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## **AXA GROUP POLICY ON INVESTMENTS IN PALM OIL PRODUCTION, AGRICULTURAL LAND, TIMBERLAND AND FORESTRY**

### **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 related to palm oil production, agricultural land, timberland and forestry is complementary to the AXA Global RI Policy.

### **Background**

The palm oil, agricultural land, forestry and timberland industries pose unique environmental and social challenges, including biodiversity loss, greenhouse gas emissions, unsustainable land use and labor issues. As an investor, AXA will endeavour to promote responsible investment practices whenever it is exposed to these asset classes.

### **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.

This policy has been formulated by reference to existing standards of global best practice. AXA recognises that responsible investing best practice may evolve. The RIC is responsible for reviewing, and if necessary updating, this policy position on a regular basis.

Compliance with certain investment principles detailed below is based on specialist ad hoc research as well as the identification of related controversies and declarative engagements from investment partners.

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### **Investment Principles**

#### Palm oil production

The most supported standard of good practice is represented by the Roundtable for Sustainable Palm Oil (RSPO, see [www.rspo.org](http://www.rspo.org)). AXA therefore expects its investment managers and CIOs (for direct investments) to ensure that they invest in companies that have achieved or commit to achieving RSPO Certification.

In addition, AXA avoids investing in palm oil companies that have:



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- Not achieved or committed to achieve RSPO certification or other internationally recognised certification
- Unresolved land rights conflicts
- Are unable to prove the legality of their operations and complied with all laws and standards
- Have not undertaken social and environmental impact assessments
- Have not consulted with stakeholders prior to commencing operations
- Have undertaken illegal logging

#### Timberland, forestry and agricultural land

AXA values forests as an asset class and is likely to pursue its forest investments in the future. Nevertheless, AXA encourages its investment managers and CIOs (for direct investments), to ensure that they invest in forestry operations that are certified by internationally recognised standards, or demonstrate a credible path towards certification.

In addition, AXA avoids investing in companies that conduct logging operations in:

- Primary Tropical Moist Forest<sup>1</sup>
- High Conservation Value Forest (HCVF)<sup>2</sup>, unless the Precautionary Principle is applied and conservation-based management plans which deliver preservation or enhancement of the high conservation values are implemented;
- Critical Natural Habitats<sup>3</sup> ;
- Logging operations that are in violation of local or national laws in respect of illegal logging;
- Logging operations that include any species listed in Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)<sup>3</sup> ;

AXA also avoids investing in companies which are directly involved with:

- The purchase, trade or process timber from the above sources;
- Illegal logging and the uncontrolled and/or illegal use of fire in their forestry or plantation operations (including the preparation of land for planting);
- Conversion of Primary Tropical Moist Forest or HCVF to plantation / agricultural land use.

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<sup>1</sup> **Primary Forest** : a relatively intact forest that has been essentially unmodified by human activity for the previous 60 / 80 years. Tropical moist forest is defined as a forest in areas that receive not less than 100 mm of rain in any month for two out of three years and have an annual mean temperature of 24 C or higher. Also included in this category are some forests (especially in Africa) where dry periods are longer but high cloud cover causes reduced evapotranspiration. See eg. [http://www1.ifc.org/wps/wcm/connect/587f618048855cb18c7cde6a6515bb18/OP436\\_Forestry.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/587f618048855cb18c7cde6a6515bb18/OP436_Forestry.pdf?MOD=AJPERES)

<sup>2</sup> **High Conservation Value Forests (HCVF)**: forest areas containing or providing globally, regionally or nationally significant concentrations of biodiversity values; including rare, threatened or endangered ecosystems; providing basic nature services in critical situations and fundamental to meeting basic community needs and critical to traditional cultural identity. See eg. <http://www.fsc.org/152.html>

<sup>3</sup> The **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** is an international agreement between governments aiming to ensure that international trade in specimens of wild animals and plants does not threaten their survival. See <http://www.cites.org>