June 2024

Sustainable Finance Disclosure Statement
AXA Investment Managers

Document's objective

The European Union has launched an ambitious Sustainable Action Plan in order to support the delivery of the objectives of the European Green Deal by channeling private investment into the transition to a climate-neutral, climate-resilient, resource-efficient and fair economy. As part of this action plan, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended, the "SFDR") was enacted in November 2019. It introduces new rules on disclosures related to sustainable investments and sustainability risks, which are applicable from March 10, 2021.

This document provides the entity-level information related to sustainability risk policies and adverse sustainability impacts required under Articles 3 and 4 of the SFDR, and in application of the SFDR Delegated Regulation (EU) 2022/1288.

For purposes of this document's objective, under SFDR, "sustainability risks" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, and "sustainability factors" means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. "Principal adverse impacts" (PAI, or "principal adverse sustainability impacts" – PASI) refers to the impacts of investment decisions that result in such material negative effects on any of the aforementioned sustainability factors.

Disclaimer: In a context of recent implementation of sustainable finance regulatory requirements in the EU, which are expected to continue to evolve over the next years, the presented approach is subject to change.

June 2024

Table of content

June 2024

Scope of this document

AXA Investment Managers ("AXA IM") has implemented a global set of policies and investment processes across its entities, which aims at ensuring a consistent approach on the integration of Environmental, Social and Governance ("ESG") factors.

The information provided in this document relates to the following legal entities, which, as financial market participants, are subject to the SFDR disclosure requirements. The table below also specifies in which asset classes AXA IM in-scope entities are invested:

Legal Entity Name	LEI	Types of asset class managed
AXA Investment Managers Deutschland GmbH	2138008Q2ZUL58MR3R34	Listed assets (corporates, sovereigns & supranationals); Real estate assets; Alternative credit assets
AXA Investment Managers Paris S.A.	969500S4JU30ML1J3P20	Listed assets (corporates, sovereigns & supranationals); Alternative credit
AXA IM Prime[1]	213800OKNOARAYXCQ208	Private markets assets (including funds of funds) & funds of hedge funds
AXA Investment Managers UK Limited[2]	213800PZDUGEXMRMKR15	Listed assets (corporates, sovereigns & supranationals); Real estate assets; Infrastructure assets; Alternative credit; Private market funds of hedge funds
AXA Real Estate Investment Managers SGP S.A.	2138003CWF7Z28U7S234	Listed assets (real estate corporates); Real estate assets; Infrastructure assets

Introduction to AXA IM approach to Responsible Investment

AXA IM is progressively incorporating ESG factors with respect to each class of assets it manages, and in the development of a range of innovative responsible- and impact-investment products.

AXA IM has been involved in Responsible Investment (RI) for more than 20 years and believes that being a responsible asset-management company is crucial to our long-term success. We believe that ESG factors can influence not just the management of investment portfolios across all asset classes, sectors, companies and regions, but also various interests of our clients and a wide range of other stakeholders.

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[1] AXA IM Prime is not required to consider the principal adverse impacts (PAIs) of investment decisions on sustainability factors as, of its balance sheet date, it had less than an average number of 500 employees during the financial year. AXA IM Prime does currently consider the PAIs of investment decisions on sustainability factors at entity level under Article 4 of the SFDR. However, because it invests in a wide range of private asset classes with minimal reliable data coverage of PAI indicators, it has decided not to disclose a PAI Statement as for the year 2023. Nevertheless, AXA IM Prime plans to disclose how PAIs are considered in investment decisions under a PAI Statement starting 2025 as for the year 2024, and is considering disclosure at product level starting 2024.

[2] AXA Investment Mangers UK Limited is a financial market participant (FMP) covered by the SFDR, being a non-EU alternative investment fund manager (AIFM) which manages one or more EU alternative investment funds (AIFs). AXA Investment Managers UK Limited is not required to consider the principal adverse impacts of investment decisions on sustainability factors as, of its balance sheet date, it had less than an average number of 500 employees during the financial year. AXA Investment Managers UK Limited does not currently consider the PAIs of investment decisions on sustainability factors at entity level under Article 4 of the SFDR. This is because it invests in a wide range of asset classes on behalf of funds under management with varying, and in some cases, minimal reliable data coverage of PAI indicators. Accordingly it is of the view that aggregating PAI indicators across all asset classes does not provide investors with meaningful or decision-useful information on how their investments impact sustainability factors. AXA Investment Managers UK Limited therefore considers it more appropriate to disclose at product level, rather than at entity level, whether and if so, how, PAIs are considered in investment decisions.

Our investment philosophy is based on the conviction that issues relating to sustainability factors are and will remain a major concern for the coming decades. We believe that combining important extra--financial factors' with traditional financial criteria will help us build more sustainable portfolios that improve long-term returns. The non-financial approach has become a necessity in multiple ways:

1. It is instrumental in removing direct investments or underlying assets from portfolios when they cause exposure to high levels of ESG risks, which would ultimately affect financial performance;
2. It helps focusing on companies that have implemented best practices regarding the management of their environmental impacts, social practices and governance, and whose responsible practices leave them better prepared, in our view, to meet the major challenges of the future, or on improving assets' performance regarding ESG factors; and
3. It enables improved performance by means of active dialogue with investee companies on managing ESG concerns and limiting our clients' exposure to ESG-related reputational risks, as well as through dialogue with other key stakeholders related to our investment activities to embed them in our ESG strategy (e.g., governments, real estate tenants, general partners).

As highlighted by recent non-financial regulatory evolutions, many ESG factors can be analysed from two complementary perspectives:

- impact on the development, performance, or position of a company or an asset, as well as on the financial value of an investment in a broad sense (*i.e.*, "financial" materiality), referring to the integration of sustainability risks in their investment decision-making process following Article 3 of SFDR;
- external impacts of the company's or investment's activities on ESG factors (*i.e.*, "environmental, social and governance" materiality), referring to the consideration of principal adverse impacts of investment decisions on sustainability factors (PAI, or principle adverse sustainability impacts – PASI) following Article 4 of SFDR.

AXA IM's RI policies and processes address both impacts, guided by an RI Framework that is organized by the following three pillars:

1. ESG quantitative and qualitative research;
2. Exclusion policies;
3. Stewardship policies.

Besides, as part of SFDR requirements, we have published our approach to SFDR sustainable investment for traditional asset classes (*i.e.*, listed corporate and sovereign issuers)[3], which is available on AXA IM's website[4]. Approaches for alternatives asset classes[5] are under progress[6], and being developed in conjunction with industry best practices.

[3] At AXA IM, traditional asset classes encompasses both corporates and sovereigns listed equities and bonds, including green, social and sustainability bonds (GSSB) and sustainability-linked bonds (SLB).
[4] Sustainable Finance | AXA IM Corporate (axa-im.com)
[5] At AXA IM, alternatives asset classes encompass direct real estate property, commercial real estate (CRE) debt, infrastructure debt & equity, leveraged loans, collateralised loan obligations (CLOs), asset-backed securities (ABS), insurance-linked securities (ILS), regulatory capital (RegCap), non-performing loans (NPL), our impact investments (in companies, projects and funds), as well as private market assets managed by AXA IM prime and non-listed private equity and debt managed through our subsidiary CAPZA.
[6] A SFDR Sustainable Investment methodology is in place for the AXA IM Private Markets Impact funds categorised as Article 9, which is available on demand.

I. AXA IM approach to integrate sustainability risks

With respect to the financial products that it manages as well as investment advice it provides, when necessary, AXA IM manages the sustainability risks of its financial products and its investment advices using an approach derived from the integration of ESG criteria in its research and investment processes. We have implemented a framework to integrate sustainability risks in investment decisions based on sustainability factors, thereby notably relying on our sectorial and normative exclusion policies on the one hand and our proprietary ESG scoring methodologies on the other.

Both policies and methodologies are described further below.

We believe that these policies contribute to the management of sustainability risks in two complementary ways. Exclusion policies aim to exclude assets exposed to the most severe sustainability risks identified in the course of our investment decision-making process. Additionally, the use of ESG scores in the investment decision process enables AXA IM to seek lower sustainability risks and helps us decide whether to focus on assets with an overall better ESG performance or to ascertain a current level of ESG performance of our assets and improve it over time.

Complementing these global approaches, AXA IM has also integrated specific sustainability risk assessments within investment processes for those portfolios for which market-based data or ESG scoring methodologies do not exist, such as within specific non-listed asset classes.

