

SUSTAINABILITY REPORT 2025

EXTRA-FINANCIAL REPORT

# DRIVING CHANGE TOGETHER



**BNP PARIBAS**  
ASSET MANAGEMENT

# CONTENTS

03	Editorial	26	Sustainability integration in our investments
04	About this report	40	Voting and engagement
05	Introduction	88	People, Culture and CSR
12	Our strategy	95	Stewardship codes
17	Our thematic priorities		

# EDITORIAL



**Sandro Pierri**  
CEO of BNP Paribas Asset Management and Member of the Executive Committee of BNP Paribas

It is my privilege to share our 2025 Sustainability Report, marking a pivotal moment in our ongoing commitment to building a more sustainable and resilient future. This year, we highlight not only advances in sustainability, but also our transformative merger with AXA Investment Managers (AXA IM). This strategic acquisition strengthens our ability to drive positive environmental and social impact, uniting two leaders in sustainability for the benefit of our clients, society and the economy.

Sustainability is at the core of our long-term investment practices. The challenges we face in the context of major socioeconomic shifts, from climate change to social equity, demand action and innovative solutions.

Through our union with AXA IM, we have expanded our capacity to invest in the transition towards sustainable practices, to foster inclusive growth, and to champion transparency across our operations.

By integrating Environmental, Social and Governance (ESG) factors into our decision-making processes, we reaffirm our commitment to building resilient and sustainable portfolios for the future. Achieving long-term resilience and stability demands collective responsibility among investors, companies, and stakeholders. Together, they play a pivotal role in driving sustainable growth and addressing the systemic risks that shape our economies.

This report details our progress over the past year, including achievements in sustainable investing, reductions in our environmental footprint, and the creation of new partnerships that amplify impact.

As we enter this new chapter, we look forward to continue making meaningful progress towards our sustainability ambitions. By aligning our efforts and working collectively, we can address complex challenges and shape a more resilient, sustainable future for all.

# ABOUT THIS REPORT

**BNP Paribas Cardif, the insurance arm of BNP Paribas, completed the acquisition of AXA Investment Managers (AXA IM) on the 1st of July 2025. On the 31st of December 2025, BNP Paribas asset management activities<sup>1</sup> merged their main legal entities under a unified structure owned by BNP Paribas Cardif and operate under the BNP Paribas Asset Management brand. This integration brings together complementary organisations with shared values and a long-term commitment to sustainability. A transition period started in the second half of 2025 and some policies and processes may reflect the practices of legacy organisations at the time; however, all teams have been working under a unified governance framework since the merger.**

BNP Paribas Asset Management and the former AXA Investment Managers are the source for all data presented in this report, which is as at 31 December 2025, unless otherwise specifically indicated. All strategies, policies and approaches described in this report apply to BNP Paribas Asset Management entities, including BNP PARIBAS ASSET MANAGEMENT UK Limited (BNP PARIBAS ASSET MANAGEMENT Services Limited since 1 January 2026). Certain Joint Ventures and Affiliated Entities may not apply all policies or may apply their own customised versions.

1 – AXA Investment Managers, BNP Paribas Real Estate Investment Management and BNP Paribas Asset Management.

The content of this report is for information purposes only and does not constitute an offer to buy or sell any services, products or investments. These statements apply differently to each BNP Paribas Asset Management product, the characteristics of which, including those relating to sustainability, are described in the legal documentation of the funds, available on BNP Paribas Asset Management websites according to your country of residence and investor profile.

**All the securities mentioned in this report are for illustrative purposes only; they are not intended as solicitation of the purchase of such securities, and do not constitute any investment advice or recommendation.**

## Voting and engagement section

While we set out changes to company practice and disclosure that were in line with our expectations and/or recommendations, we acknowledge that these changes in many cases may not have resulted from our engagement alone, as companies take input from many other investors and stakeholders.

## How to read this report

This report presents the activities and reporting of the legacy organisations for the year 2025. Throughout this document, when necessary to differentiate, **BNP Paribas Asset Management (BNPP AM) content is highlighted in green**, **AXA Investment Managers (AXA IM) content is highlighted in blue**, and **combined content is presented in grey**. This visual distinction aims to provide clarity on the specific entities and their respective contributions to this report, ensuring a clear understanding of the activities and achievements of each former organisation.

# INTRODUCTION

2025  
SUSTAINABILITY  
REPORT

EDITORIAL

ABOUT  
THIS REPORT

**INTRODUCTION**

OUR STRATEGY

OUR THEMATIC  
PRIORITIES

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

VOTING AND  
ENGAGEMENT

PEOPLE, CULTURE  
AND CSR

STEWARDSHIP  
CODES

# INTRODUCTION



**Jane Ambachtsheer**  
Global Head of Sustainability,  
BNP Paribas Asset Management

Over the past year, the world has seen significant transformation, volatility and adaptation. Internally, 2025 marked a pivotal chapter as we welcomed AXA Investment Managers into the BNP Paribas family. Integration brings challenges, but it has reinforced our shared commitment to sustainability – a theme woven throughout this report.

Externally, uncertainty and contradiction persist. The World Economic Forum’s *Global Risks Report 2026* ranks "geoeconomic confrontation" as the top near-term risk; only two of the top ten short term risks are environmental, while many are social, including inequality and polarization. The same report is clear that long-term threats remain anchored in environmental risks – extreme weather, biodiversity loss and ecosystem degradation – alongside inequality and social polarisation. Together, these intersecting pressures are increasingly described as a “polycrisis”.

This moment underscores that effective governance is a prerequisite for long-termism – and for maintaining clarity and conviction when the global order is shaken.

This tension between short- and long-term risks highlights the balancing act businesses and investors face. As scrutiny intensifies and attention shifts towards near-term resilience and security, progress can feel uneven. Still, there are “green shoots”:

- Global investment in the energy transition surpassed US\$2 trillion in 2024 and continues to rise<sup>1</sup>.
- Most of the largest asset owners<sup>2</sup> now integrate ESG factors, and nearly half have pledged to decarbonise their portfolios.

These signals suggest sustainability is becoming integral to long-term investment, as savers and fiduciaries continue to seek solutions in their portfolios. We share that goal. Many of the systemic threats that are rippling through our economies are driven by commercial activity – investors and the companies they own share a responsibility to chart a path towards resilience and stability. Now is the time to find common ground and to build upon it.

Against this backdrop, our merger carries particular significance. By uniting the strengths of two leaders, we are better positioned to navigate near-term

complexity while advancing long-term imperatives – expanding sustainable solutions across listed and alternatives and strengthening system-level stewardship in clients’ best interests.

**When uncertainty prevails, leadership is more crucial than ever.** We remain committed to sustainability as a cornerstone of long-term value creation and will continue collaborating with peers to advance shared goals.

1 – 2026 Energy Transition Investment Trends (BloombergNEF).  
2 – Thinking Ahead Institute (Willis Towers Watson) – Asset Owner 100 research.

# 2025 IN FIGURES



**A leading European investment platform focused on delivering sustainable and resilient outcomes for clients and the economy**

**€1.6trn**

total combined AUM<sup>1</sup>

**#3**

European asset manager<sup>3</sup>

**€371bn**

total Articles 8 and 9 funds AUM<sup>2</sup> (BNPP AM)

**€230bn**

total Articles 8 and 9 funds AUM<sup>2</sup> (AXA IM)

**#1**

European long-term savings<sup>3</sup>

**35**

countries

**#1**

European alternatives platform<sup>4</sup>



**Stewardship in action**

**5,889**

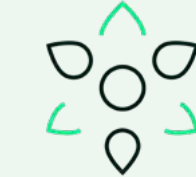
annual general meetings voted in total by both entities

**874**

issuers engaged with by both entities

**35%**

management resolutions opposed (BNPP AM)



**Walking the talk**

**6,851**

hours volunteered by employees from both entities

**1,064**

participants in environmentally themed workshops (*fresques*) since 2019 (BNPP AM)

**1.19 tCO<sub>2</sub>e**

greenhouse gas emissions per BNPP employee

Source: BNP Paribas Asset Management, as of 31 December 2025. Joint Ventures included.

1 - Assets under management including assets under advisory.

