



redefining / standards

AXA Group Policy on Controversial Weapons

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 investments in businesses involved in the production of certain weapons is complementary to the AXA Global RI Policy.

Background

In recent years, the production and use of certain weapons (see below) has been deemed unacceptable under international conventions, and even illegal within certain jurisdictions.

- *Anti-personnel landmines*¹ are landmines designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons. Anti-personnel landmines, which do not discriminate between civilians and military personnel, violate humanitarian law. Their production and use is outlawed by the Ottawa Convention since 1997. Since 2008, certain countries have also passed legislation banning investments into the manufacturers of these weapons.
- *Cluster bombs / cluster munitions*² are a conventional airborne munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms (Oslo convention definition), and includes those explosive submunitions. These are designed to explode on the ground upon impact. Some of them fail to explode and pose a threat to civilians after hostilities have ceased. This failure to discriminate between civilians and combatants is, again, a violation of international humanitarian law. Therefore, cluster bombs were banned by the 2008 Oslo Convention. See <http://www.clusterconvention.org/ratifications-and-signatures> for regularly updated list of signatories as well as countries having ratified the convention. Since 2008, certain countries have also passed legislation banning investments into the manufacturers of these weapons.
- *Depleted uranium*: the use of depleted uranium in military equipment (plating and ammunitions) generates significant long-term health effects and as such is banned by certain legislations.
- *Chemical & biological weapons* are banned by several international conventions
- *Nuclear weapons proliferation* is banned by the Non Proliferation Treaty.

AXA has taken steps to terminate business ties with manufacturers of these weapons and/or key components (see below), as well as companies found to be breaching the nuclear Non Proliferation Treaty.

¹ The definition is based on the definition included in the Mine Ban Treaty (also referred to as Ottawa Convention).

² The definition is based on the definition included in the Convention on Cluster Munitions text as agreed by the States Parties at the Diplomatic Conference for the Adoption of a Convention on Cluster Munitions, held in Dublin in May 2008.

Scope

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

In addition, AXA Investment Managers has taken the decision to divest holdings in companies that produce or sell anti-personnel landmines, cluster bombs or depleted uranium from the retail mutual funds (non-index based) that it manages.

The Group also decided that the divestment list should be also applied – to the extent possible -- by AXA's operational entities vis à vis their customers. Since insurance business contracts cover specific business activities (vs. investments in securities, which are made at the level of a holding company often), the following approach has been defined:

- No new corporate business with controversial weapons producers targeted by Group investment exclusion policy should be engaged.
- Corporate business with controversial weapons producers targeted by Group investment exclusion policy should be run off and not renewed whenever possible.

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. The RIC is responsible for reviewing, and if necessary updating, this policy and will do so on a regular basis.

AXA has hired the services of a specialized external information provider to identify controversial weapons producers. The list of weapons producers that they have identified is regularly updated following new developments. The list is confidential.

Investment principles

AXA's "controversial weapons" divestment list contains:

- Companies involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of controversial weapons and their key components.
- Companies owning 50% or more of an excluded company are also blacklisted.
- Affiliates of an excluded company are not blacklisted, unless involved in the production / use / distribution of controversial weapons. If an affiliate is found to be involved in controversial weapons, whether directly (manufacturing) or indirectly (financing a manufacturer), it will feature on the blacklist.

Note: due to the clandestine nature of chemical and biological weapons production, as well as the fact that the Non Proliferation Treaty is strictly enforced and monitored by the United Nations, no such manufacturer has been identified to date. Nonetheless, should any company be found to be breaching the NPT or manufacturing chemical or biological weapons, AXA will request that potential investments, whatever their nature, i.e. among others but not limited to shares, debt securities or loans, by AXA Group companies in these companies be terminated immediately.