This framework helps us to ensure that we consider how sustainability impacts the development, performance, or position of a company or an asset, as well as how it materially affects their financial value in a broad sense (financial materiality). It also helps us to assess the external impacts of an asset's operations and activities on ESG factors (ESG materiality).

This framework is complemented with:

- In-house ESG research on key themes, including climate change, biodiversity, gender diversity and human capital management, responsible tech as well as on corporate governance, which is supported by broker research as well as information from regular meetings with companies, participation to conferences and industry events. This research helps us to better understand the materiality of these ESG challenges on sectors, companies, asset type and countries.
- Internal qualitative ESG and impact analysis at the company-, asset-, and country-level.
- ESG Key Performance Indicators (KPIs): across all main asset classes, investment teams have access to a wide range of extra-financial data and analyses on ESG factors. More specifically, for traditional asset classes and certain alternative credit ones, a package of E,S, and/or G KPIs including PAI indicators is available in internal front office tools, thereby facilitating the analysis and comprehension of ESG performance at the issuer level. To this end, we leverage our relationship with ESG data providers such as MSCI, S&P Global Trucost, Sustainalytics and Reorg Findox[7] to enrich the quality of our data and analysis. For some alternatives asset classes related to direct project financing, such as Real Estate, Infrastructure, Funds of funds and Funds of hedge funds, ESG indicators are sought from the underlying investment or asset through due diligence questionnaires and annual reviews, supported by sector specific proprietary ESG scoring methodologies.
- Stewardship strategy[8]: we adopt an active and impactful approach to stewardship (engagement and voting), where we use our weight as a global investment manager to influence the practices of companies, key stakeholders and markets. In doing so, we strive to reduce investment risk and enhance returns as well as to drive positive impact for our society and the

[7] Full list of ESG data providers is available AXA IM's annual Climate report (joint TCFD / Article 29 Law Energy Climate report) available on our website: Sustainability Policies and Reports | AXA IM Corporate (axa-im.com)

[8] See AXA IM's Stewardship & Engagement policies: Stewardship & Engagement | Responsible Investing | AXA IM Corporate (axa-im.com)

environment. These are key to achieving sustainable long-term value creation for our clients. Our engagement policy is further described below.

If such sustainability risks materialise in respect of any investment, they may have a negative impact on the financial performance of the relevant investment. AXA IM does not guarantee that the investments are not subject to sustainability risks to any extent and there is no assurance that the sustainability risks assessment will be successful at capturing all sustainability risks at any point in time. Investors should be aware that the assessment of the impact of sustainability risks on the performance is difficult to predict and is subject to inherent limitations such as the availability and quality of the data.

1. Sectorial & normative exclusion policies

Sectorial and normative exclusion policies are the first pillar of AXA IM's approach to sustainability risks and PAI. Exclusion lists are based on data provided by third party providers and aim to enable AXA IM in excluding those assets exposed to significant sustainability risks or that may have a significant adverse impact on sustainability factors from its contemplated investments.

Our sectorial and normative exclusion policies are focused on the following categories of ESG factors, with specific exclusion criteria defined for each:

- Environmental (E): climate (coal mining and coal-based energy production; oil sands production and oil sands-related pipelines; shale and tight oil & gas; arctic oil & gas), and ecosystem protection & deforestation (palm oil & derivatives; soy meal, oil & derivatives; cattle products; timber products);
- Social (S): health (tobacco products), labor, society and human rights (violations of international norms and standards[9]; controversial weapons manufacturing; white phosphorus weapons producers; exclusion of investments in securities issued by countries where serious violations of Human rights are observed) and soft commodities (food commodities derivatives);
- Governance (G): business ethics (severe controversies, violations of international norms and standards), corruption (severe controversies, violations of international norms and standards).

Overall, the vast majority of AXA IM assets[10] have implemented these sectorial exclusions, which are also described in the following policies detailed in the table below:

- AXA IM Climate risks policy;
- AXA IM Ecosystem protection & deforestation policy;
- AXA IM Soft commodities policy;
- AXA IM Controversial weapons policy.

In addition, AXA IM financial products which have ESG characteristics or which have sustainable investment as their objective (i.e., SFDR Article 8 or 9 products) have implemented additional ESG exclusions through the AXA IM ESG Standards policy.

[9] UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

[10] At end of 2023, 85% of eligible assets (*i.e.*, traditional and real assets) applies all our sectoral exclusion policies. The remaining 15% comprise strategies which are out of scope of the policy for technical reasons (see below), client opt-outs and exemptions. Our sectoral and normative exclusion policies apply to all direct product investments under AXA IM's management, excluding – for technical reasons – funds of funds composed of funds which are not under the management of AXA IM, index funds, funds of hedge funds, nor tenants in real estate portfolios. They apply to AXA IM and all its affiliates worldwide, to joint ventures where AXA IM's stake is 50% or higher, and to funds for which the management is delegated to one of our joint ventures. Joint ventures (JVs) are excluded from this figure. Assets managed for AXA Group (i.e., €416bn assets at end of 2023) are also excluded from this calculation, as AXA Group applies its own Responsible Investment policies. This results in €331bn accounted third-party assets as of December 31st, 2023.

Set of Policies	AXA IM RI Sectorial Policies	AXA IM ESG Standards
Environmental	**Climate** (coal mining and coal-based energy production; oil sands production and oil sands-related pipelines; shale and tight oil and gas; arctic oil and gas) **Ecosystem protection & deforestation / Biodiversity** (palm oil & derivatives; soy meal, oil & derivatives; cattle products; timber products)	
Social	**Human Rights** (Controversial Weapons) **Soft commodities** (food commodities derivatives)	**Health** (Tobacco products) **Labor, society and human rights** (violations of international norms and standards; white phosphorus weapons producer; exclusion of investments in securities issued by countries where serious violations of Human rights are observed)
Governance		**Business ethics** (severe controversies, violations of international norms and standards) **Corruption** (severe controversies, violations of international norms and standards)

Further details on these sectorial and norm-based exclusion policies and their scope of application are available on the dedicated section of AXA IM's website[11].

Starting 2024, exclusions related to i) tobacco products and ii) countries with severe human rights violations will be converted into two new standalone sectorial policies, therefore applying to most of AXA IM assets under management (AuM) except for those assets previously mentioned as being out of scope for technical reasons

2. ESG scoring methodologies

One of the challenges faced by investment managers when integrating sustainability risks or PAI in their investment process is the limited availability of relevant data. Such data is not yet systematically disclosed by issuers, investee companies tenants, borrowers or other counterparties, or, when disclosed, it may be incomplete or may follow differing methodologies. Moreover, most of the information used to establish the exclusion lists or determine ESG factors is based on historical data, which may not be complete or accurate or may not fully reflect the future ESG performance or risks of the investments.

The methodologies for exclusions policies and ESG scoring applied by AXA IM are regularly updated to take into account changes in the availability of data and of methodologies used by issuers or made available by industry-specific or sectorial frameworks to better disclose ESG-related information, but there is no assurance that such ESG methodologies will successfully capture all ESG factors.

For **traditional asset classes** (*i.e.*, listed corporate equity & debt, and sovereign debt) managed by AXA IM Core:

- AXA IM has implemented scoring methodologies to rate issuers on ESG criteria. We have recently adopted a single-provider ESG scoring model which is coupled with an overlay of AXA IM's own analysis. Named Entitled Q^2 (Qual and Quant), this new and enhanced qualitative and quantitative approach offers increased coverage and a fine-tuned fundamental analysis, as well as providing a structured score. The Q^2 methodology takes the MSCI ESG scoring model as a starting point and allows to increase the coverage its provides: when MSCI doesn't provide a rating for an issuer, AXA IM ESG analysts can provide a documented, fundamental ESG analysis, which in turn will be transformed into a quantitative ESG score following MSCI's methodology for aggregating pillars and for normalizing scores. Such coverage-enhancing ESG scores are referred to as "qual-to-quant". When MSCI does fully cover an issuer but AXA IM's ESG analysts disagree with MSCI's ESG assessment, for example because the assessment is based on scarce and/or outdated data, a documented, fundamental ESG analysis can

[11] Policies and reports | AXA IM Corporate (axa-im.com)

be submitted to the peer review of the ESG Monitoring & Engagement Committee (ESG M&E), chaired by the Head of AXA IM Research. If the ESG M&E Committee validates the analysis, it will be transformed into a quantitative ESG score and will override the existing, previously prevailing MSCI score.

