

19<sup>th</sup> September 2012

# Mind the Gap: Experienced Engineers Wanted



Maxime Le Floch

# Asset Management is core to the AXA Group

## Focus on AXA IM's positioning within the AXA Group, a world leader in Financial Protection

### Financial Strength Ratios

AA- (Standard & Poor's), AA- (Fitch), Aa3 (Moody's)\*  
€91 billion of revenues\*  
€3,9 billion in underlying earnings\*

### A Worldwide Presence

No. 1 Insurance Brand\*  
93 million clients\*  
214,000 professionals\*  
(employees and exclusive distributors)



**The financial robustness and overall solidity of our parent - one of the rare financial players which strongly withstood the crisis without any public financial support, coupled with its high expectations, gives us a strong competitive edge**

\*Source: AXA Group, as at year-end 2010.

\*\* At 31/03/2012.

# A multi-expert business model which enables us to offer our clients the best of several worlds



## INVESTMENT SOLUTIONS

€117 bn of assets\*

■ ASSET LIABILITY MANAGEMENT

■ MULTI-ASSET INVESTMENTS

### FIXED INCOME

€287 bn of assets\*



### EQUITIES

€41 bn of assets\*



€25 bn of assets



€16 bn of assets

### ALTERNATIVES

€83 bn of assets\*



€4 bn of assets



€20 bn of assets



€41 bn of assets



€18 bn of assets

- A large robust yet agile multi-expert organisation which offers the most relevant products and services, whatever the market cycle
- Empowered teams of experts, focussed on their asset class and committed to delivering investment excellence
- Asset class-focussed expertises which can rely on the support of transversal support teams, thereby enabling AXA IM to afford best-in-class talents and set-ups and meet the highest standards of service & execution:
  - The Investment Strategy team
  - The Responsible Investment team
  - The Risk Management team
- Collaborative teams of experts working together to create solution-driven value:
  - Constant idea cross-fertilisation to discuss inter and intra asset class issues across market cycles
  - Creation and provision of tailored, multi-asset class investment solutions

**Our multi-expertise allows us to combine different management styles and asset classes in order to devise tailored investment solutions**

\*As at 31/03/2012.

# Responsible Investment at AXA IM

## Our Mission

### Transform investing

“ We believe that RI can help deliver superior risk-adjusted returns for our clients over the long term. That is why we embed global ESG research across all asset classes and provide investors the opportunity to select the level of ESG integration that best fits their needs and objectives. It’s how we redefine investment solutions.”



Matt Christensen  
Global Head of Responsible Investment

## Our Team

The RI team is composed of **10 professionals with 14 years average experience** in both ESG and traditional financial analysis.

**RI Search®**, our unique ESG platform, is used by the team to integrate fundamental and quantitative ESG research into investment decisions.

[www.axa-im.com/ri](http://www.axa-im.com/ri)

## Our Differentiation

### Pure RI funds

- ▶ Thematic strategies driven by proprietary ESG research
- ▶ Third-party label awarded to all our RI funds
- ▶ Quality assurance through external audit

### ESG Embedded into AXA IM's mainstream funds

- ▶ ESG scoring at portfolio and security level
- ▶ Portfolio management with the integration of ESG research
- ▶ Active stewardship through engagement and voting over all client shareholdings

### Tailored RI solutions

- ▶ Customised mandates specific to client ESG factors
- ▶ Engagement overlay services
- ▶ Reporting and control, including carbon and ESG footprint analysis

RI Search® - our unique ESG research platform



# Key messages

Mid-career gap is a **long-term structural trend** within the industry likely to be increasingly felt by companies

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Potential negative impacts range from increased **safety risks** to **costly project delays**