2 - Sustainable Finance Disclosure Regulation (SFDR). Article 8 and Article 9 funds (all types of products). Article 8 funds: promoting environmental and/or social characteristics / Article 9 funds: having a sustainable investment objective.

3 - Source: IPE 2025 and company information; based on assets under management ranking as published by major asset managers in 2024.

4 - Source: BCG, based on assets under management as of 31 December 2024.

# ABOUT US

## A uniquely positioned European asset manager

BNP Paribas Asset Management (BNPP AM) is the asset manager of BNP Paribas, a leading banking group in Europe with international reach. Among the top three asset managers in Europe<sup>1</sup>, with over €1.6 trillion<sup>2</sup> in assets under management as of December 2025 for institutional, corporate, retail and wealth clients worldwide, BNPP AM operates the most diversified investment platform at scale in Europe across both liquid and alternative markets. Our expertise spans liquid and alternative capabilities, with a leadership position in long-term savings management for insurers and pension funds<sup>1</sup> (€850 billion AUM). BNPP AM offers a broad range of liquid investment solutions, spanning fixed income, high-conviction active strategies and a fast-growing ETF\* offering, together representing over €1 trillion in assets under management. The alternatives platform, built on over 30 years of experience, is the largest in Europe and a global leader<sup>3</sup>, managing approximately €300 billion across real estate, infrastructure, alternative credit and private equity. Sustainable and thematic investment capabilities are embedded across the business, supporting clients' long-term objectives. BNPP AM brings together expert professionals across 35 countries, blending global reach with local expertise.

BNPP AM is entering a new phase of transformation and growth driven by structural demand for long-term savings, investment and protection solutions. With AMplify 2030, our strategic plan, our ambition is to build one of the most powerful investment platforms in Europe. By combining quality and scale across public and private markets and the strength of the BNP Paribas ecosystem, we are uniquely positioned to connect savers and investors with “all” the opportunities of the real economy. We aim to deliver sustainable and resilient outcomes for our clients while helping finance the economic transitions shaping the future.

1 – Based on assets under management ranking as published by major asset managers in 2024 – IPE Report 2025.

2 – Assets under management including assets under advisory.

3 – BCG, based on assets under management as of 31 December 2024.

\*Exchange Traded Fund.

## AMplify 2030: Our strategic plan

AMplify 2030 is positioned to capture powerful structural trends in the asset management industry, notably in Europe, that entail an increased demand for long-term capital allocation across both public and private markets.

**With AMplify 2030, our vision is to set a new standard in asset management.**

It is anchored by our **four strategic growth pillars**:

- Strengthening leadership in **alternatives**
- Scaling **active management** and accelerating **ETF development**
- Expanding **insurance and institutional partnerships**
- Accelerating growth in **retail and wealth management**

**Four enablers power our ambition:**

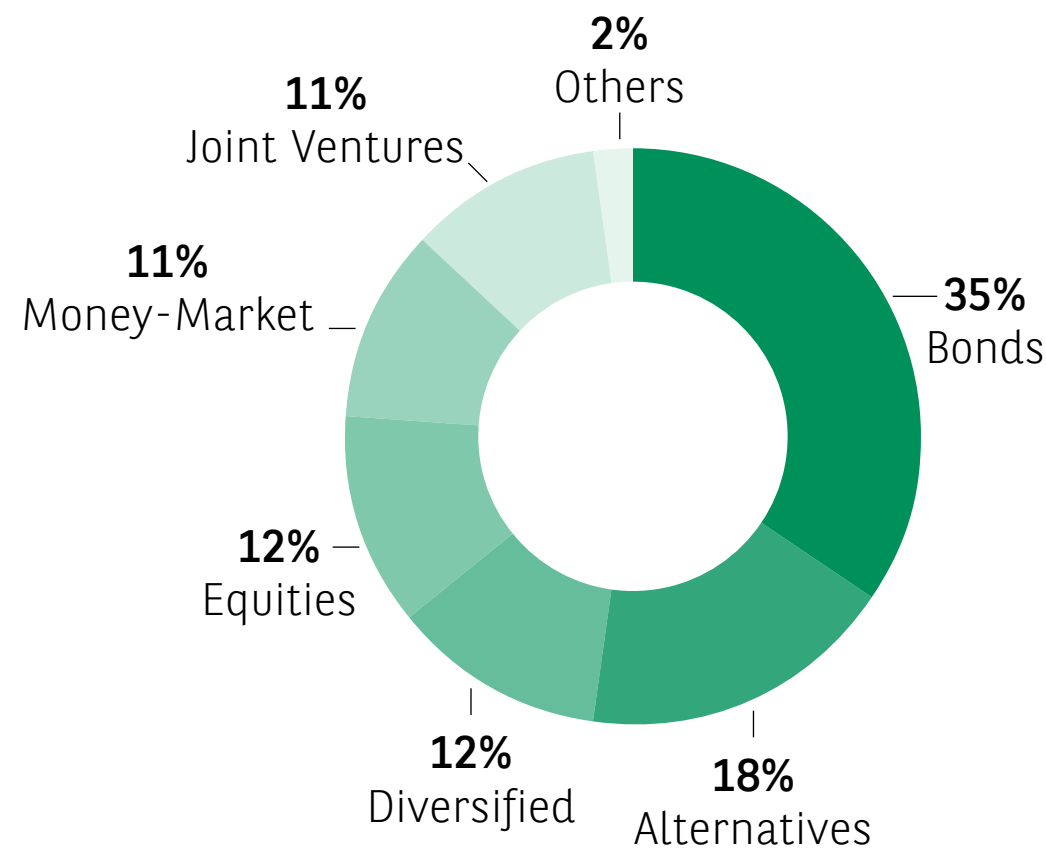
- **People & Culture:** engaging towards excellence
- **Sustainability:** creating long-term value for clients and the economy
- **Technology, Digital & Artificial Intelligence:** accelerating the transformation
- **Access to long-term capital and the BNP Paribas ecosystem:** enabling a long-term view and unparalleled investment opportunities

### Sustainability as a strategic differentiator

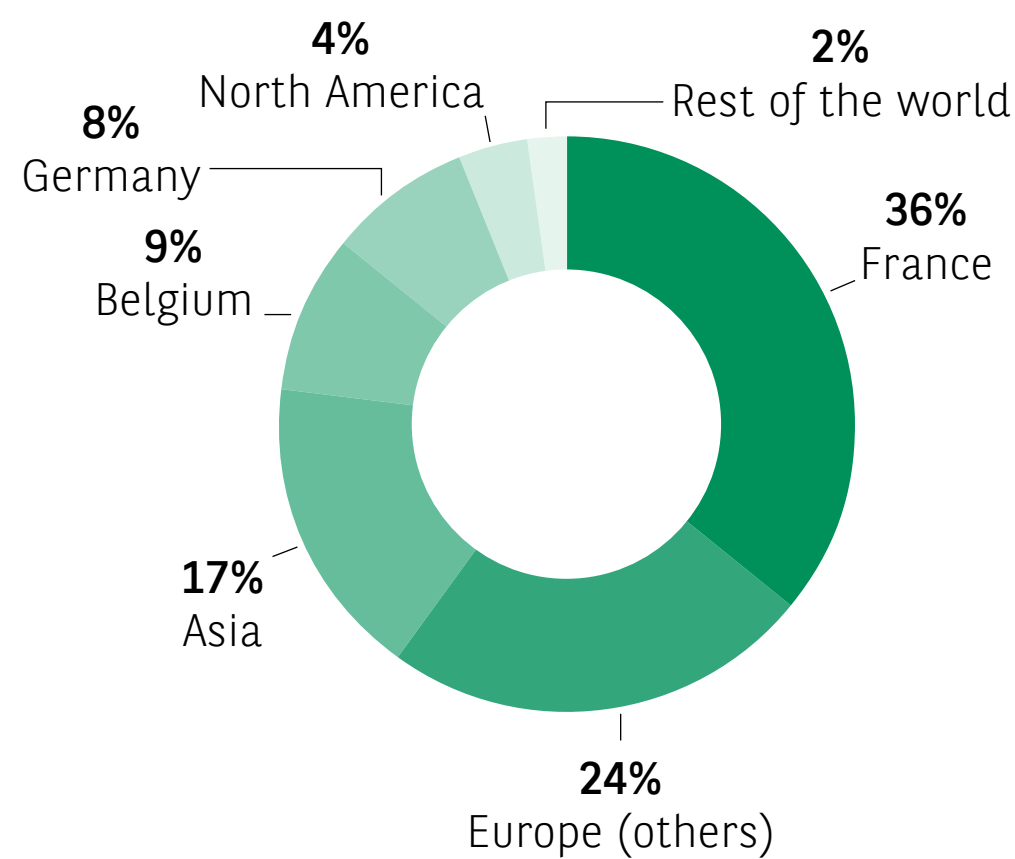
Sustainability is at the core of our investment approach and how we aim to create long-term value for clients and society. It is embedded in our investment process, helping us to identify opportunities and manage long-term risks. Our objective is to deliver sustainable, resilient outcomes for clients while contributing positively to the real economy through our stewardship practices and capital allocation.