- For listed corporate issuers, the severity of controversies logged into MSCI's model is continuously assessed and monitored to ensure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores;
- The data used in these methodologies include greenhouse gas (GHG) emissions, water stress, health and safety at work, supply chain labour standards, business ethics, energy security risk, wellness. AXA IM rates issuers on ESG criteria (listed corporates and sovereigns) based on quantitative data and/or qualitative assessment from internal and external research;
- These ESG scores provide a standardised and holistic view of the performance of issuers on ESG factors and enable to promote both Environmental and Social factors, as well as to increasingly integrate ESG risks and opportunities in the investment decision.

For alternative asset classes managed by AXA IM Alts, a specific set of methodologies based on both quantitative and qualitative data has been developed, given the significant lack of reliable, accessible, and relevant data available. These methodologies include (i) the assessment of sustainability risks across all asset classes through ESG due diligence, and/or (ii) the use of proprietary ESG methodologies (including ESG scoring or ESG factors monitoring, assessing country, counterparty, and asset/project ESG factors. For multiple asset classes, these methodologies form only one part of the broader sustainability risk assessment performed on investments. More specifically:

- For direct real estate property: The ESG rating methodology is a proprietary tool initially developed in 2016 in line with regulation and industry benchmarks requirements, such as BREEAM-in-use and GRESB, used to integrate the expectations of the main stakeholders related to ESG-performance and to guarantee the coherence of AXA IM's ESG commitments at the asset level. In 2021,this rating grid has been further developed to integrate new risks (e.g., climate-related physical risks), and to reflect evolving impact indicators, sectorial frameworks, and regulations. The assessment is linked to the performance of a building over a defined period and therefore takes into account criteria that can be measured at the asset level. All E, S and G pillars are linked to the building itself or to its management method and are defined in a way that allows the evaluation of any type of physical real estate asset, regardless of its asset class (residential, office, hotel, etc.).

- For commercial real estate (CRE) debt and infrastructure equity & debt: ESG criteria are taken into consideration during the due diligence and investment committee process. A scoring methodology specific to these asset classes was developed in 2016 for the purpose of allocating an ESG score to these assets, with various set of indicators and assessments for each asset class.

- For leveraged loans & private debt: For new loans and bonds issued by corporates that are not rated by methodology for traditional asset classes, another scoring methodology is put in place based on data provider Reorg Findox through its ESG solution; for all other corporates we apply the same methodology than for traditional asset classes.

- For other alternative asset classes (*i.e.*, CLOs, ABS, mortgages, NPL, ILS, and RegCap): proprietary ESG scoring methodologies capturing their specificities through quantitative and qualitative indicators and related assessment have been developed in 2021.

For other private asset classes, as for funds of funds managed by AXA IM Prime, ESG scores are assessed at manager and fund level through proprietary ESG Due Diligence & Monitoring Questionnaires assessing firm and fund responsibility for primary and co-investments for all AXA IM Prime expertises (i.e., private markets, including private equity, private debt, infrastructure equity, and hedge funds), as well as direct strategies (general partner level scoring). A tailored approach applies to secondaries investments.

Further details on AXA IM ESG Methodologies and their scope of application are available on AXA IM ESG methodologies handbook available AXA IM's website[12].

3. Governance & internal controls

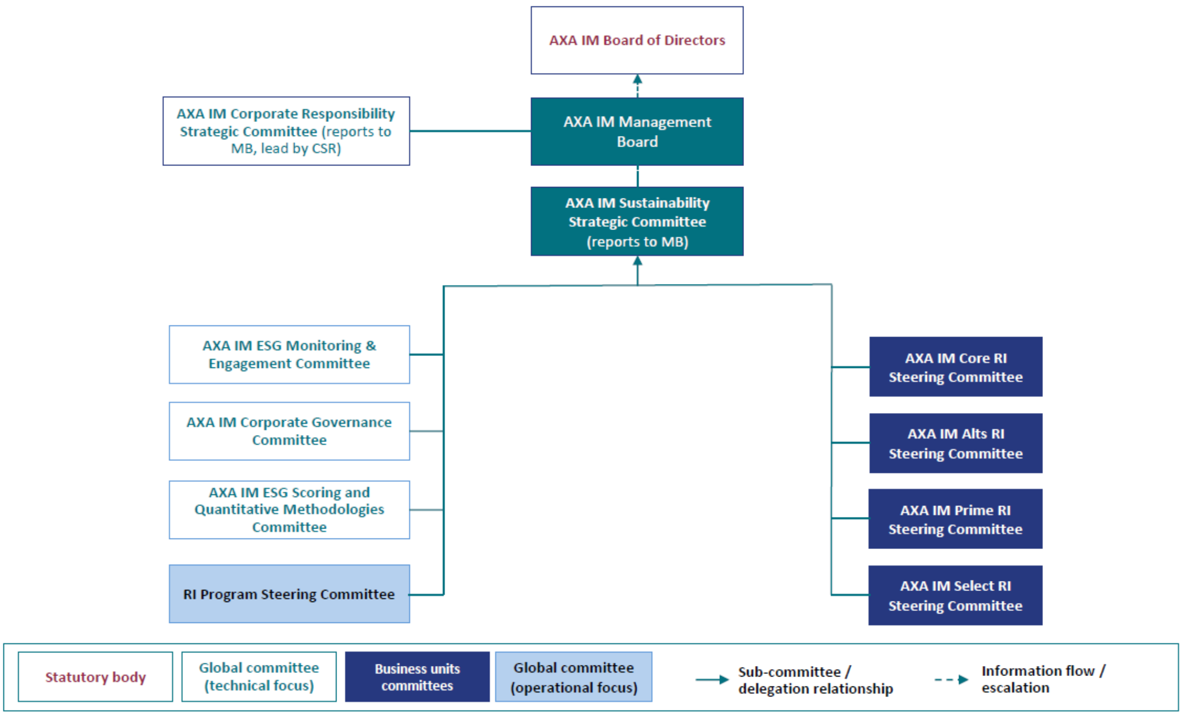
Governance & committees

9AXA IM's RI governance structure was reviewed in Autumn 2023 , as part of the integration of the two new AXA IM business lines Prime and Select and the reorganisation of the RI and Corporate Responsibility ("CR") activities by AXA IM's Management Board. The changes resulted in significant enhancements in our endeavour to further embed ESG within all AXA IM business units, including AXA IM Prime and AXA IM Select. The new organisation allows AXA IM to:

- redefine and strengthen its RI Strategy across its activities, covering both traditional and alternative asset classes;
- improve collaboration and synergies between the two main business units and better consider specificities of each asset class;
- ensure alignment with our own operations and practices through joint work with the CR team.

The governance structure helps AXA IM to ensure its integration of sustainability risks into investment decisions is sufficiently robust and transparent for all its clients and external stakeholders.

AXA IM RI Governance and Committees



Source: AXA IM, November 2023.

[12] See more on AXA IM website: axa-im.com/our-policies-and-reports

Main committees & frequency of meetings	Objectives
AXA IM Board of Directors *(At least five times a year)*	• Validates key components of AXA IM RI strategy at AXA IM Group level and regulation directly or through the sub-committees of the Board (Audit and Risk Committee / Remuneration and Nomination Committee), including entity-level sustainability regulatory reports and AXA IM-wide commitments.
AXA IM Management Board *(Monthly)*	• Validates AXA IM RI strategy as well as changes to RI policies (exclusion, voting, engagement), AXA IM-wide commitment, and sustainability regulatory reporting at the entity-level.
AXA IM Sustainability Strategic Committee *(Monthly)*	• Proposes AXA IM's RI strategy and monitors its delivery, including RI policies, AXA IM-wide commitments, and investment components of the Monitor and ESG-linked remuneration. • Validates: o Material quantitative methodologies (e.g. ESG scoring, SFDR SI, carbon footprint) and the choice of material ESG data providers, o RI product frameworks with a regulatory lens, o Shareholder Engagement priorities (themes, focus-list including climate laggards), o Positions on material sustainable finance consultations. • Consulted on Bus RI product strategy from a business perspective. • In those contexts, it considers how AXA IM and AXA Group Sustainability strategies interact.
AXA IM ESG Scoring and Quant Methodologies Committee *(Bi-monthly)*	• Validates methodologies for less material quantitative methodologies, business specifications for ESG metrics, and the regular refresh of ESG scores and SFDR SI datasets. • Reviews annually the quality of service of ESG data providers.
AXA IM Corporate Governance Committee *(Three times a year)*	• Proposes AXA IM's corporate governance and voting policy. • Validates voting decisions on selected resolutions (for accounts which follow AXA IM's policy).
AXA IM ESG Monitoring & Engagement Committee *(Monthly)*	• Validates ban-lists updates. • Validates ESG-scores overrides. • Reviews progress on engagement activities.
Business Units RI steering Committees *(At least quarterly)*	• Validates Bus RI product strategy from a business perspective. • Recommends the RI product framework with a regulatory lens, as well as quantitative methodologies and metrics. • Consulted on other relevant topics ahead of the SSC.
RI Program steering committee *(Every 6 weeks)*	• Monitors progress of RI-related projects with an operational focus.
Global Risk Committee *(Weekly)*	• Consulted on the RI product framework and exclusion policies with an operational lens. • Informed on entity-level regulatory reporting.

