

Responsible Investing

Soft commodity derivatives policy



Institutional investors commonly gain exposure to commodity markets via commodity derivatives, namely exchange traded future contracts. There is a growing debate regarding whether financial investors in food commodity derivatives are responsible for artificially inflating the price of basic food commodities, leading to increasing future prices. However, while the link between hunger and food prices is relatively plain, the relation between commodity derivatives trading and food price increases and volatility is less clear among academics. Indeed many other factors impact prices such as energy prices, climate change, rising demand for agriculture products and grain-led livestock. In this ongoing debate, AXA IM has made the decision to not invest in food commodity derivatives.

AXA IM has been a member of the PRI¹ since 2007 and is committed to promoting responsible investment (RI). For these reasons, the Management Board of AXA IM decided in December 2014 to implement a policy for investments related to soft commodity derivatives

AXA IM strives to not participate in short-term instruments (such as commodity futures, ETF, based on food (“soft”) commodities or enter into speculative transactions that may contribute to price inflation in basic agricultural or marine commodities (such as wheat, rice, meat, soy, sugar, dairy, fish, and corn).

¹ Principles for Responsible Investments

Scope

Portfolios

The policy applies in principle to all portfolios under AXA IM's management, including dedicated funds and third-party mandates unless the client has given different instructions for their mandate.

The policy does not apply:

- to funds of funds composed of funds which are not under the management of AXA IM. When possible, AXA IM will choose asset managers that have committed to these principles,
- to index funds,
- to funds of hedge funds,
- to direct real estate and infrastructure assets.

For certain structured assets such as Collateralized Loan Obligations ("CLOs"), Mutual Securitization Funds ("FCT" in French) and other securitization products, the policy does not apply on divestment if the conditions of sale are not met.

The policy applies on direct product investments with no look-through.

Entities

This policy applies to AXA IM and to all of its subsidiaries worldwide. It applies to Joint Ventures when AXA IM's stake is 50% or higher.

Instruments

This policy applies to short term instruments (commodity futures, EFT)