# A well-balanced, competitive and at scale platform

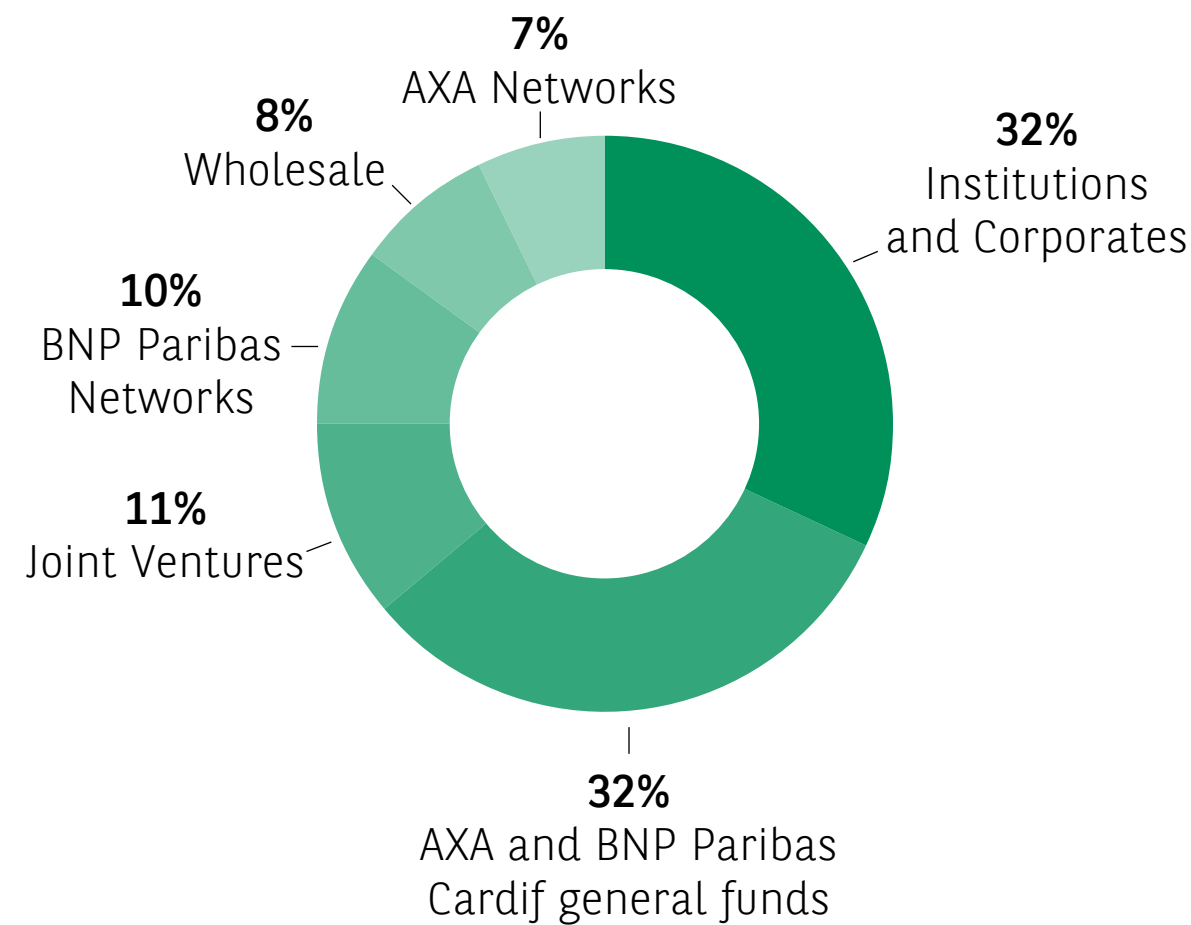
AUM by asset class



AUM by client geography



AUM by client type



Source: BNP Paribas Asset Management, combined figures as of 31 December 2025. Joint Ventures included. Figures may not add to 100% due to rounding.

## 2025 Awards\*

Recognised for our expertise

### BNPP AM

#### Pan-Europe

- ESG Investing Awards 2025: **Most Innovative ESG Product**
- Environmental Finance, Sustainable Investment Award 2025: **ESG Innovation of the Year (funds and portfolios) – EMEA**
- Brandon Hall Group Excellence Awards 2025: Gold for **Leadership Development**
- Principles for Responsible Investment Award 2025: **Recognition for Excellence – Communication** (Global - [The Ripple Effect brand campaign](#))
- Citywire Gender Diversity Awards 2025: **Best Female Representation 100+ fund managers** (France)
- Mondo ETF Awards 2025: **Best Equity ESG Thematic ETF** (Italy), **Best Equity ESG Europe ETF** (Italy)

### APAC

- Asia Asset Management, 2025 Best of the Best Awards: **Best ESG Manager** (ASEAN and Malaysia), **Best ESG Engagement Initiative** (Singapore), **Best Climate Change Strategy** (ASEAN)
- Asset Management Awards for Excellence 2025: **ESG/Sustainable Bond – Highly Commended** (Regional), **Best New Fund ESG/Sustainability** (Regional), **House of the Year – ESG** (Regional)
- Asset Management Awards 2025: **Best Sustainable Investments – Climate Action** (Regional), **Best Fund House – Sustainability** (Regional)
- Institutional Asset Management Awards 2025: **Best Sustainable Investment Policy** (Regional)

### AXA IM

#### Pan-Europe

- Money Age, Wealth and Asset Management Awards 2025: **ESG Initiative of the Year** (United Kingdom)
- IJ Global Awards 2025: **Infrastructure – Carbon capture deal for Stockholm exergy**
- European Pensions, European Pensions Awards 2025: **ESG Provider of the Year**

\*Selection of sustainability awards won in 2025.

Trademark, copyright and other intellectual property rights are and remain the property of their respective owners.

# OUR STRATEGIES AT A GLANCE

**In 2025, following a period of intense transformation of the regulatory landscape, we focused our efforts on assuring the quality of products across the sustainability spectrum to continue to meet the diverse needs of our clients.**

The Sustainable Finance Disclosure Regulation (SFDR), in force since January 2022, continues to evolve, with a new proposal published by the European Commission at the end of 2025 that will be implemented in the next few years. The new regulation takes a holistic approach, integrating existing European Union (EU) regulation and label commitments, to harmonise constraints and simplify sustainable asset management. Our effective integration of the current SFDR regulation and European Securities and Markets Authority (ESMA) Naming Guidelines, in addition to our extensive adoption of ESG-related labels, will help us ensure we align our range of products with SFDR 2.0.

Awaiting the implementation of this change, BNPP AM's positioning offers different levels of sustainability to meet specific client needs. This spectrum includes:

- Article 6, 8 and 9 products under SFDR; and
- investment solutions aligned with our Global Sustainability Strategy, including sustainable thematics, and decarbonisation, labelled and impact solutions.

## BNPP AM

### €504bn integrating ESG criteria

Applying a constraint qualifying for Articles 8 and 9 or applying our Responsible Business Conduct Policy (i.e., exclusion criteria).