Source: AXA IM, November 2023.

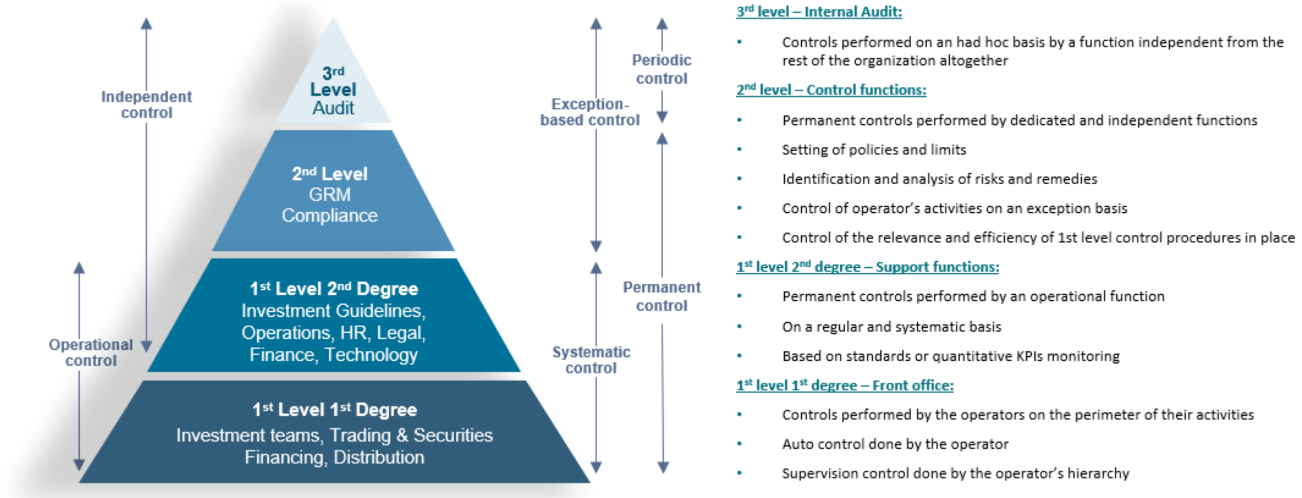
Internal controls & audit

All our ESG policies and integration factors are covered by AXA IM's control framework, with responsibilities spread between the first level of controls performed by the business, the second level of controls performed by dedicated teams, and the third level of controls performed by internal auditors.

Standard level of internal controls

ESG-related investment guidelines contain issuers banned following our exclusion policies, as well as the eligibility criteria and rules of sustainability-related labels, for those funds which have been rewarded one. The guidelines are monitored at multiple levels of the organization, specifically by:

- The portfolio management teams;
- A dedicated Investment Guidelines (IG) team or equivalent with independent and systematic pre- and post-trade controls;
- The Compliance department with *ad hoc* controls on the work performed by the IG team;
- The risk management department assessing the likely impact of sustainability risks in the products' return;
- The Audit department performing periodic controls.



Source: AXA IM, 2023.

The first layer of control consists of the front office and its support functions. Firstly, investment teams perform controls before any trade. For traditional and alternative assets, ESG KPIs are integrated in these investment team's Front Office tools, allowing them to regularly analyse and monitor each individual holding and the entire portfolio's position on ESG factors and related metrics throughout the investment process. Their work is monitored by each business unit's Chief Operational Officer (COO), who ensures that the fund managers divest from all investments in restricted companies and do not invest in restricted companies absent new instruction. For traditional assets for example, funds' specific responsible investment objectives are reported in monthly Investment Oversight Forums. Following the update of the eligible universe and/or the ban lists, portfolio managers divest from assets based on these rules, thereby considering a client's or the fund's best interest. The work of investment teams is supported by multiple teams.

The second level of control consists of control functions review where the Compliance and Risk Management departments oversee the adherence of regulatory requirements and the management of risks through control plans which cover RI-related process and take part in our RI governance committees. Firstly, the Investment Guidelines (IG) team develops specific 'rules' based on top-level RI policies, ESG standards, and other fund-specific commitments that the investment teams should respect when selecting issuers within their eligible universe. The IG team and its equivalents then perform independent and systematic pre-and post-controls on whether funds adhere to these rules. Secondly, the Compliance department carries out ad hoc controls on the work performed by the IG team. They also monitor day-to-day regulatory changes, in close cooperation with the investment teams, investment professionals, and Risk Management department. The latter department works with AXA IM Core specifically by assessing the likely impact of sustainability risks in their products' return and by classifying them at the appropriate risk level (low, medium, or high). At AXA IM Alts, this assessment is performed by the internal controls team for Real Estate & Infrastructure, and by the business teams for other alternative asset classes.

Lastly, at the third level of our pyramid, the Audit department performs periodic controls according to an annual risk-based audit plan, which is approved and monitored by our governance bodies, in particular the AXA IM Audit & Risk Committee. Higher risk areas and those that are required by regulations to be covered regularly are subject to audits on a more frequent basis compared to the less risky areas, which are covered over a longer cycle.

Moreover, as part of the sustainability-related regulatory changes, AXA IM leads several working groups that are in charge of monitoring changes related to responsible investment, to define our position, set up action plans and to adapt our commercial offer. In addition, we participate and share our views with industry bodies such as the EFAMA and regulators.

Additional level of internal control for Real estate direct property

Direct property provides AXA IM Alts with ability to collect directly actual data. We utilize both internal and external data controls to ensure the quality of the data. Throughout the data collection process, automated and manual data controls are undertaken through an ESG data management platform for real estate properties by asset managers, the AXA IM Alts RI team and an external auditor. Automated alerts have been set in our platforms to flag any inconsistency in the data collected or potential risks. Several alerts, which flag sensitive information, have been set in our platforms to flag any inconsistency in the data collected or flag potential risks, and are a mandatory stage of the data collect process for our property managers, who are incentivised on their ability to comply on our data collect requirement. At the end of the data collect process, qualitative and quantitative data automatically populate various ESG rating forms. Asset managers are required to verify and validate the data directly implemented in the form and RI team performs additional data control by performing several consistency tests.

II. AXA IM approach to consider adverse sustainability impacts

1. Identification and prioritisation of PAI

Following the double materiality perspective, AXA IM is using the aforementioned sectorial & normative exclusions and ESG scoring methodologies to address the PAIs of its financial products.

The sectorial exclusions are linked to specific industry sectors which have been identified as having some of the most severe PAI, such as the impact of palm oil on biodiversity, or of coal and oil sands on climate. These sectorial exclusions represent the most important tool for avoiding PAI.

To enable a prioritisation of PAI which is relevant for each industry sector and for each asset class, AXA IM further applies our ESG scoring methodologies. PAI are also generally identified and assessed through ESG KPIs such as GHG emissions or respect of human and labour rights.

For traditional asset classes managed by AXA IM Core, AXA IM uses its Q^2 methodology described above which mainly relies on ESG scores provided by MSCI and is applied to all corporate and sovereign issues. MSCI incorporates controversies analyses in its ESG Rating model. On top of that, in on our AXA IM ESG Standards policy, we take into account severe controversies, reflecting events in which the issuer has had a material negative impact on E, S or G factors, for which we rely on Sustainalytics' Controversies Research methodology and internal qualitative analyses. We furthermore avoid investing in issuers with a low ESG score[13] and in those facing severe controversies, for which we rely on both external and internal analysis.

AXA IM has developed specific ESG scoring methodologies for some alternative asset classes as described above, which includes the identification of relevant PAI for different types of asset classes. While for certain asset classes we are currently limited in meaningfully assessing these impacts due to a lack of high-quality information, data, and indicators, AXA IM will continue to gather, where available, information and data on PAI of our investments.

Moreover, for funds which have a sustainability-related label (*e.g.*, French SRI label, Towards Sustainability's Quality Standard, LuxFLAG), further reporting on ESG KPIs is expected as part of the labelling schemes, leading to an enhanced consideration of PAI for these fund ranges.

