least annually. The list is extracted from a broad engagement universe put together by the RI Experts teams, based on various inclusion criteria and validated in the Sustainability Strategic Committee. A specific focus is made on sectors which are targeted by AXA IM RI policies (incl. Climate risks policy, Ecosystem Protection & Deforestation policy)³. This is the priority list for which we expect regular individual engagement meetings, updates and progresses.
 - Selection criteria notably include materiality and/or severity of ESG theme, sector, and size of exposures. Specific names are then proposed and discussed between RI Experts teams and representatives of investment platforms, who provide feedbacks or directly suggest names. They are then discussed and approved by the Sustainability Strategic Committee.
 - AXA IM “**Three Strikes and You’re Out**” policy would fall into that category, being a forceful, proactive, climate-focused engagement policy. It aims at applying sufficient pressure to effect timely change within a selection of companies which are considered to be materially lagging vs peers, or failing to meet baseline expectations, hence representing a higher risk. It includes a selection of companies which do not have Net Zero commitments, or which have quantified emissions reduction targets which are deemed not be credible or demanding enough. Clear objectives are defined for each of those companies, which follow our climate risk and engagement policies and are tailored to their activities and communicated to their management at the inception of the engagement. AXA IM engages regularly with those companies to steer them to achieve progress on those objectives, using escalation techniques when necessary (e.g. voting against management). If the objectives have not been achieved after three years, we will divest.
 - A similar approach, although less systematic, may also be taken for engagement on other themes, if the desired outcome has not been reached.
- **Reactive:** Cases when we need to engage in response to a specific event. These may relate to severe controversies and violations of international norms and standards such as the OECD Guidelines for Multi-National Enterprises, or UNGC (UN Global Compact) breach, negative news flow or ban list updates.
 - Objectives of our reactive engagement may include ensuring adequate materiality assessment of the controversy-related risk, the company’s oversight of such risk and its remediation plan.

³ [Our Policies | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/our-policies)

- **Opportunistic/ Event Driven:** We are often invited to attend conferences, roadshows or field-trips. This is an opportunity to learn more about companies' actions, policies and performance while at the same time updating them on our areas of focus and scrutiny. Pre-issuance roadshows, earnings calls, or strategy update calls may also be appropriate triggering events to discuss the company's wider sustainability strategy.
- **Green, social and sustainability-linked bond engagement:** We engage with GSSB issuers before issuance to discuss their framework and its alignment with their overall sustainability strategies and ambitions. Post-issuance, we then perform ongoing dialogue, prioritizing issuers that did not fully meet our initial expectations, with the aim to help them improve their GSSB offering and ensure that issuers publish impact reporting and effectively allocate the proceeds to green and social projects. We also continuously review opportunities to influence the development of the GSSB market and framework, including through regular discussions with other market participants which are part of the bond market ecosystem, such as underwriting banks.
- **AGM/Voting Driven:** Engagement driven by AGM and voting includes meetings with top leadership and/or the Board of investee companies ahead of the AGM to gain clarity around governance issues and let companies know about our voting intentions at the upcoming AGM.
 - We will aim to meet and engage ahead of the AGM of our largest holdings, or whenever we have identified a high-profile or potentially contested resolution.
 - Engagement objectives will be linked to the main area of focus detailed in our Corporate Governance & Voting policy, including (but not limited to) effective board composition, sound remuneration structure, and shareholders' rights.
- **Collaborative:** While most of our engagement is based solely on our own efforts, we also believe that collaborating with other likeminded investors and stakeholders can help us to exercise good governance over the companies in which we have invested. Indeed, using a collective voice is a powerful engagement tool. In most cases, we think collaborative initiatives should serve to bolster and not replace individual engagement. This explains our decision to use a well-thought combination of the two.
 - We adopt a selective approach when deciding which collaborative initiatives we will participate in or support, focusing on topics and groups where we believe our involvement will have a material impact.
 - A complete list of the investor initiatives where AXA IM is involved is available publicly in our Stewardship Report.

Tracking, Escalation, and Conclusion

AXA IM has established a system for tracking engagement progress with investee companies in traditional asset classes, using five stages that set out the range of possible outcomes:



Significant evolution (or lack thereof) in engagement is shared with the ESG Monitoring & Engagement Committee to inform investment platforms and reflect on potential escalation or divestment decisions.