### €371bn Article 8 or 9 under SFDR

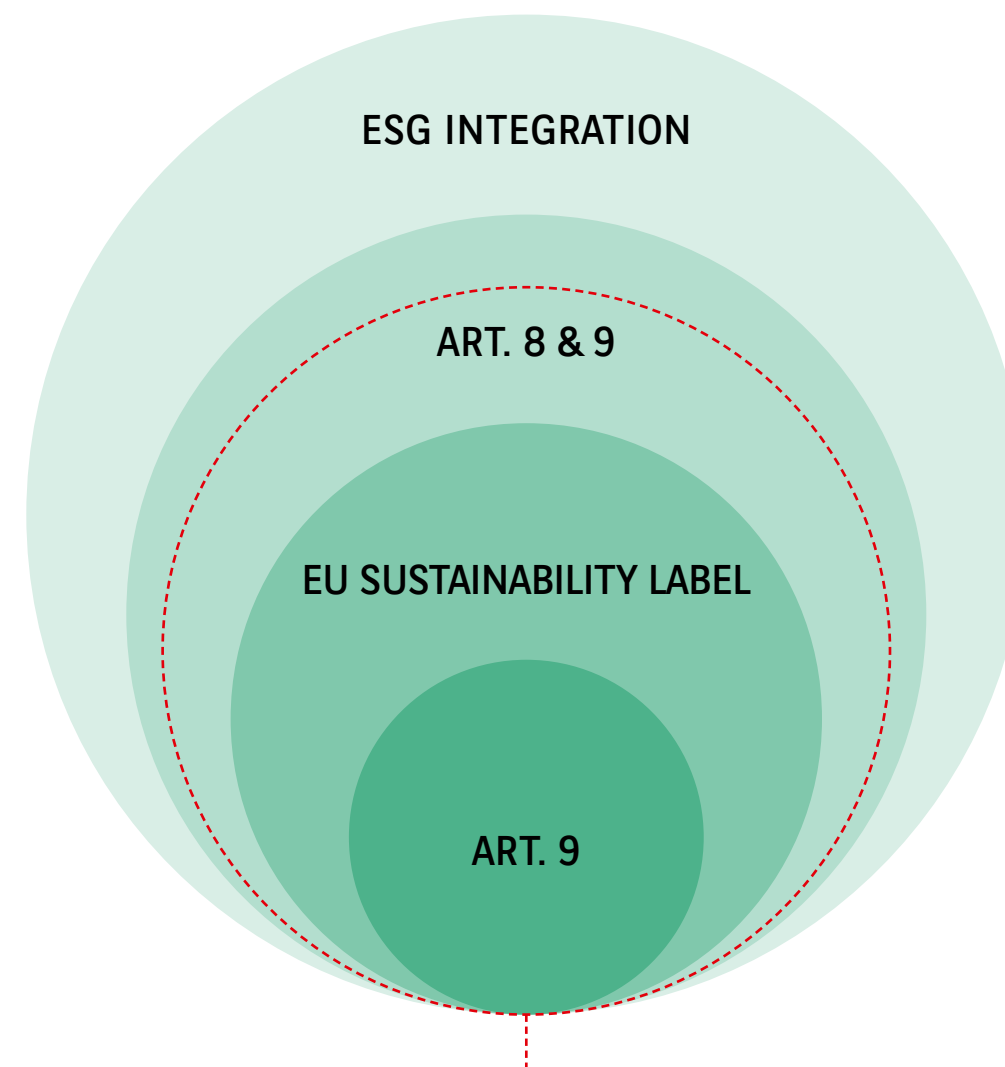
Applying an ESG constraint, resulting in having ESG scoring better-than-benchmark investment universe, for example. This constraint is controlled and documented in fund legal documentation.

### €134bn with a European Sustainability Label

Receiving one or several labels, delivered by states or independent organisations, such as "Label ISR\*", "Towards Sustainability", Greenfin, "LuxFlag", etc. This comes with strict guidelines regularly audited by external parties.

### €15bn Article 9 under SFDR

Having a sustainable investment objective of 100%.



**Our open-ended fund range, which qualifies as Article 8 or 9,** is strongly positioned on Markets in Financial Instruments Directive (MiFID)/Insurance Distribution Directive (IDD) Sustainability Preferences:

- €325bn taking into account Principal Adverse Impacts in their investment decisions
- €313bn committing to a minimum percentage holding of Sustainable Investments (BNPP AM methodology implementing Article 2.17 of SFDR)
- €18bn committing to a minimum percentage holding of investments aligned with the European Green Taxonomy

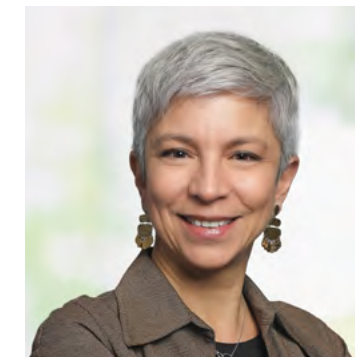
\* *Investissement Socialement Responsable* (Socially Responsible Investment).

## BNPP AM: Participating in regulatory and market-shaping initiatives: SFDR 2.0

The new proposal of the Sustainable Finance Disclosure Regulation (SFDR) published by the European Commission at the end of 2025 marks an important change in the future of the sustainable asset management landscape. According to the Commission, the objective of this proposal is to facilitate investors' understanding of financial products in order to better compare them, thereby adding an element of objectivity and simplification to ESG disclosures.

We welcome this change towards a more quantifiable and objective measurement of ESG adoption. By integrating ESMA Naming Guidelines and label criteria into SFDR 2.0, the regulation moves away from an exclusive focus on transparency to introduce a clearer categorisation of products, which simplifies comparison between products for investors, as well as management constraints.

Awaiting the official final draft of SFDR 2.0, we are analysing how our product range will fit into the future categories. We are currently discussing with regulators to pursue further clarification surrounding the proposal and ensure that our category criteria are sufficiently rigorous.



**Leïla Lhuissier**  
Product Advisor – Sustainability,  
BNP Paribas Asset Management

*"We welcome and support the continuing efforts of European institutions to set EU-wide standards in sustainable finance. This is an additional step to integrate European capital markets and accompany the sustainable transition of the European economy, which remains a critical topic."*

## AXA IM

# €230bn

Article 8 or 9 under SFDR

## A busy year for new strategies

We launched 56 products classified as Article 8 or 9 under SFDR in 2025, collecting €21.5 billion in total. These products cover a diverse range of asset classes and geographies, with equity, fixed income and alternative assets across Europe, North America and globally. We notably grew our new ESG Enhanced ETFs, products that showcase our differentiated sustainable offerings adapted to client demand.

2025 saw the launch of the Environmental Infrastructure Income strategy, classified as Article 9 under SFDR, that invests in power and digital infrastructure, as well as water and waste management.

Within Private Assets, we launched the IWC Future Forest strategy, which is focused on investments in sustainable forestry and is classified as Article 9 under SFDR. Additionally, we launched two private strategies classified as Article 8 under SFDR: an evergreen diversified private credit strategy under the new European Long-Term Investment Fund label (ELTIF 2.0), which invests in European corporate and real assets debt in infrastructure and commercial real estate, and another strategy investing in European small and midcap companies.

## Tilting investments towards more sustainable outcomes

Directing capital towards companies driving the transition to a more sustainable economy helps to address systemic risks associated with climate change, nature loss and inequality. We have undertaken an assessment of our investments to gauge their contribution to this objective.

Our approach involves measuring the deviation between our funds' allocations to Sustainable Investments (as defined by SFDR and our proprietary methodology), versus their benchmarks.

Within our open SFDR Article 8 and 9 funds, the weighted average overweight in Sustainable Investments is approximately +10%, equivalent to €28 billion in assets — reflecting a positive contribution through our active allocation of capital.

The end of 2025 also marked our integration of AXA IM, unifying two entities that are both individually very present in the sustainable market segment. This convergence forms a powerful manager in the European ESG market and reinforces our strong commitment to sustainable investing.



**Jane Wadia**  
Head of Sustainability Core Products and Clients, AXA Investment Managers

*"In 2025, we expanded our range of decarbonisation strategies launching our third UK-domiciled carbon transition fund, with £400m of third-party seed capital and our 8th Paris-aligned benchmark ETF. Another highlight was adopting UK sustainability labels for seven funds, totalling over £1.8bn in AUM."*

## BNPP AM: Labels are an important component of our product strategy

Sustainability labels play an important role in our sustainable product strategy, serving as a key element for driving change in sustainable finance. These labels are instrumental in aligning investment products with capital allocation objectives and fostering investor confidence.

