

**AXA Private Equity :
Delivering on the UN Principles for Responsible Investment (UN PRI)**

Responsible Investment

Launched in 2006, the UN Principles for Responsible Investment (UN PRI) are a set of voluntary best-practice standards that asset owners and asset managers pledge to uphold in order to incorporate environmental, social and governance (ESG) issues into their investment processes and shareholder practices. These principles were developed by the United Nations Secretary-General and coordinated by the UN Environment Programme Finance Initiative and the UN Global Compact.

AXA Private Equity considers environmental, social and corporate governance (ESG) issues to be a core component of its investment philosophy and processes.

We strongly believe that compliance with these Principles will result in superior investment performance over the longer term and create shareholder value.

We are proud to be a signatory since May 2009 to the UN Principles for Responsible Investment which we have reproduced below.

The Principles for Responsible Investment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with the broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. Incorporating ESG issues into investment analysis and decision-making processes

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers and external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

Our actions:

We have included an ESG section in our memorandum of investment presented to Investment Committee for both Direct and Funds of Funds activities

2. Being active owners and incorporating ESG issues into our ownership policies and practices

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

Our actions:

We are monitoring once a year our ESG actions for all portfolio companies (publication in our annual report). Specific focus on ESG evaluation of our latest LBO mid-cap fund companies.

3. Seeking appropriate disclosure on ESG issues by the entities in which we invest

Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
Ask for ESG issues to be integrated within annual financial reports
Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
Support shareholder initiatives and resolutions promoting ESG disclosure

Our actions:

Our funds of funds team has established a questionnaire that includes a full ESG section, which will encourage the entities in which we invest to disclose their ESG-related actions

4. Promoting acceptance and implementation of the Principles within the investment industry

Include Principles-related requirements in requests for proposals (RFPs)
Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
Communicate ESG expectations to investment service providers
Revisit relationships with service providers that fail to meet ESG expectations
Support the development of tools for benchmarking ESG integration
Support regulatory or policy developments that enable implementation of the Principles

Our actions:

We are sponsoring the first conference in France on how the private equity industry is to take into account ESG issues.

5. Working together to enhance our effectiveness in implementing the Principles

Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
Collectively address relevant emerging issues
Develop or support appropriate collaborative initiatives

Our actions:

We issued our own Corporate Social Responsibility Charter

6. Reporting on our activities and progress towards implementing the Principles

Disclose how ESG issues are integrated within investment practices
Disclose active ownership activities (voting, engagement, and/or policy dialogue)
Disclose what is required from service providers in relation to the Principles
Communicate with beneficiaries about ESG issues and the Principles
Report on progress and/or achievements relating to the Principles using a 'Comply or Explain' approach
Seek to determine the impact of the Principles
Make use of reporting to raise awareness among a broader group of stakeholders
The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.

Our actions:

We have dedicated a section on ESG issues in our annual report and created a specific section on our website