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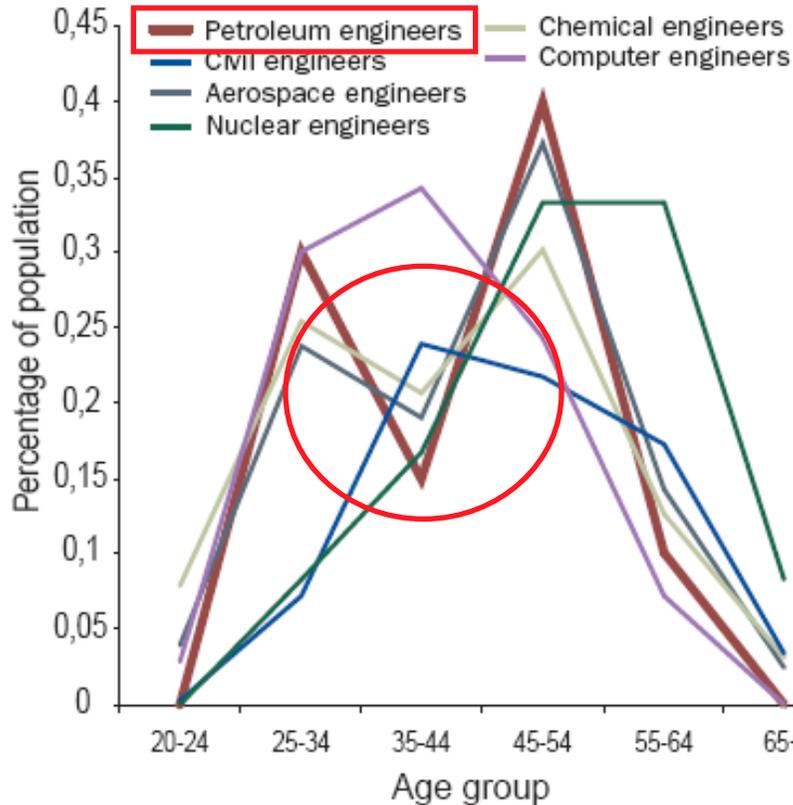
Not all companies are equal: those most exposed to **particular regions** of skill shortages and **complex projects** will be more at risk

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More focus on **training** and human capital **strategies towards developing countries** will help companies to cope