Since 2023, for the purpose of reporting on our PAI across all our portfolios for our aggregated entity-level PAI statement (for each legal entity mentioned above) and for product-level reporting for our range of SFDR Article 8 and Article 9 funds, we rely on:

- For traditional asset classes (managed by AXA IM Core): data provided by S&P Global Trucost;
- For alternative asset classes (managed by AXA IM Alts)[14]:
  - For direct real estate property and CRE debt: directly collected data from surveys;
  - For infrastructure equity & debt: data collected by surveys and proxy data provided by Iceberg Data Lab;
  - For ABS, ILS and SRT: data provided by MSCI (Carbon Delta), S&P Global Trucost and Bloomberg;
  - For leveraged loans and CLOs: data provided by Reorg Findox;
  - For Natural Capital & Impact : data provided by ClimateSeed and direct surveys;

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[13] All issuers below 1.43 (out of 10) in the Q^2 methodology.

[14] For investments in funds managed by external managers or delegations (mainly Capza), we rely on data provided by the managers themselves.

- For **private markets funds of funds** (managed by AXA IM Prime): annual tracking of all PAIs on SFDR Article 8 and 9 funds, from underlying investments, including AXA IM additional PAIs, via an annual ESG data collection campaign with fund managers.

The list of ESG factors and data sources are periodically reviewed to best reflect AXA IM analysis of PAI priorities and ESG quality of issuers. However, the ESG modelling process executed by our investment managers is complex and involves research, modelling and sometimes assumptions, embedding a certain degree of uncertainty in the way the consideration of PAI impact i) investment decision-making, and ii) most important the sustainable transition in the real economy. Although a rigorous selection process of such third-party providers is applied with a goal of providing appropriate levels of oversight, its processes and proprietary ESG methodologies may not necessarily capture all sustainability risks and, as a result, AXA IM's assessment of the PAIs on the product's return may not be entirely accurate or unforeseen sustainability events could adversely affect the portfolio's performance.

In addition, and whilst a thorough selection process has taken place to define the data providers supporting the implementation of regulatory requirements in relation with PAI, data quality and coverage remain an issue as the indicators are at this stage not reported in a standardised or mandatory manner by investee companies. In addition to ongoing engagements with its data providers, AXA IM has joined a collaborative initiative led by the CDP early 2023, aimed at enhancing the awareness and reporting of such PAI data by investee companies within the European Union and beyond. AXA IM is supportive of the systematic inclusion of PAI indicators in the future CSRD requirements.

2. Description of PAI and action plans

As previously mentioned, AXA IM has developed several frameworks aiming to capture the relevant PAI for each main type of issuers, which are detailed in Appendix 1.

In a context of recent implementation of sustainable finance regulatory requirements in the EU and their expected continuous evolvement, the presented approach is subject to change.

Description of PAI

While for **traditional asset classes**, the approach to assess PAI is the same for each asset sub-class and exclusively based on data from S&P Global Trucost, for **alternative asset classes**, PAI are specific to the asset sub-class in question and based on data from different providers. These are then united into an as overall ESG approach across asset classes for the main PAI. For example, for real estate assets, AXA IM Alts RI teams assesses indicators such as energy efficiency and GHG emissions themselves and develops specific asset level plans to address them when AXA IM has management control. For our impact investments, as part of the AXA IM Impact Investing Strategy, we have established a framework for the management of ESG issues that takes into account the applicable ESG regulations, standards and norms. This framework is used to identify the ESG risks associated with each impact theme and investment and details a range of actions that will be taken to manage and mitigate relevant ESG risks. For certain alternative asset classes, where there is limited information and data currently available, action plans will be assessed and implemented when quantitative information on PAIs is available.

Action plans related to the consideration of PAI

At entity-level

On **climate**, following its decision to join the Net Zero Asset Managers initiative (NZAMi)[15] in December 2020, AXA IM worked on the reinforcement of its climate strategy throughout the year to set its Net Zero targets and drive meaningful environmental impact change. As part of the first NZAMi progress report, AXA IM published its Net Zero target in October 2021, thereby

[15] AXA IM to join the Net Zero Asset Managers initiative and to commit to net zero emissions goal | AXA IM Corporate (axa-im.com)

committing to apply net zero approaches to 15% of our AuM[16]. This target was subsequently revised in April 2022[17] to cover 65% of the AuM. Since then, we have developed and are progressively ramping up a net zero framework for traditional asset classes, which follows industry standards[18] and uses internal and external information to determine the net zero profile of companies.

On **biodiversity**, we have strengthened our strategy to better integrate the challenges relating to biodiversity protection in our investment process, fundamental research, and our engagement strategy. We work in close collaboration with data providers to develop metrics to measure impact of our investments on biodiversity ecosystem services (biodiversity footprint) we apply to all listed corporate assets since 2023. The measurement of the biodiversity footprint represents an aggregation of various PAI representing the pressures on ecosystems generated by human activities, namely: water and air pollution; land artificialization, exploitation and pollution; and climate change.

At fund-level

Overall, **for all traditional asset classes**, AXA IM monitors on an annual basis at minimum the ESG score and GHG emissions of its worldwide holdings, as well as a selection of ESG-related (incl. climate-related) indicators depending on the asset class.

More specifically, for **Article 8 and Article 9 products from traditional asset classes**, the ESG reporting available for our ESG-integrated products includes an enhanced climate section, when relevant, combining historic metrics (carbon intensity for scope 1 and 2 as well as upstream scope 3) as well as forward-looking ones (including implied temperature rise and proportion of companies with Science-Based Targets in the portfolio). Since 2023, this reporting also includes the net zero profile of the portfolio. For most of our funds, the implementation of net-zero targets is based on the entity-level net zero strategy which defines specific objectives for various asset classes. However, for some funds adhering to the SRI label, carbon intensity objectives at fund level are defined[19].

For **Article 8 and Article 9 funds from alternative asset classes**, since 2023, the ESG reporting available for our Article 8 and Article 9 products includes, when the appropriate data is available and when it is relevant, an enhanced climate section including GHG emissions. In addition, we collect actual data for all direct real estate properties within our external ESG data management platform. All buildings in scope are qualified to get a clear understanding of scope of responsibilities and assets characteristics within a maximum of 15 months after a building is acquired. Qualitative data are updated on a yearly basis to reflect improvements brought to the asset. Quantitative data (energy, water, waste) are collected manually on a yearly basis (during the first quarter). Since 2021, we deploy data collect automation wherever possible to ease data collect and improve data quality.

For **Article 8 and Article 9 private markets funds of funds**, PAIs are considered on a qualitative basis through the implementation of AXA IM or AXA Group (depending on portfolios) sectoral exclusion policies & AXA IM ESG Standards, and PAI data are collected through an annual ESG data campaign, with information requested directly from the fund manager.

3. Engagement policy

AXA IM has adopted an overarching engagement policy[20] which we use to conduct regular dialogues with investee companies improve issuers' practices with a specific objective in mind, on behalf of our equity and bond holdings.

This Engagement Policy describes AXA IM engagement process with corporates and governments, individually and as part of collaborative initiatives.

[16] NZAM-Progress-Report.pdf (netzeroassetmanagers.org)
[17] NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf (netzeroassetmanagers.org)
[18] The Task Force on Climate-related Financial Disclosures, the IIGCC, the CREEM and the GermanWatch Climate Change Performance Index
[19] See also the dedicated section on the French SRI label in the ESG report of the concerned funds, available on AXA IM Fund Center: Fund Centre - AXA IM - Core (axa-im.com)
[20] Our Policies | AXA IM Corporate (axa-im.com)

As for our engagement with corporates, at AXA IM we have rolled out a clear process for selecting priorities, defining engagement objectives and a system for tracking engagement progress, with a range of possible outcomes and escalation points, as follows:

- Selection of priorities:
  - We seek to engage companies across our ESG themes in a constructive manner with identified and achievable goals. We challenge companies on their strategy and risks, financial and non-financial performance, and their commitments to increase their environmental, social, and governance performance and mitigate their adverse sustainability impacts;
  - More intense engagement is deployed for a focus list of companies which is revised at least annually. The list is extracted from a broad engagement universe put together by the RI Expert teams, based on various inclusion criteria (*e.g.* materiality, size of exposures, thematic priorities, etc.) and validated in the ESG Monitoring & Engagement committee. A specific focus is made in sectors which are targeted by AXA IM RI policies (incl. Climate risks policy, Ecosystem Protection & Deforestation policy)[21];

- Definition of engagement objectives: we distinguish regular dialogue conducted with investee companies around their sustainability practices (referred to as "sustainability dialogue") from active engagement with specific, identified objectives (referred to as "engagement with objectives"):
  - Sustainability dialogue is key in establishing and developing a constructive relationship with the company, as well as gaining insights its policies and practices. However, while it may feed into future potential targeted engagement, this type of dialogue is less intensive and mainly aims at gathering information;
  - In the case of engagement with objectives, which seek to influence change at investee companies, we define clear objectives and targets related to key ESG metrics, and the timeframe we consider appropriate to see progress depending on the nature of the objectives;
  - This engagement policy, combined with our Corporate Governance and Voting policy, allows AXA IM to consider PAIs.