Sometimes the engagement stalls and we need to escalate. Escalation of the discussion through other means and/or at other levels of the hierarchy are options we can utilise in order to progress on our engagement asks. An escalation strategy is therefore determined for every engagement activity, which may include:

- Targeting higher level of the corporate hierarchy;
- Collaborating with other investors (including through joint public statements in certain cases);
- Voting against resolutions at the AGM, and informing investee companies in advance of the AGM of such votes and of the rationale behind them when possible;
- Co-filing resolutions at the AGM;
- Downgrading the company's ESG rating; or
- Divestment.

The use of a specific escalation technique may vary depending on various factors, including geographies but also the type of asset class held in the company in question. Where possible, we will seek to integrate ESG-related concerns raised by fixed income teams or during GSSB-related engagements into our equity-linked voting decisions. We will also seek to use other leverage at our disposal, including requesting higher premiums upon the company's refinancing if material ESG-related concerns have remained unresolved.

More generally, we aim to share to all investment teams significant concerns raised during engagement that have led to escalation, so that they can themselves, when appropriate, raise concerns to the company and ensure uniformity in the message communicated to investee companies.

Where relevant, we will aim to ensure our Public Policy engagement activities will facilitate the achievement of engagement objectives for Corporates, especially when those require changes in regulatory framework.

Engagement process in alternative asset classes

Engagement process in other investment sectors follow the same philosophy, but due to the maturity level and specificities (including a sometime “indirect” positioning) of alternative asset classes, our engagement process may diverge, including with respect to engagement objectives and forms of engagement forms. These specificities are further described below.

AXA IM Alts

Real Estate Equity

Engagement objectives

Real Estate Equity engagement objective aims at proactively supporting tenants in embedding ESG considerations in their use of building facilities to contribute to achieving our ESG objectives. Our engagement approach is framed to ensure its compliance with local regulations, such as France’s Dispositif Eco Efficacité Tertiaire (DEET).

Forms of engagement

We seek to engage directly with the tenant of our real estate equity assets, as well as through the building’s property managers, with the aim to:

- Educate our tenants on ESG to influence behavior and improve buy in: we distribute ESG guides to educate and increase their awareness of ESG issues and the specific features of our assets related to ESG
- Collect data on the asset and leveraging it to create targeted solutions: we encourage our tenant to share utility data information to ensure good visibility on building performance, in order to identify inefficiencies and monitor impact of actions deployed
- Maintain a dialogue with our tenants to understand their present and future needs: one-on-one dedicated ESG meetings are organised between the Real Estate asset management team, tenants and property managers to discuss ESG related topic and identify synergies and areas for cooperation.

Enforcement

We integrate an ESG clause (green lease) as standard (subject to negotiation) to new leases or contract renewal to include expected cooperation on certain ESG issues (share of utility data, cooperation in delivering environmental performance, etc.).

Natural Capital & Impact

Engagement objectives

The AXA IM Impact Investing strategy targets the delivery of market rate financial returns alongside the generation of positive, intentional, measurable and long-lasting impact returns.

We intend to align our prospective investments with applicable AXA IM RI policies, ESG regulations, standards and norms such as the International Finance Corporation’s Environmental and Social Performance Standards, the Environmental, Health and Safety Guidelines of the World Bank and the International Labour Organization.

The nature of our typical investments mean that engagement rather than divestment is the most viable option to ensure the achievement of our objectives.

Engagement forms

- Pre-investment engagement: we conduct an ESG assessment framework to assess investee's performance on a range of material ESG issues (including climate risks; biodiversity; pollution; health and safety; human rights; and governance concerns, amongst others) and identify gaps, risks, and alignment with AXA IM policies and regulations.
- This leads to the definition of an Environmental and Social Action Plan (ESAP), which details actions to be undertaken in relation to the identified areas for improvements, with responsibilities and timelines within which corrective action needs to be undertaken. The ESAP is embedded into legal documents.
- Post-investment monitoring: we continue engaging with investees throughout our investment tenure on impact and ESG issues, directly and through participation on governance committees, and notably to review ESAP execution. Where there are issues of concerns touching on impact or financial performance, the investment team decides an appropriate cause of action relative to investment type, which may include engagement. Issues that cause us concern may include:
 - The assessed environmental and social impact is no longer in line with required or estimated environmental and social impact
 - The investee is drifting from the original impact mission
 - There are ESG risk issues that are not being managed appropriately
 - We see significant risks to achieving either the impact or the financial return.