Labels have long been an important component of our product strategy, resulting in €134 billion of assets under management across 172 products holding at least one European sustainability label.

The merger with AXA IM brings us together with another organisation with a strong offering of labelled products, reinforcing our positioning and dedication to promoting ESG characteristics that adhere to rigorous standards and in accordance with clients' needs.



**Guillaume Wehry**  
Co-head of product strategy, BNP Paribas Asset Management

*"In accordance with our strategic development plan for ETFs, and in addition to our standard active product range labelling strategy, we put a particular emphasis on labelling many of our ETFs, a class that is growing strongly, to reaffirm the importance of sustainability to our clients in this specific product offering."*



# OUR STRATEGY

2025  
SUSTAINABILITY  
REPORT

EDITORIAL

ABOUT  
THIS REPORT

INTRODUCTION

**OUR STRATEGY**

OUR THEMATIC  
PRIORITIES

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

VOTING AND  
ENGAGEMENT

PEOPLE, CULTURE  
AND CSR

STEWARDSHIP  
CODES

# OUR STRATEGY AND APPROACH

## Sustainability is at the core of our investment beliefs

Our investment beliefs underpin our approach by weaving together investment teams that cover different asset classes, geographies and themes. Sustainability is a core component of this, as outlined below.

### Conviction-driven

In a changing world, our conviction-based investment philosophy provides scope to capture both short- and long-term opportunities for value creation. Our approach combines a thorough understanding of market dynamics and fundamentals (at security, sector and thematic levels), enabling high-conviction positions and a dynamic allocation of capital across varied time horizons.

### Sustainable

We are convinced we make better-informed decisions by integrating sustainability considerations across our investment processes. We believe this will result in better outcomes for our clients, markets and the planet.

### Research-driven

Research is the foundation on which we build our market views to support our convictions. We apply both a quantitative and fundamental approach to our research, with a culture of curiosity, collaboration and challenge.

## Global perspective

A global perspective is needed to make better investment decisions in an increasingly interconnected world.

## Powered by people

People drive investment decisions. We are committed to attracting, nurturing and retaining our diversity of talent. We align incentives to our clients' long-term sustainable objectives.

## Risk management

The value created through our research and idea generation needs to be carefully preserved through appropriate risk utilisation and control.

## One 2030 strategy, combined strengths

We launched our first Global Sustainability Strategy (GSS) in 2018. It built on our long legacy of sustainable investment and put us on track to comprehensively embed sustainability across our business. In 2023, [we updated it](#) with new goals and targets to reflect the ambitions outlined in our climate, biodiversity and equality roadmaps.

Our plan in 2026 is to release an updated GSS that encompasses a combined approach to sustainability, leveraging both of our organisations' strengths.

## How we communicate with and report to our clients

We are committed to reflecting client needs in our investments and communicating with them on a regular basis to understand their needs, to help them better understand how we have implemented what they have asked of us, as well as on the sustainability characteristics of their investments. Learn more about how we do this at BNPP AM and AXA IM. [BNPP AM Sustainability Report 2024](#) [AXA IM Stewardship Report 2024](#)

# The 6 pillars of our approach

1

## Forward-looking perspective: the '3Es' (Energy transition, healthy Ecosystems, and Equality)

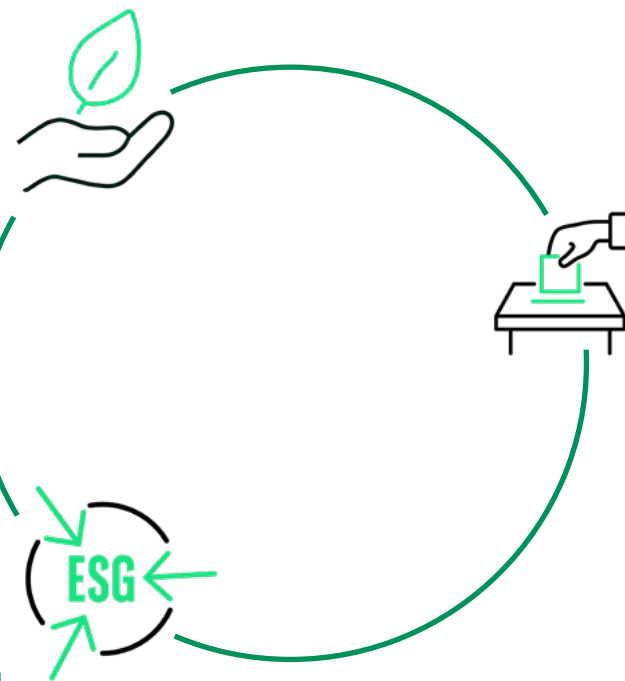
Enhance investment decision-making, preserve long-term market performance



2

### Responsible Business Conduct (RBC) and sector-based exclusions

Articulate expectations for responsible business conduct and sensitive sectors; avoid regulatory and stranded asset risk



3

### ESG integration

Enable better investment decision-making

4

### Stewardship (voting, engagement, policy advocacy)

Protect company value, influence sound regulatory framework, promote better social and environmental outcomes

5



### Sustainability in our product range

Provide investment solutions to help our clients in their sustainability journey



6



### Corporate Social Responsibility (CSR) Walking the talk

Our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest

Our investments

Our products

Our operations

We implement our investment belief on sustainability through a six-pillar approach. It provides a strong framework, built to recognise that systemic risks such as climate change or biodiversity loss cannot be fully addressed through exclusions or the integration of ESG factors into portfolio management. Our stewardship activities and strategy with regard to the 3Es complement and amplify our efforts to reduce material investment risks, and address systemic risks that require collective and urgent action. Underpinning our approach is our corporate social responsibility program, helping ensure that sustainability permeates throughout our workplace.

## AXA IM's approach to sustainability

AXA IM believes the consideration of ESG risks and opportunities is an important aspect of delivering long-term investment returns for our clients. Our approach is built on integrating ESG assessment into our investment analysis and portfolio construction, and is structured around three pillars:

- ESG quantitative and qualitative research
- Exclusion policies
- Stewardship policies

# SUSTAINABILITY GOVERNANCE AND RESOURCES

We expect high standards of governance from the companies in which we invest, including on sustainability matters, and we hold ourselves to the same standards. Our approach to sustainability is managed by a company-wide governance framework.

This framework ensures that **sustainability-related policies and practices are embedded and implemented appropriately throughout our business, and that any new initiative is well-conceived, properly structured, and delivered effectively.**

Our governance system ensures Board and executive-level oversight of the implementation of the Global Sustainability Strategy and our business strategy. At an operational level, it is an effective mechanism to ensure that our policies and processes are aligned with our ambition and that there is continuous communication among stakeholders.

Throughout 2025, we established several transitional governance committees dedicated to aligning our sustainability objectives, policies and procedures. These committees played a crucial role in facilitating the convergence of sustainability practices and ensuring consistency across both of our organisations. By the end of 2025, we successfully agreed a more formalised and unified governance structure for sustainability, which is detailed here and being progressively implemented.

## BNPP AM BOARD OF DIRECTORS

Strategic oversight of sustainability approach and approval of key policies and documents

## BNPP AM EXECUTIVE BOARD

Validates sustainability approach and ensures integration into overall business strategy

### SUSTAINABILITY STRATEGIC COMMITTEE

- Responsible for defining the Global Sustainability Strategy, overseeing its implementation, and establishing entity-wide commitments and policies.
- Provides strategic direction and oversight on sustainability frameworks, including stewardship priorities and sustainable product categorisation, to ensure alignment with evolving regulatory requirements and business objectives.
- Chaired by the Global Head of Sustainability on behalf of the Chief Executive Officer, comprises representatives from the Executive Board, sustainability leaders from the Sustainability Centre, liquid and alternative investments, and heads of Risk, Compliance, Global Marketing, and Corporate Communications as permanent members. Heads of Audit and Strategy attend as permanent guests.