- Governance of the engagement process:
  - For engagement with objectives, we share these objectives with investee companies at the outset of the engagement, and systematically track and record the progress of engagement as described below. Where there is little progress, we will escalate the engagement in an appropriate fashion;
  - While our belief is that long-running confidential and constructive discussions based on trust is often the most effective way to create change over time, we also value transparency and may communicate externally on our engagement activities in selected cases.

- Tracking, escalation, and conclusion of the engagement: AXA IM has established a system for tracking dialogue and engagement progress with investee companies in traditional asset classes:
  - Every time an interaction with a company is logged, an engagement report is uploaded and made visible to all AXA IM investment platforms.
  - Escalation of the discussion through other means and/or at another scale is sometimes considered to progress on our engagement queries. An escalation strategy is therefore determined for every engagement activity, which may include:
    - Targeting higher levels of the corporate hierarchy;
    - Collaborating with other investors (including through joint public statements in certain cases);
    - Voting against resolutions at the AGM, and informing investee companies in advance of the AGM of such votes and of the rationale behind them when possible;
    - Co-filing resolutions at the AGM; or
    - Divestment.

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[21] Sustainability Policies and Reports | AXA IM Corporate (axa-im.com)

Engagement is about change, which is why the AXA IM engagement program is set up with achievable milestones, deliverables, and reporting. We acknowledge changing cultural behaviour rarely happens overnight. Some companies might be more willing to listen to us than others. In most cases, it will need several interactions before reaching any concrete progress.

Our engagement policy is complemented by a more forceful mechanism for companies that are considered to be materially lagging behind peers on a given environmental topic or fail to meet baseline expectations and therefore represent a higher risk: the Three Strikes and You're Out mechanism. Clear objectives are defined for each of those companies, which follow our engagement policies and are tailored to their activities and communicated to their management at the inception of the engagement. AXA IM engages regularly with those companies to steer them to achieve progress on those objectives, using escalation techniques when necessary (*e.g.*, voting against management). If the objectives have not been achieved after three years (for climate, *i.e.*, if progress on their net zero path is not considered sufficiently substantial), we will divest. This mechanism applies to a selection of companies which do not have net zero climate commitments, or which have quantified emission reduction targets which are deemed not be credible or demanding enough (*i.e.*, climate laggards). A similar approach, although less systematic, may also be taken for engagement on other ESG themes, if the desired outcome has not been reached.

As for our engagement with governments, as the Sustainable Finance regulatory agenda intensifies, we work with regulatory authorities and policymakers to ensure that public policy supports an investment environment which seriously considers sustainability and responsible investment issues. Our public engagement particularly aims to helping ensure that the regulatory framework under development promotes effective comparability, transparency and robustness in the ESG approaches developed across the financial sector.

Lastly, as for our engagement with real estate tenants and stakeholders, faced with the dual challenge of the energy and climate crises, AXA IM has strengthened its engagement with tenants and stakeholders to ensure its compliance with local regulations, such as France's Dispositif Eco Efficacité Tertiaire (DEET). In 2023, like in 2022 we undertook again our engagement exercises as part of the active stewardship of our Listed Real Estate investment platform. A survey questionnaire is sent to all listed real estate companies to gain a better understanding of the qualitative and quantitative metrics associated with the ESG practices and performance within each company. This data gives us deeper insight into ESG-related risk within investee companies in our investment portfolios and, over time, allows us clearer insight into the alignment between the performance of the assets in the underlying investments, and the aspirations of our clients and organisation.

In addition, AXA IM is an active member of several industry initiatives – at global and local levels – which pursue the same objective (see following section).

The deployment and success of the engagement efforts across AXA IM traditional asset classes is overseen by the ESG Monitoring and Engagement Committee and by the Corporate Governance Committee.

Further details on AXA IM's engagement policy are available on AXA IM's website[22].

4. Adherence to responsible business codes & internationally recognized standards

AXA Investment Managers seeks to comply and adhere to various principles, standards, and codes, considered best practices in the market, which govern our policies and practices. AXA IM is signatory of the following codes:

[22] Stewardship & Engagement | Responsible Investing | AXA IM Corporate (axa-im.com)

- Principles for Responsible Investment[23], since May 2007;
- Japanese Stewardship code, since 2014;
- UK Stewardship code, since 2010 (and of the revised code in 2020);
- Task Force on Climate-Related Financial Disclosure (TCFD), since 2017.

As part of the AXA Group, which is signatory of the United Nations Global Compact, AXA IM follows these principles through its RI policy.

We also support and participate to several sustainability-themed initiatives where we believe our involvement will have a material impact. These industry initiatives and groups are intended to reflect on the evolution of practices, establish standards, support companies and markets to address global challenges and/or provide solutions.

The complete list of our investor initiatives and investment industry partnerships and collaborations is available in our annual Active Ownership and Stewardship report[24].

[23] PRI | Home (unpri.org)
[24] Stewardship & Engagement | Responsible Investing | AXA IM Corporate (axa-im.com)

Appendices

Appendix 1: Consideration of PAI at both entity and product levels

The following table applies to AXA IM as a group, and consequently to the 5 legal entities in scope for which individual PAI statements are complementarily disclosed in the following appendices as well as in their respective national websites, as requested by the Delegated Regulation (EU) 2022/1288 following the template statement on principal adverse impacts of investment decisions on sustainability factors in Table 1 of Annex 1 of the SFDR Delegated Regulation.

ESG thematic	PAI indicator	Metric	Action taken, actions planned and targets set for the next reference period			
			General AXA IM-wide approach	Related sectorial and/or normative exclusion policies[25]	Related engagement policies	Specific approach at a fund-level[26]
Indicators applicable to investee companies						
Environmental	1. GHG emissions	*Scope 1*	AXA IM is committed to achieving net zero emissions across our portfolios by 2050 or sooner[27], as well as playing a key role in helping our clients better understand climate change and how it may impact their portfolios and supporting them in adapting their investment decisions accordingly. AXA IM published its first Net Zero target in October 2021, as part of the first NZAMi	Climate risks policy : Exclusion of: - Coal: mining, power generation, and industry partners (e.g., equipment suppliers or infrastructure players); - Oil sands: production and pipelines; - Shale and tight oil & gas production; - Oil & gas production in	As part of our investments in traditional assets we purposefully engage with companies in the most material sectors – such as energy, finance and building materials. Additionally, we also are careful to meet companies from across the entire economy. In brewing, real estate development or banking, for instance, the energy transition implies a system change which concerns everyone. This was also reflected in the 2022 version of the 'say-on-climate' trend, which saw a rising number of companies operating in various industries (such as energy and financials, but also real estate) submitting their transition plans to a vote. Following the review of our Climate Risks Policy in April 2023),	For Article 8 and Article 9 products from corporate assets, the ESG reporting available include when relevant, an enhanced climate section, combining historic metrics (carbon intensity for scope 1 and 2 as well as upstream scope 3) as well as forward-looking ones (incl. implied temperature rise, global warming potential and proportion of companies with Science-Based Targets in the portfolio). Since 2023, this reporting also includes the net zero profile of the portfolio. The
		Scope 2				
		Scope 3				
		Total				
	2. Carbon footprint	*Carbon footprint*				
	3. GHG intensity of investee companies	*GHG intensity of investee companies*				

[25] Further details on the exclusion criteria of our sectorial & normative exclusion policies are available on AXA IM's website: Sustainability Policies and Reports | AXA IM Corporate (axa-im.com)

[26] For Article 8 and Article 9 financial products with minimum sustainable investments from asset classes for corporates, the application of the DNSH for the sustainable investments of a financial product also intends to make means that the following investee companies cannot qualify as sustainable: i) the issuer should not have a CCC (or below 1.43) ESG score according to AXA IM's Q^2 scoring methodology, and ii) the issuer should not be causing harm along any SDG (meaning no SDG score strictly below -5 based on a quantitative database from external provider on a scale ranging from +10 to -10 – unless this score is overridden by an internal qualitative analysis).
As for green, social & sustainability bonds (GSSB) and sustainability-linked bonds (SLB), we apply a specific framework for qualifying investments as sustainable following SFDR.
Further details on AXA IM approach to SFDR sustainable investment for traditional asset classes are available on AXA IM's website: Sustainable Finance | AXA IM Corporate (axa-im.com)

[27] As at end of 2023, our net-zero targets covered 65% of all our AuM (incl. JVs), with targets set on listed corporate equity & debt, sovereign debt and real estate equity assets – for the time being real estate debt, infrastructure equity & debt, alternative credit, private debt, private markets funds of funds and other alternative asset classes (*e.g.*, derivatives) are excluded from these targets.