Alternative Credit

Engagement objectives

We aim at leveraging our size as one of the largest European investors in Collateralized Loan Obligation ('CLO') to promote responsible investment practices. AXA IM will typically stir CLO Managers towards higher standards in terms of ESG, both in their day-to-day corporate management as well as in their investment philosophy.

Forms of engagement

AXA IM will only invest with CLO managers that respect minimal ESG guidelines (such as signatory of a responsible investment international standard such as UNPRI, carbon footprint reduction plan, inclusion program, exclusion policy).

Engagement with compliant CLO issuers then mainly occurs pre-investment. Post-investment, we continue the dialogue in order to clarify our expectations and support issuers in reaching those.

AXA IM Prime

Engagement objectives

AXA IM PRIME aims at creating sustainable value by encouraging and influencing the development of ESG and climate best practices in private markets, despite indirect investor positioning.

Forms of engagement

Pre-investment, AXA IM Prime has a threefold ESG due diligence process built around compliance with AXA IM sectorial exclusion policies, minimum ESG criteria, and ESG score of targets' capabilities.

AXA IM Prime recognizes that the investment/holding phase constitutes an important opportunity for dialogue with third party general partners and managers. Therefore, we have put in place a structured

approach to ESG monitoring and engagement, with the aim of contributing to risk management and sustainable value creation during the ownership/holding phase:

- Monitoring and engagement activities are carried out directly by the investment team in collaboration with the ESG team as required, including as part of annual meetings to monitor and update ESG scores computed as part of the pre-investment ESG Due Diligence phase.
- Structured dialogue also takes place to ensure compliance with AXA IM Prime's ESG integration approach and clauses, assessing positioning against regulatory requirements, ESG innovation & trends, discussing ESG data reporting expectations at entity and portfolio levels, and identifying investment opportunities.

AXA IM Select

Engagement objectives

As a global multi-manager providing investment management and advisory services, AXA IM Select is in a unique position to influence and direct capital and finance towards positive contributions to environment and society thereby facilitating the transition to a sustainable economy. One of the key approaches to achieve it is via engagement with fund and delegated managers which can help to influence, promote and steer towards better ESG integration and stewardship practices, so that they can in turn effectively engage with issuers.

Forms of engagement

Systemic engagement is conducted with firms and their underlying funds through a dedicated ESG Due Diligence, conducted in two parts, the ESG Operational Due Diligence (ODD) assessment which is focused at firm level and the ESG Investment Due Diligence (IDD) assessment focused at fund level. The ESG IDD comprises the following three sections:

- ESG integration that includes ESG approach, Evidence of implementation of ESG approach and any consideration of impact.
- Engagement and stewardship that includes Engagement framework, how engagement is tracked and success measured and evidence of active ownership effecting investment decisions.
- Risk and reporting includes ESG risk monitoring, ESG KPIs, ESG reporting and consideration of climate risk and biodiversity.

The output of the assessment is an ESG score awarded to each fund / mandate. Pre-defined thresholds must be met for funds / mandates to be eligible for investment and if an invested fund / mandate's score drops below the ESG Score threshold, there is an escalation process defined which can ultimately lead to removal from approved buy lists.

All funds / mandates are monitored on a pre-defined regular frequency. Aside from an update of the IDD note, this can also include direct and tailored discussions with the managers covering issues such as their ESG analysis and assessments, priority ESG areas for engagement with issuers, ESG exclusions, SFDR related planning and implementation, existing and new sustainable funds, and increased disclosure.

4. Public Policy Engagement

Involvement with policymakers and industry groups is a key part of our active ownership and stewardship strategy. As the Sustainable Finance regulatory agenda intensifies, we work with regulatory authorities and policymakers to support the development of robust and usable policies to accelerate the transition to a more sustainable world. We advocate for sufficient interoperability at global level, stability to allow for an effective implementation, as well as sufficient consistency between what is done on sustainable finance and real economy policy. In particular, our public engagement work is mainly focusing on:

- Promoting the importance of the long-term nature of asset managers' role and the specificity of the asset management activities.
- Ensuring the regulatory framework under development promotes effective comparability, transparency and robustness in the ESG approaches developed by the financial sector.
- Advocating for relevant and comparable sustainability-related information to become available for a broader scope of issuers.
- Ensuring the protection of our key shareholder rights to maximize effectiveness of our stewardship ability.
- Promoting the adoption of strong sustainability and corporate governance standards.