Frequency: bi-monthly

### STEWARDSHIP COMMITTEE

Oversight of voting and engagement policies and procedures

Frequency: semi-annually

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Oversight of corporate social responsibility strategy and implementation

Frequency: quarterly

### ESG METHODOLOGIES, DATA AND MONITORING COMMITTEE

Guides the creation and evolution of ESG methodologies, metrics and datasets and their implementation

Frequency: monthly

### ESG DATA SHARING PROGRAM

Monitors progress of ESG data sharing projects with an operational focus

Frequency: as needed

### ESG LISTED TRANSFORMATION PROGRAM

Monitors progress of key projects related to ESG Listed Convergence and Transformation, with an operational focus

Frequency: as needed

## Sustainability Centre

The Sustainability Centre is a well-resourced team of sustainability specialists who drive our approach to sustainability.

The Sustainability Centre is responsible for developing and implementing the firm’s sustainability strategy, ESG Integration Guidelines and Policy, Stewardship Policy and Responsible Business Conduct Policy, as well as our ambitious targets on the energy transition, the environment and equality. It plays a crucial role in measuring, tracking and reporting on our impact and progress on sustainability, including our own operational impacts.

The ESG research team within the Sustainability Centre works closely with investment teams to provide research, analysis and data at company and sectoral levels. It also supports these teams in their efforts to integrate sustainability-related risks and opportunities into investment strategies. Our ESG research analysts’ insights are informed by a variety of external data and research sources. They also deliver a range of educational opportunities to colleagues across the organisation.

The Sustainability Centre team is gender-balanced, with members located in Boston, Hong Kong, London, New York, Paris, Shanghai, Singapore and Toronto. This means they not only bring regional expertise to the global team, they are also able to work closely with local investment and sales teams, as well as clients. Sustainability Centre team members participated in more than 200 client meetings during 2025. Team members have a wide variety of industry experience, and backgrounds in industry, consulting, advocacy and policy, working with Non-Governmental Organisations (NGO) and intergovernmental organisations, rating agencies and mainstream investments.

## ESG Champions

Our network of over 150 ESG Champions plays a vital role in linking our investment and sales teams with our Sustainability Centre. The network is supported by leaders in our Sustainability Centre and Product and Strategic Marketing teams. Champions are subject matter experts within their investment or sales teams, pursue specialised education and have performance objectives related to their responsibilities. They meet monthly and are provided with training and briefings to keep their knowledge current on relevant sustainability-related market developments, and on our ESG research methodology, exclusion policies and stewardship activities.

Topics covered in 2025 included:

- deep dives on water and the ocean, and climate adaptation;
- case studies on Paris-aligned Benchmarks in client mandates and coal in emerging markets;
- a review of our impact investing framework;
- ongoing updates on ESG methodologies;
- a review of our voting and engagement activities; and
- a special session on the link between sustainability and tariffs.

**35+**

ESG experts across Asia, Europe and North America

### AXA IM: Sustainability resources

AXA IM has dedicated experts embedded within its investment and research teams who are responsible for sustainability activities. These experts sit within AXA IM’s centralised sustainability function, the Responsible Investment (RI) Centre, plus within each of its divisions, AXA IM Core, AXA IM Alts, AXA IM Prime and AXA IM Select, covering all related aspects including research, due diligence, data/scoring, analytics, stock and credit analysis, as well as active ownership and engagement.

The RI Centre encompassed the Sustainability Coordination and Governance team, which had been responsible for developing and coordinating the implementation of the firm’s sustainability strategy and policies, drafting the stewardship strategy, and leading corporate governance research and engagement, coordinating transverse sustainability-related projects across all business lines, as well as supporting advocacy on sustainable finance policies, especially in the EU.

### Network of Experts in Sustainability Transition

Serving as BNP Paribas’ internal think tank on sustainability transitions, the Network of Experts in Sustainability Transition (NEST) drives strategic foresight and forward-looking analysis across the Group, drawing on the collective expertise of its sustainability specialists. The network brings together several hundred sustainability experts and ambassadors, active across businesses, functions and geographies. NEST’s mission is to share expertise, foster dialogue, and anticipate the future pathways of sustainability transitions for BNP Paribas and its clients.

In 2025, NEST delivered a strong engagement programme. This included 20 Flash Webinars featuring 28 speakers, with an average attendance of over 150 participants per session, more than 3,000 individual connections, and hundreds of replays. The network also organised NEST Days 2025, bringing together over 460 participants through eight ESG conferences and keynotes.

In parallel, NEST reinforced its foresight role through the publication of three newsletters, including the [final edition of Perspectives](#) on energy efficiency and the launch of two editions of the new *Prospectives* format. These publications are designed to disseminate insights on key future sustainability topics while identifying weak signals and emerging trends. NEST also released the third edition of the [Just Transition Observatory](#), further strengthening the Group’s leadership in integrating social dimensions into climate strategies.



# OUR THEMATIC PRIORITIES

2025  
SUSTAINABILITY  
REPORT

---

EDITORIAL

---

ABOUT  
THIS REPORT

---

INTRODUCTION

---

OUR STRATEGY

---

**OUR THEMATIC  
PRIORITIES**

---

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

---

VOTING AND  
ENGAGEMENT

---

PEOPLE, CULTURE  
AND CSR

---

STEWARDSHIP  
CODES

---

# OUR THEMATIC PRIORITIES

We believe the optimal economic model can be built on a successful Energy transition, healthy Ecosystems, and greater Equality in our societies — our 3Es. Taken together, these form a pathway to economic sustainability that will enable us, as investors, to safeguard long-term returns. The 3Es guide our strategic research, stewardship, responsible business conduct, sustainable thematic investing and CSR approach. This is captured in the roadmaps that we developed for each theme.

In addition to this, we see four leading global megatrends we believe are reshaping our world, revolutionising industries, transforming economies, and opening new frontiers for decades to come: innovation, demographics, environment and geopolitics.

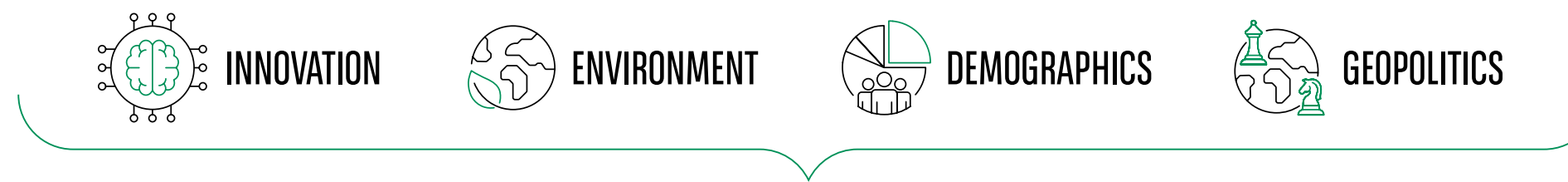
## BNPP AM and AXA IM: The Science of Thematic Investing: our new thematic framework

Thematic investing is a forward-looking approach that focuses on long-term structural forces

expected to shape the future. Instead of concentrating on traditional classifications such as regions, sectors or market caps, it identifies opportunities across industries and geographies that align with broad, transformative themes. This cross-cutting perspective helps capture innovation, disruption and value creation wherever they emerge.

[Our thematic framework](#) is built on continuous research into global change. So far, this work

has identified four long-term megatrends, seven thematic categories and 42 investable themes, which collectively form the foundation for constructing thematic strategies. Depending on objectives, these strategies can draw from a single thematic category or combine interconnected themes across several categories. Additional informational elements help define each strategy's "DNA," supporting comparison and informed investment decision-making.