	4. Exposure to companies active in the fossil fuel sector	*Share of investments in companies active in the fossil fuel sector*	progress report, committing to apply net zero approaches on 15% of its AuM. This target was subsequently revised in April 2022, to cover 65% of the AuM (i.e., 100% of listed corporates & sovereigns, and c. 75% of real estate equity). Accordingly, we have developed a net zero framework applied to traditional asset classes and real estate assets which follows industry standards considering internal and external information to determine the net zero profile of companies. Overall, for all main traditional and alternative asset classes, AXA IM monitors on an annual basis at minimum the GHG emissions of its worldwide holdings, as well as a selection of other climate-related indicators depending on the asset class as the case may be.	Arctic. In April 2023, we have tightened multiple exclusion criteria regarding coal and oil sands. Further upgraded exclusion criteria on the unconventional oil & gas sector are expected to be announced later in 2024.	we have refined our framework to assess climate transition plans, defining clear requirements while leaving sufficient consideration to the specific challenges of the industry and market where the company operates. As a result, in 2023 we did not shy away from engagement with companies who have incomplete transition plans or do not plan to submit them to a shareholder vote – which was our reason for opposing the re-election of the CSR and Board Chair of several oil and gas companies. In terms of collective engagement, the year was busy, especially the scope of our involvement within the Climate Action 100+ (CA100+) initiative. Since April 2023, we also ask companies to integrate their value chain – upstream and especially downstream – in their climate strategy, a necessary step to achieve net zero for Scope 3 emissions. During the COP26 climate change conference in Glasgow, AXA IM announced a new 'Three strikes and You're Out' policy. This is a more forceful engagement campaign with a list of companies we view as 'climate laggards'. These companies, across sectors and geographies, were deemed to have shown either a lack of net-zero commitments or quantified emissions reduction targets that were insufficiently demanding or not credible. After its initiation in 2022, we continued to pursue our policy in 2023, contributing to two countries being taken off the list after significant enhancements in their climate strategies. In 2024, we will update the list with new companies that have fallen behind their peers since the launch of our initiative. The definition of laggards will evolve as well, as we expect that the criteria to identify companies deemed to be underperforming will become more demanding over time – for example, an increased focus on delivery of transition plans or a stricter requirement for science-based validation.	implementation of net-zero targets to all those assets covered by the targets is based on the entity-level net zero strategy. However, for some funds with either the SRI label, the TS label, or both, carbon intensity objectives at fund level are defined (see dedicated section on the French SRI label and the TS label in the ESG report of the concerned funds). As part of our ACT fund range, we also have low-carbon, carbon transition, and carbon offset strategies. Low-carbon funds aim at reaching at least a 30% reduction in carbon intensity and water intensity compared to their benchmark. Carbon transition funds aim at keeping their weighted average carbon intensity (WACI) lower than their benchmark or investment universe while maintaining a low turnover of bonds held by the fund, where the benchmark or investment universe is calculated initially as a 30% reduction of the WACI of the index / investment universe. Thereafter, the benchmark / investment universe will be calculated as a further 7% reduction of the WACI per year, based on the WACI of the benchmark / investment universe from the previous year. Lastly, carbon offset funds compensate partially for the portfolio's remaining GHG emissions, while supporting projects which integrate conservation and sustainable economic development.
	5. Share of non-renewable energy consumption and production	*Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources*		Climate risks policy (considering an expected correlation between GHG emissions and energy consumption and production): see above		
	6. Energy consumption intensity per high impact climate sector	*Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector*				
	7. Activities negatively affecting biodiversity-sensitive areas	*Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas*	AXA IM has strengthened its strategy to better integrate the challenges relating to biodiversity protection in its investment process, fundamental research and engagement strategy. We work in close collaboration with data providers to develop metrics to measure impact of our	Ecosystem protection & Deforestation policy: Exclusion of commodities with significant land use change impacts: - Palm oil & derivatives; - Soy meal, oil & derivatives; - Cattle products; - Timber products.	For traditional asset classes, we complement our exclusion policy with engagement approaches by discussing with companies that are exposed to these issues but are not subject to severe controversy and are working to reduce these risks. For 2023, our greatest engagement efforts focused on two industries known for their high potential negative biodiversity impact: the agrifood value chain - predominantly the food products sector but also consumer staples distribution and retail – and the chemical industry. Engagement was structured	As part of our ACT fund range, we also have funds with a biodiversity strategy, as well as investment objectives to reduce the water intensity for funds from this range with a low-carbon strategy. Moreover, since 2022, through our Natural Capital strategy, which aims contributing to the significant environmental, biodiversity and social outcomes provided by nature,

	8. Emissions to water	*Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average*	investments on biodiversity ecosystem services (biodiversity footprint). After having applied to some pilot funds in 2022, we enlarged our coverage all listed corporate assets in 2023. The measurement of the biodiversity footprint represents an aggregation of various PAI, i.e. the pressures on ecosystems generated by human activities, among them: water and air pollution; land artificialisation, exploitation and pollution; and climate change.	ESG Standards policy: Exclusion of issuers with low ESG score (<1.43, CCC)	according to multiple programs. Following our biodiversity footprint tool program developed in 2022 in cooperation with our partner Iceberg Data Lab (IDL), we selected companies with a significant biodiversity footprint, and accompanied them in developing robust and effective biodiversity approaches following our information on their main biodiversity pressures. Other engagements were carried out as part of engagement programs targeting deforestation and pollution specifically. Following the latter, over half of the engagements we carried out touched upon biodiversity pressures related to land use change (including the theme of deforestation). For 2024, we will follow up on issuers that have reinforced their biodiversity commitments and focus on the concrete action and implementation mechanisms they will take in place to deliver on those. AXA IM also conducts constructive discussions on biodiversity topics with WWF, CDP, Ceres, Global Canopy, and other external experts. We will also continue our active participation within the Finance for Biodiversity (FfB) Foundation under the pledge we signed in 2021 as well as in other biodiversity-focused initiatives to support work related to the development of strategies, transparency standards, and practices around the protection of biodiversity.	we are making good on its promise to fund credible, investable solutions that deliver positive outcomes. To date the strategy has made a number of investments that align with its mission, such reforestation of degraded lands in the Brazilian Amazon, protection and restoration of degraded peatland in Indonesia, preventing the deforestation of Forest Protected Areas in Guatemala, or the promotion of sustainable agroforestry practices in Madagascar. In 2023, we have also continued to disclose the biodiversity footprint following the CBF methodology provided by Iceberg Data Lab (IDL) for funds promoting E or S characteristics or with sustainable investments through our product-level ESG reports.
	9. Hazardous waste and radioactive waste ratio	*Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average*		ESG Standards policy: Exclusion of issuers with low ESG score (<1.43, CCC)		
Social	**10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	*Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises*	As part of our ESG Standards policy, since 2021, we avoid investing in companies which cause, contribute or are linked to violations of international norms and standards in a material manner, focusing in particular on UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Those standards	ESG Standards policy: Exclusion of companies in violation of international norms and standards, i.e., companies assessed as being "non-compliant" with the UN Global Compact (UNGC), OECD guidelines for Multinational Enterprises (MNE), ILO Conventions or UNGP for Business and Human Rights	With corporates, we seek to engage companies across our thematics in a constructive manner with identified and achievable goals. We challenge companies on their strategy and risks, financial and non-financial performance, and their commitments to strong environmental, social, and governance philosophies. Engagement can be triggered reactively in cases where we need to engage in response to a specific event, such as severe controversies and violations of international norms and standards such as the OECD Guidelines for MNE, or UNGC breach, negative news flow or ban list updates.	For Article 8 and Article 9 financial products with minimum sustainable investments for traditional asset classes, SFDR article 2(17) requires that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. Those 4 pillars are addressed through exclusion of companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society,