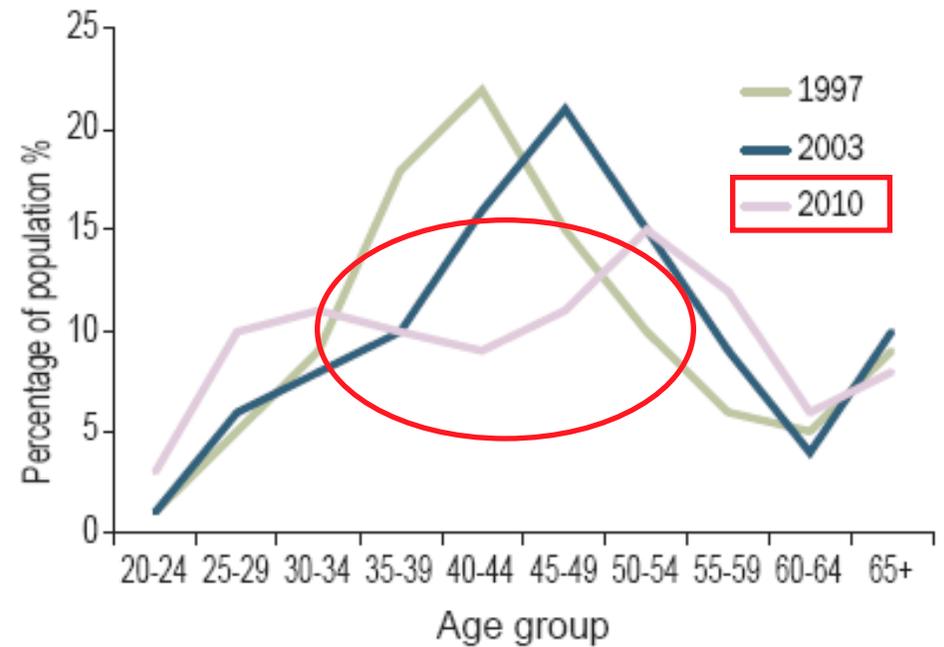
# The “mid-career gap” is here to stay

Graph 1: Age distribution per occupation, US, 2010



Source: Bureau of Labor Statistics, 2010

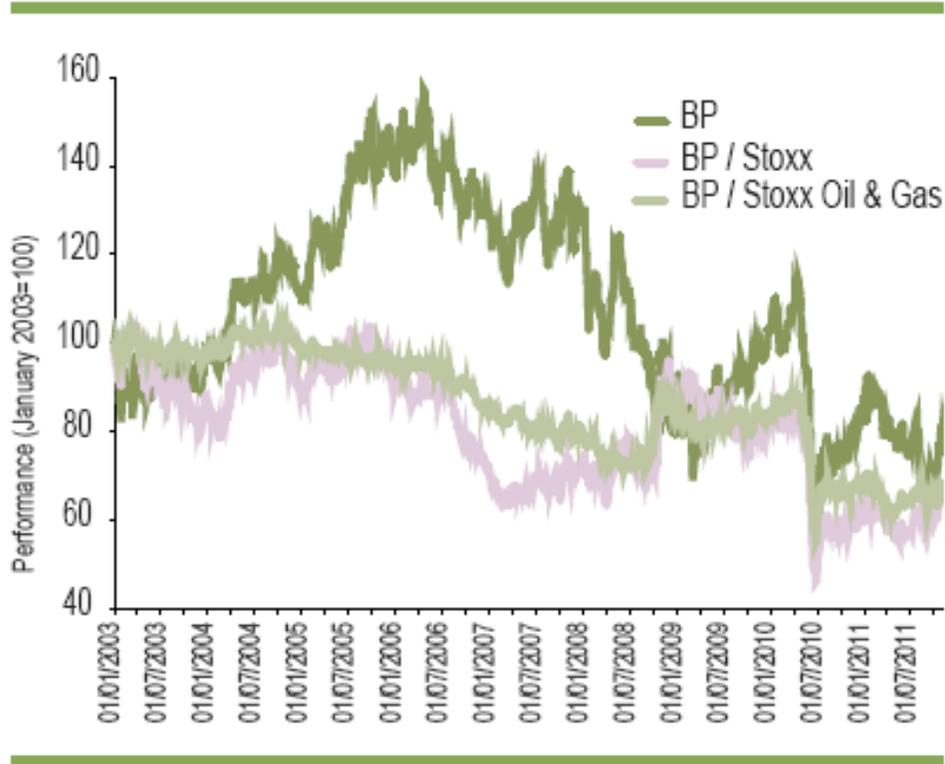
Graph 2: Age distribution of members of the Society of Petroleum Engineers