We do this by directly submitting our views to public policy makers and political institutions, including via direct meetings, responding to public consultations, and providing technical input via government- or regulator-backed working groups or advisory committees.

In addition, AXA IM is an active member of several industry initiatives – at global and local levels – which pursue the same objective. 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. For instance, AXA IM is a member of the EU Platform on Sustainable Finance, and co-chair of the IIGCC policy steering group. A complete list AXA IM membership to industry groups, think tanks, or similar bodies that conduct political engagement is available in our Active Ownership & Stewardship Report, which is updated annually.

To ensure alignment of our public policy work with our broader stewardship and ESG commitments, sustainability-related advocacy work is the responsibility of the Sustainability Strategic Committee, which approves and monitor AXA IM ESG-related advocacy strategy and priorities.

5. Voting

At AXA IM we consider voting to be a crucial aspect of our fiduciary duty to clients and of being an active shareholder. It is an opportunity to influence the company, and our voting and engagement activities are closely aligned. Voting at company meetings is an important part of how we communicate with investee companies, and we regularly engage companies before and after the vote. Voting may also occasionally also be used as an escalation option if we believe that engagement on a thematic issue has stalled.

AXA IM has established a Corporate Governance Committee which is responsible for overseeing the implementation of AXA IM's Corporate Governance & Voting Policy to the companies in which we are invested on our clients' behalf. The Committee's role is to ensure that our votes are pragmatic and take account of the investment perspectives and particular circumstances of relevant companies.

We vote in a manner that is intended to be beneficial to the long-term, sustainable value of the companies in which we invest. We vote against items at annual meetings where we consider that the specific proposals are not in the best interests of our clients. These include wide-ranging concerns such as suitability of individual directors, board oversight of key risks and strategy, executive pay, dividend and capital related issues and diversity as well as transparency and reporting. We also vote against proposals as a method to escalate our engagement when it is not sufficiently progressing, especially as related to our key thematic.

While local best practice codes may adopt different approaches, we expect all companies to seek to closely align with our core global governance principles which set out the fundamentals of corporate governance. AXA IM considers these principles in conjunction with our region-specific policies in our voting and engagement activity, with all companies globally.

AXA IM publicly discloses its voting. It is updated on a quarterly basis and we provide the rationale for why we voted against management. These reports are accessible on our website.

Our voting policy can be found [here](#), or via the Stewardship page on our website.

6. Reporting and Transparency

At AXA IM, we are committed to providing transparency and regular reporting on active ownership, both internally and externally.

Every engagement in traditional asset classes is recorded following the event. Each and every time an interaction with a company is logged, an engagement report is uploaded and made visible to AXA IM Core investment teams. This ensures that our engagement activities and their progresses are available across listed asset classes. The concentration of engagement reports on a dedicated platform is key to provide our internal stakeholders and our clients a fund-specific reporting on engagement.

For external stakeholders and clients, we report on our engagement activities through:

- Engagement reports at fund level for funds integrating ESG criteria in traditional asset classes are available on AXA IM Fund Center. These reports include information on the number and types of engagement conducted and the level of progress when those are engagement with objectives⁴. They are available on demand for dedicated funds / mandates⁵ ; and
- An annual Active Ownership & Stewardship Report. It is published annually on the AXA IM website. The intention of this report is to demonstrate the evolution and impact of our engagement programme through our activities during the current year. While our belief is that long-running confidential and constructive discussions based on trust is often the most effective way to create change over time, we also value transparency and may publicly communicate in this report on our engagement activities in selected cases.

Lastly, we also have a dedicated Active Ownership section within the Responsible Investment Part of the AXA IM website.

⁴ Unless local regulatory guidance prevents the publication of such report.

⁵ Customised reports can also be provided if requested by clients (e.g. PLSA, ICSWG).

7. Scope of application

The philosophy of our engagement policy applies across all asset classes, although certain engagement mechanisms may vary depending on the asset class type. For traditional asset classes, the transversal governance of our engagement activities enables us not to differentiate between equity or bond holdings when conducting engagement with investee companies (although use of specific escalation tactics may differ).

The policy applies in principle to all portfolios under AXA IM's management, subject to asset classes specificities described in the policy, including dedicated fund and third-party mandates, unless the client has given different instructions for its mandate.

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