Clean Energy		Natural Capital		Social Equality		Digital Transformation		Healthcare Innovation	Consumer	Sovereignty & Security	
Re Renewable energy	Ee Energy efficiency	Fi Food innovation	Wa Water	Ae Access to education	Ah Access to healthcare	Ro Robotics	Ai Artificial intelligence	Ge Genomics	Ct Consumer trends	On Onshoring	Ir Industrial resilience
Ei Energy grid infrastructure	Sm Smart mobility	Ci Circularity	Bio Biodiversity	Abi Access to basic infrastructure	Af Access to finance	Ec Edge computing	Cs Cyber security	Is Integrated systems	Ecom E-commerce	De Defence	Hs Healthcare security
Gb Green buildings	Ccm Climate change mitigation	Fo Forestry	Po Pollution control	Aho Affordable housing	Smo Social mobility	Cc Cloud computing	Di Digital infrastructure	Da Data analytics	Hw Health and wellness	Ri Resource independence	Fs Food security
Ct Clean transport		Cca Climate change adaptation	Nr Natural resources	Dw Decent work		IoT Internet of Things			Li Lifestyle		

**42** INVESTABLE THEMES USED TO CONSTRUCT OUR THEMATIC STRATEGIES SPANNING ALL MAJOR ASSET CLASSES

# ENERGY TRANSITION AND CLIMATE

**We believe a shift to a low-carbon, sustainable economy is essential for the long-term health of capital markets, and reaching global net-zero emissions by 2050 is crucial to prevent irreversible climate change damage. This is imminent if no action is taken, which is why climate and the transition to a low-carbon economy are one of our strategic areas of focus.**

Our [Net-Zero Roadmap](#) outlines our plan to reach Net-Zero emissions in our portfolios by 2050 or sooner. It is our strategy for managing climate change-related risks and opportunities within our investments and operations.

2025 saw record climate events, ranking among the three hottest years despite being bookended by La Niña. Climate efforts struggled as governments shifted priorities to energy security, affordability, and trade tensions, causing setbacks in clean technology and with the U.S. withdrawing from the Paris Agreement. However, [Europe produced more renewable electricity than fossil fuels for the first time](#), and EV sales surged globally. Climate risks persist while climate opportunities abound. In this context, we remain committed to our net-zero targets and helping our clients plan for the long term.

## Our net-zero commitments in brief

### Investments

- 1 – Reduce the carbon footprint of our in-scope investments by 30% by 2025, increasing to 50% by 2030 (Scope 1 and 2)<sup>1</sup>
- 2 – Align in-scope investments with net zero: 60% by 2030, rising to 100% by 2040
- 3 – Reduce fossil fuel exposure, including exiting coal by 2030 in the EU and OECD countries, and by 2040 for the rest of the world
- 4 – Increase investment in climate- and environmentally-themed solutions
- 5 – Engage with our clients

### Stewardship

- 6 – Vote for climate action
- 7 – Engage with companies on net zero
- 8 – Advocate for NZ 2050-aligned climate policy

### Operations

- 9 – Reduce our operational emissions
- 10 – Report on progress

We [report on the progress](#) towards reaching our net-zero ambition annually.

<sup>1</sup> – In-scope refers to Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR). The commitment also applies to funds and mandates that are managed in line with our Responsible Business Conduct policy. It does not yet include investments in securities issued by governments and agencies, derivatives and private assets. “Scope 1” refers to the direct emissions from sources that are owned or controlled by the company. “Scope 2” refers to the indirect emissions linked to the company’s purchased or acquired electricity, heat, steam and cooling. “Scope 3” refers to all other indirect emissions, including those related to the use of its products. Scope 3 emissions are not included in the calculation since the measurement of these emissions is not yet standardised or considered sufficiently reliable to be used in reporting. Given the importance of Scope 3 emissions in most sectors, we are evolving our approach to calculating Scope 3 emissions with the aim of including it in our approach in the future.

## Net-Zero Asset Managers (NZAM)

BNP Paribas Asset Management remained committed to the NZAM initiative under its revised framework.

Later in 2026, we plan to publish our new NZAM commitment with targets that reflects the ambition of our merged company.



**Thibaud Clisson**  
ESG Analyst and Climate Lead, BNP Paribas Asset Management

*“Adaptation was a central theme to COP30. We believe adaptation can be scaled through different type of investments, such as green bonds, blended finance, public-private partnerships that de-risk investments in high-need areas, or equity by financing companies providing adaptation solutions.”*

### NZ:AAA Framework for Net-Zero Alignment

We have developed a proprietary framework to measure alignment with global net-zero goals of our investments in companies, largely inspired by the Paris Aligned Investment Initiative Net Zero Investment Framework. This NZ:AAA framework assesses whether companies are Net Zero Achieving, Aligned or Aligning based on a number of data sources, including the Transition Pathway Initiative, Science Based Targets initiative (SBTi), Climate Action 100+ and CDP. Most of these sources are publicly available and have objectives related to categorising companies according to their carbon emissions reduction pathways. This framework outlines the progressive alignment of our portfolio investments with our net-zero commitments and reinforces [our goal to contribute to net-zero emissions by 2050](#). This framework helps us to better understand the carbon reduction targets of the corporates we finance, the credibility of their climate strategies and the climate value added by the products and services they offer.

Our assessment is based on an Implied Temperature Rise indicator, which translates corporate Greenhouse gases (GHG) reduction targets into a projected global temperature change outcome to facilitate assessment and comparability between corporate commitments. This indicator is designed to translate greenhouse gas emissions pathways into predicted global temperature figures. Our ITR indicator is an implementation of the CDP and World Wildlife Fund methodology. In addition to using ITR in our NZ:AAA framework, we also assess the climate value added of the product and services offered by the companies we invest in using EU Taxonomy alignment, as well as our Sustainable Development Goals (SDG) framework.

### Scenario Analysis: Inevitable Policy Response

We have used climate-related scenarios in a number of ways to support and implement our approach. For example, we provide funding and are a strategic partner of the [Inevitable Policy Response](#) (IPR), an initiative which forecasts the speed and scale of the transition to net zero. IPR has developed a Forecast Policy Scenario, as well as a Required Policy Scenario, which identify the incremental progress needed to move to a net-zero-aligned scenario. We employ IPR tools, such as its Quarterly Briefing content, to educate and inspire debate among investment teams. We have also used climate scenarios from the International Energy Agency to inform carbon intensity reductions in the power sector.

### Supporting the transition across the BNP Paribas Group

The Group continues its trajectory of [increasing its financing of low-carbon energy production](#). As of 30 September 2025, low-carbon energies accounted for 82% of BNP Paribas' credit exposure to energy production. The target for 2030? Raising that share to 90% and it is on track to achieve this target. Between 2022 and 2025, the Group allocated €252 billion to support its clients in their transition. As a result, it exceeded its 2026 target early in 2025, surpassing the €215 billion goal initially set.

### AXA IM: Journey to net zero

AXA IM has committed to achieving net-zero emissions across its portfolios by 2050 or sooner, 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 released its initial net-zero target in October 2021, updating it in April 2022 to cover 68% of all assets under management by the end of 2024 — approximately €600 billion managed according to a pathway aiming for net zero by 2050, consistent with the Paris Agreement’s long-term objectives. The firm set dedicated net-zero targets for asset classes such as Corporates (Fixed Income and Listed Equity), Sovereigns, and direct Real Estate Equity, basing these on industry standards. In early 2025, AXA IM also introduced a net-zero framework and established goals for 2030 and 2040 for its direct Infrastructure Equity and Debt investments, benchmarking favourably against peers thanks to strong portfolio foundations.

Since 2022, mirroring BNPP AM, AXA IM has implemented and refined a net-zero asset alignment framework for Corporates — the AXA IM Climate Colour Framework for Corporates — which includes both quantitative and qualitative climate analysis to assess assets’ net-zero status and inform investment decisions. In 2024, this framework was further upgraded to strengthen internal guidance for ESG analysts in evaluating issuers’ net-zero alignment. Additionally, AXA IM launched a new asset alignment framework for Sovereigns, building on Net Zero Investment Framework (NZIF) guidelines. As company disclosures and transition plans progress, this framework will continue to evolve and improve.

Like BNPP AM, [AXA IM reports annually on the progress](#) it makes in achieving its climate ambition. AXA IM net-zero targets also included a target in terms of engagement with financed emissions, recognising the importance of engaging with investee companies to effectively support real-world decarbonisation. The Climate Laggards approach (see page 64) enables us to escalate concerns where necessary.

### Investing in climate opportunities

While the transition to a low-carbon economy creates many risks, it also generates significant opportunities, which forward-looking investors may capture with the right investment tool. We have a long history of helping our clients invest in the transition, launching our first Socially Responsible Investment (SRI) fund in 2002 and one of our first environmentally-focused funds in 2006. Our goal is to continue to increase our climate- and environmentally-themed investment solutions while embedding climate and net-zero considerations across our range of investment strategies.