Source: Society of Petroleum Engineers, 2010

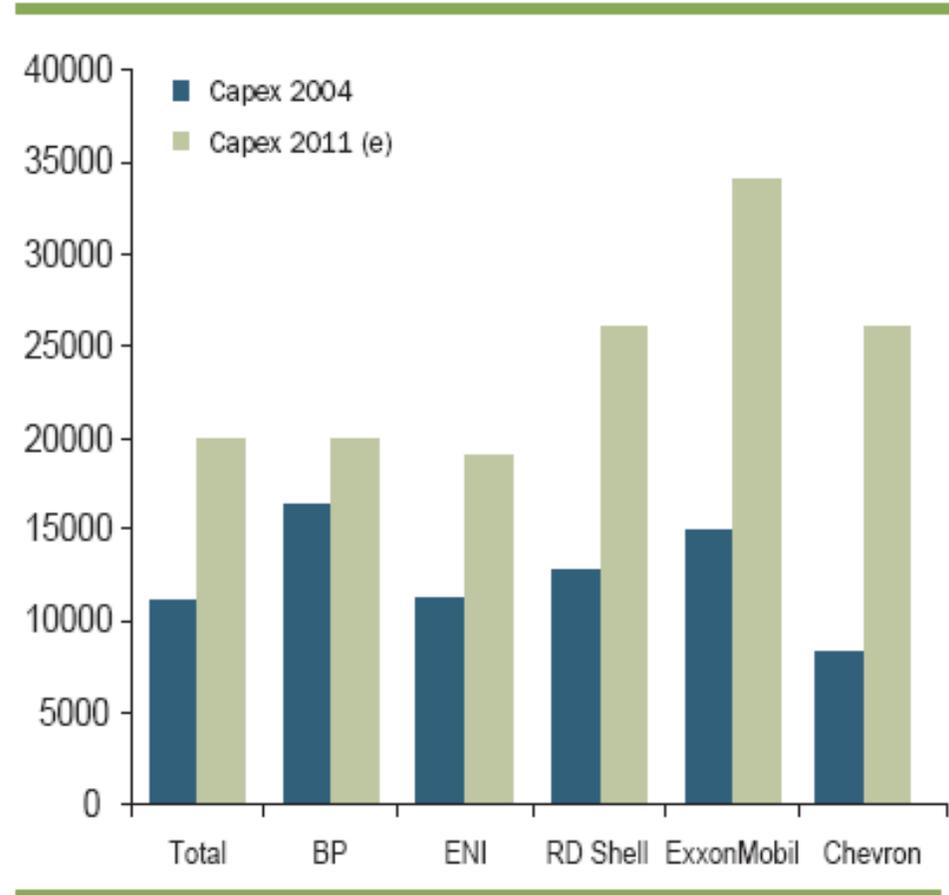
# Why is it important? Safety risk & project costs

**Graph 4: Market Performance of BP (2003-2011)**



Source: Society of Petroleum Engineers, 2010

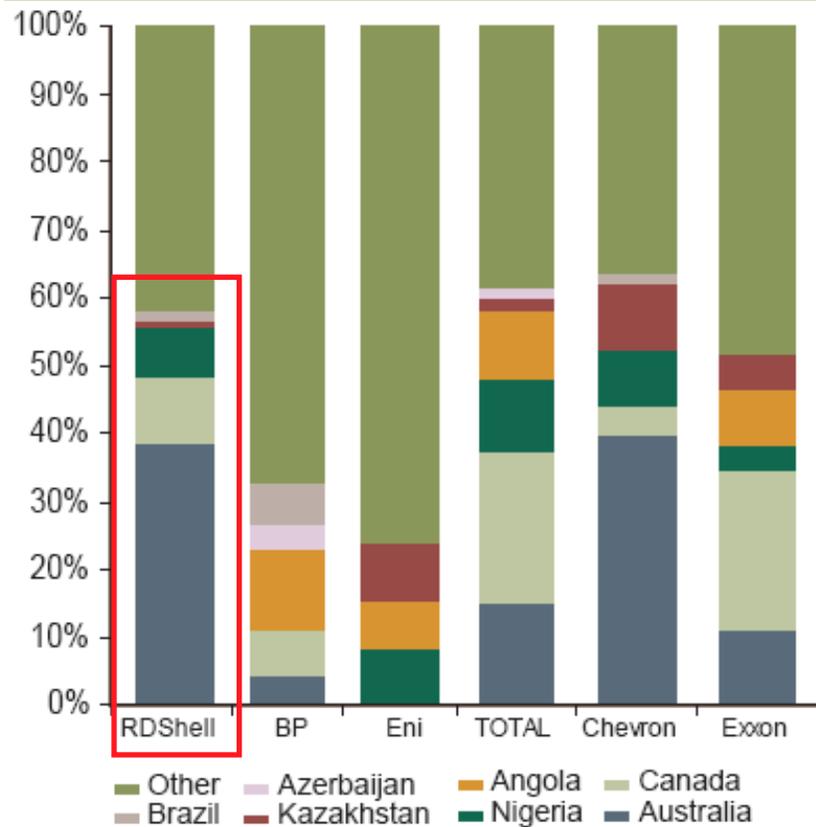
**Graph 5: Capex trend (in USD millions)**