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	*Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises*	notably focus on Human Rights, Society, Labor and Environment. In addition to mitigating main related negative impacts, we believe this helps us to avoid reputational damage and to proactively manage related financial risks.	ESG Standards policy: Exclusion of companies in violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards): see above		Labor and Environment, and as such, provide a methodology to help assess the appropriate governance of investee companies in general, and more specifically help to ensure that we avoid investments in investee companies where poor management structure lead to corruption or money-laundering as examples, and where very poor practices in terms of management of human capital, which can include employee relation or remuneration of staff are observed. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).
	12. Unadjusted gender pay gap	*Average unadjusted gender pay gap of investee companies*	We publish our own pay gap reports annually in France and the UK.	ESG Standards policy: Exclusion of issuers with low ESG score (<1.43, CCC)	N/a	N/a
	13. Board gender diversity	*Average ratio of female to male board members in investee companies, expressed as a percentage of all board members*	AXA IM has included gender diversity criteria in its voting policy since 2020. As of December 2023, the percentage of women in our Management Board is 45%. In line with the French Rixain Law, we have committed to improving the representation of women among those making investment decisions from 20% to 25% by 2030. As of June 2023, women made up 34% of our global senior leadership population, achieving our target ahead of schedule. We want to maintain this momentum and have thus set a new target of reaching 35% of women in our global senior leadership population by 2025. We have also signed the Women in Finance charter and are EDGE	ESG Standards policy: Exclusion of issuers with low ESG score (<1.43, CCC)	Since 2021, we deploy a systemic voting criterion linked with board gender diversity: a 33% diversity target for OECD countries, and with targeted companies in emerging markets on gender diversity issues. In line with our ambitions and with the objective to join forces, we helped create the 30% Club France Investor Group in November 2020, calling other asset managers to join us and encouraging large French companies to commit to promoting gender diversity at senior level. The goal is to reach at least 30% by 2025, compared to just 21% in 2020. In 2023, the investor group focused on the following: - 'Soft' engagement to inform companies listed on the SBF120 equities index of the advancements of the coalition and to outline our reporting and target setting expectations on gender diversity; - In-person engagement meetings and detailed conversations with 25 companies identified as potential laggards to help them improve; - Creation of partnerships and workshops to learn from the 30% Club France Investor Group industry stakeholders working	Some funds with the TS label (Belgium) and ISR label (France) have committed to outperform their benchmark or investment universe on board gender diversity objectives.

			(Economic Dividends for Gender Equality) certified. We have achieved the EDGE (Equity Diversity and Gender Equality) Move certification, in recognition of the significant progress made by the company towards a gender-equitable workplace. To reflect our strong commitment to creating an inclusive and diverse workplace, all our global management board members have concrete targets to improve representation and inclusion within AXA IM.		on gender diversity – such as with MEDEF, a leading network of entrepreneurs in France.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	*Share of investments in investee companies involved in the manufacture or selling of controversial weapons*	As part of our Controversial weapons policy, we avoid investing in controversial weapons regulated by international conventions, *i.e.*, anti-personnel landmines, cluster munitions, chemical, biological and nuclear weapons.	Controversial weapons policy: Exclusion of: - Companies that produce, use, store, trade, or ensure the maintenance of, transport or financing of controversial weapons including components specifically designed for those types of controversial weapons (customised components) - Companies that provide support, research or technology dedicated only to those controversial weapons - Companies that breach the Treaty on the Non-proliferation Treaty of Nuclear Weapons - Companies that own 50% or more of any excluded company following the previous criteria	N/a	The exclusions applies to most of funds managed by AXA IM (see our Controversial weapons policy for more details on the scope of the policy).

Indicators applicable to investments in sovereigns and supranationals						
Environmental	**15. GHG intensity**	*GHG intensity of investee countries*	AXA IM has defined climate targets for sovereign assets,	N/a	Involvement with policymakers and industry groups is a key part of our active ownership and stewardship strategy. AXA IM	N/a

			following the Net Zero Investment Framework (NZIF) target setting guidance and the guidance by UN-led ASCOR project (with approach to be reviewed in 2024). Our defined target for sovereign assets consists in beating our main global benchmark on GermanWatch's Climate Change Performance Index (CCPI) weighted average score. We also leverage the CLAIM model developed by Beyond Ratings to assess the "temperature" of AXA IM's investment portfolios on sovereign assets.		is an active member of several industry initiatives – at global and local levels – which pursue the same objective. The complete lists of our investor initiatives and investment industry partnership and collaboration are available in our annual Active Ownership and Stewardship report.	
Social	**16. Investee countries subject to social violations**	*Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law*	As part of our ESG standards policy, we avoid investing in countries with severe human rights violations. We also rely on MSCI to assess the ESG score of sovereign assets: Our ESG scoring methodology for sovereign assets includes i) human capital risk (including criteria regarding basic human capital and needs, higher education and technology readiness, knowledge capital, human capital infrastructure, human capital performance, and the economic environment).	ESG Standards policy: Exclusion of countries with severe human rights violations: - Countries in the bottom quintile of the Civil Liberties score from Freedom House - Countries in the bottom quartile of the Global Slavery index from the Walk Free Foundation - Countries in the bottom quartile of the Child Labor index of UNESCO		Funds awarded with TS label and investing in sovereign issuances do not invest in sovereign debt instruments of countries which do not meet TS Label Quality Standard requirements. Among other E, S and G criteria, TS Label funds exclude high-income countries which are qualified as 'Not free' by the Freedom House 'Freedom in the World' survey. This does not apply to use-of-proceeds instruments.

Indicators applicable to investments in real estate assets						
Fossil fuels	**17. Exposure to fossil fuels through real estate assets**	*Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels*	Same as PAI 5 (see above)	Climate risks policy: see above	Same as PAI 5 (see above). As for tenants of real estate, we progressively embed ESG clause in all new lease signed or renewal covering data sharing, asset certification or energy efficiency measures implementation. We also monitor tenant satisfaction through	For Article 8 and Article 9 funds from real estate assets, since 2023, the ESG reporting available for our Article 8 and Article 9 products includes, when possible and depending on available data, an enhanced

Energy efficiency	**18. Exposure to energy-inefficient real estate assets**	*Share of investments in energy-inefficient real estate assets*		Climate risks policy (considering an expected correlation between GHG emissions and energy consumption and production): see above	annual surveys conducted each year on a sample of assets and require our Property Managers to conduct green committees to share key ESG information.	climate section, including GHG emissions. In addition, we collect actual data for all direct real estate properties within our external ESG data management platform. All buildings in scope are qualified to get a clear understanding of scope of responsibilities and assets characteristics within a maximum of 15 months after a building is acquired. Qualitative data are updated on a yearly basis to reflect improvements brought to the asset. Quantitative data (energy, water, waste) are collected manually on a yearly basis (during the first quarter). Since 2021, we deploy data collect automation wherever possible to ease data collect and improve data quality.

Additional climate and other environment-related indicators						
GHG emissions	**4. Investments in companies without carbon emission reduction initiatives**	*Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement*	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)
Water, waste and material emissions	**6. Water usage and recycling**	*1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies* *2. Weighted average percentage of water recycled and reused by investee companies*	Water consumption & stress is a key pillar of the ESG scoring methodology used for traditional asset classes.	ESG Standards policy: Exclusion of issuers with low ESG score (<1.43, CCC)	N/a	In addition to reduction of the carbon intensity, our Low carbon funds also commit to outperform its benchmark or investment universe on water consumption intensity.
GHG emissions	**18. GHG emissions**	*Scope 1 GHG emissions generated by real estate assets* *Scope 2 GHG emissions generated by real estate assets*	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)	Same as PAI 1 to 4 (see above)

		Scope 3 GHG emissions generated by real estate assets				
		Total GHG emissions generated by real estate assets				

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Anti-corruption and anti-bribery	**15. Lack of anti-corruption and anti-bribery policies**	*Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption*	As part of our ESG Standards policy, we avoid investing in companies involved in incidents and events that pose a severe business or reputation risk to a company due to the impact on stakeholders or the environment, which can include corruption and bribery.	ESG Standards policy: - Exclusion of companies exposed to severe controversies (i.e., category 5 of Sustainalytics' Controversies Research methodology) - Exclusion of issuers with low ESG score (<1.43)	As part of our engagement policy, we engage with companies facing severe controversies and apply escalation measures when necessary, including regarding corruption and bribery. For example, in 2023, we decided to continue divesting from a Swedish telecom company after continuous bribery concerns.	N/a
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	*Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery (%)*				

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