Source: Companies' presentations 2011, Natixis 2011

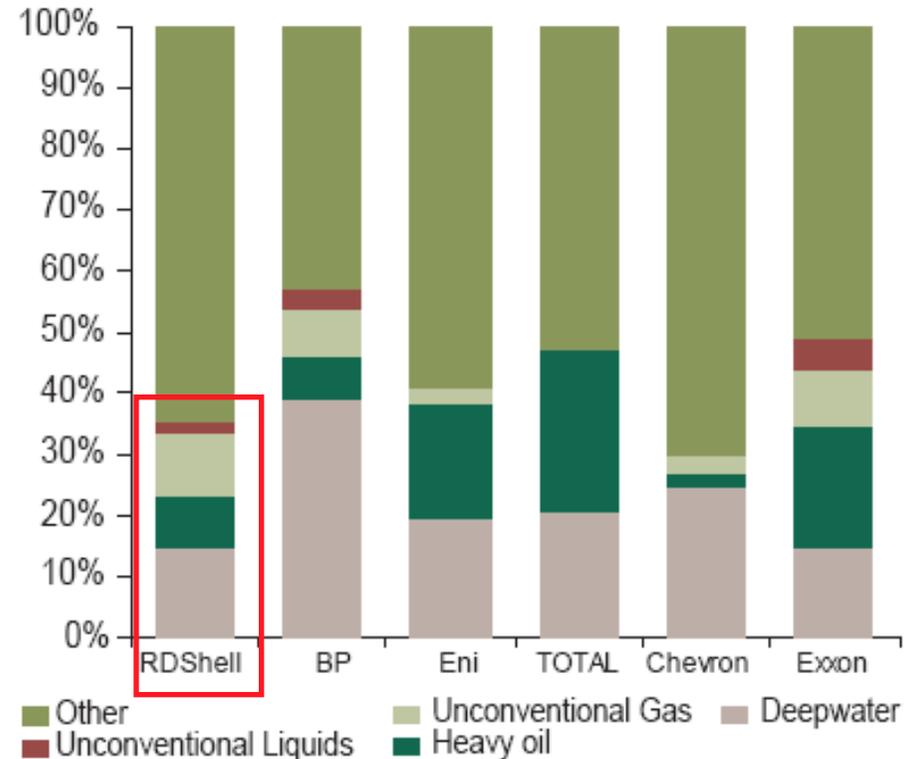
# How to gauge companies' exposure to skill shortages

**Graph 7: Percentage of oil majors 2015 capex in skill shortages regions**



Source: Goldman Sachs, 2010

**Graph 8: Complexity of oil majors projects (percentage of 2015 capex)**



Source: Goldman Sachs, HSBC, September 2011

# Summary of exposure

**Table 2: Summary on risk exposure**

	Exposed to skill shortage regions <sup>1</sup>	Exposed to complex technical project <sup>1</sup>	Social Indicators <sup>2</sup>	Conclusion <sup>3</sup>
BP	2	3	14	19
Shell	3	2	10	15
Total	3	2	6	11
ENI	1	2	11	14
Chevron	3	1	15	19
ExxonMobil	3	3	13	19

(1) 1 <= 30% capex    2 > 30%-50% capex    3 > 50% capex

(2) see conclusion of the table External reporting on Human Capital Indicators

(3) the higher the number, the higher the risk exposure.

Source: AXA IM 2011

# What can be done?

More emphasis on **training** than is currently done

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Consistent & long-term **partnerships and funding with universities**

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More focus on attracting employees from **attracting employees from developing countries**

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A clear and specific **strategic plan** to address the mid-career gap

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Thank you for your attention

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