The Environmental Strategies Group manages environmental thematic strategies across eight core environmental themes, many of which are climate-focused, within the SFDR Article 9 space, as well as a co-investment programme. With around US\$2 billion in assets under management, the platform spans a diversified range of strategies across clean energy, environmental infrastructure, and global, regional and emerging markets environmental solutions. Within this remit, the team anchors or participates in primary transactions in innovative thematically aligned companies, driving both positive environmental outcomes and financial returns. In 2025, the team has supported the efforts of 15 companies by providing capital through 41 primary transactions, across the strategies range.

The team invested in ASTA Energy, a global leader in copper-based solutions for power generation, transmission, and e-mobility. With over 210 years of engineering excellence, ASTA’s products are embedded in the heart of modern energy systems, powering high-voltage transformers, industrial generators, and the expanding network of data centres driving global electrification.

Another notable investment was in Vulcan Energy, an integrated renewable energy and lithium company that is developing a significant project of low-cost and sustainable lithium that is of strategic importance

to Europe given its location in Germany. The project has a 30-year life and uses technology that is environmentally much less invasive. At the same time, the company harvests significant geothermal resources to reduce carbon emissions and to be able to provide heat co-production as an additional revenue source.

### Climate ETFs and transition strategies at AXA IM

In 2022, AXA IM introduced active Climate ETFs, expanding in 2023 to include passive Paris Aligned ETFs designed for clients seeking to pursue their objectives using the Paris-Aligned Benchmark (PAB) framework within an ETF structure.

By the end of 2025, the entire ETF portfolio surpassed €2.8 billion, with more than 60% adhering to ESG-related exclusion criteria and €836 million allocated to PAB funds.

Additionally, AXA IM manages €354 million in climate transition strategies. These active funds not only generate financial returns but also seek to help invested companies reach net-zero emissions by 2050 or earlier. The approach incorporates climate risks, opportunities, and net-zero alignment into investment decisions, all aimed at advancing the shift towards a decarbonised world.

### Our environmental venture strategy in partnership with the Solar Impulse Foundation

Launched in Paris in 2022, our [environmental venture strategy](#) exclusively targets high potential growth startup companies in the scale-up phase that are developing innovative technologies to accelerate the energy and ecological transition. We leverage a unique partnership between BNP Paribas and the Solar Impulse Foundation, and as an anchor investor, we aim to provide financial resources in the form of direct investments, investment and domain expertise, a wide network of industry connections and influence to accelerate future sustainability leaders. In early 2025, [we announced the final close of the fund](#), surpassing its target size and reaching €172 million.

### BNP Paribas Foundation Climate & Biodiversity Initiative

The [BNP Paribas Foundation Climate & Biodiversity Initiative](#) focuses on addressing the pressing issues of climate change and biodiversity loss. It supports scientific research, innovative projects, and awareness programmes aimed at preserving natural ecosystems and mitigating climate impacts and its latest round provided €7 million of funding to 11 projects over the next three years. The initiative involves collaboration with leading-edge researchers, non-profits and community organisations to study the root causes of climate change and biodiversity loss and work on solutions to enhance resilience related to these environmental challenges.

### AXA IM: Local resilience

In 2025, AXA IM provided a donation to WWT, a UK-based charity whose aim is to restore wetlands, and to build a regenerated rain garden with an education space that acts as a demonstration of a thriving garden based on rainwater alone. The garden and educational programme will enable WWT to share with visitors how a garden can adapt to our changing climate. A number of our employees volunteered time to help build the garden, which when completed, will be a focal point for promoting flood protection in urban environments and demonstrating how wetlands can increase species diversity while reducing dependencies on hard infrastructure such as municipal water systems.

# HEALTHY ECOSYSTEMS

**Unless we act immediately to reverse environmental degradation, not only will we destroy our natural capital, we will also be unable to sustain the economic growth rates and prosperity levels that populations in developed countries enjoy, let alone extend these to developing nations.**

As an asset manager with a broad range of clients that all depend upon a stable biosphere, we have the dual responsibility of understanding how our investments impact nature — our role in driving this crisis — and how nature loss may translate into financial risks. Our overall objective is to improve the environmental impact of our investments.

At BNPP AM, we have been working to tackle biodiversity loss and the impact it has on the companies and countries we invest in for several years. In 2021, we launched our [Biodiversity Roadmap](#) in order to recognise the many scientific studies and publications demonstrating that biodiversity loss is a source of risk for global economies and therefore for the prospective returns of the portfolios we manage for our clients, and to set out how we are actively addressing these risks through the six pillars of our sustainability approach. In 2024, we published a [3-year update of our Biodiversity Roadmap](#).

## BNPP AM 2025: Focus on ocean sustainability

In 2025, we made further progress to structure how we think about ocean sustainability and better include this topic in our [Biodiversity Roadmap](#).

We released [Sustainable by Nature Sequel: Reconnecting to our Ocean](#) before the UN Ocean Conference in June to provide our clients and stakeholders with a better understanding of the concrete measures BNPP AM is taking to protect the ocean. We want to conduct more research on our risk and opportunities in ocean-related themes, such as plastics and chemicals, which are gaining momentum on policymakers’ agendas and, without question, require greater investor attention.

Capitalising upon our work on seafood species, we will seek to expand this type of analysis to other sectors to understand how to prioritise species conservation. We encourage data providers to respond to the “call to action” made with other investors: we have developed an ocean sector framework, but without the help of increasingly sophisticated data, it will be hard for investors to evolve investment decision-making and drive more impactful engagement. We want to continue to provide solutions to address ocean-related challenges. We will continue to collaborate with our ocean-related partners and stakeholders, and we hope the wider investment community will be encouraged to look more closely at how their activities can be honed to better protect the ocean, sitting at the heart of the climate-biodiversity-equality nexus.

In addition to this focus on the ocean, we continued our work on other topics such as food waste, chemicals or planetary health diets, which we highlighted in the [3-year update](#) of our Biodiversity Roadmap.

## AXA IM’s commitment to biodiversity

### Development of biodiversity-related metrics

AXA IM, alongside BNPP AM, Mirova and Sycomore AM, worked closely with data providers to advance and refine biodiversity-related metrics. A key innovation is its Corporate Biodiversity Footprint (CBF), a metric designed to measure the negative impact of corporate investees’ economic activities on biodiversity across their value chains. The CBF evaluates pressures identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), including land use change, greenhouse gas emissions, and water and air pollution. As a relatively new and evolving metric, the CBF is subject to ongoing methodological enhancements, such as expanding the coverage of pressures to provide a more comprehensive assessment.

### Collaborative engagement and initiatives

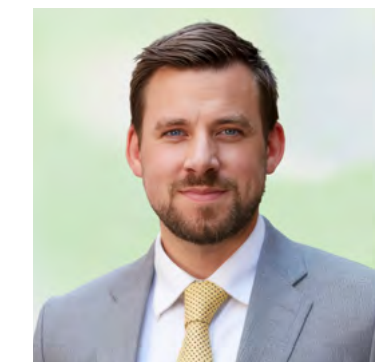
AXA IM actively engaged with leading organisations and experts to drive progress on biodiversity. Constructive discussions have taken place with partners such as WWF, CDP and Ceres. In 2022, AXA IM joined two collaborative initiatives: the Investor Initiative on Hazardous Chemicals, supported by ChemSec, and the Waste & Pollution engagement led by the Farm Animal Investment Risk and Return Initiative (FAIRR). In 2023, AXA IM became a member of the Emerging Markets Investors Alliance, participating in the Consumer Staples working group to advocate for sustainable and transparent best practices in emerging

markets, including on deforestation. In 2025, AXA IM continued its work with these partners.

AXA IM played an integral role in Nature Action 100 (NA100), joining both the launching investor group and the steering group. NA100 aims to engage companies in key sectors that are critical for reversing nature and biodiversity loss by 2030. AXA IM also participated in sector-leading initiatives coordinated by the Finance for Biodiversity (FfB) Foundation, the organisation behind the FfB Pledge.

### Target-setting and reporting

In alignment with its voluntary commitment as a signatory of the FfB pledge, AXA IM has implemented “initiation targets” as framed by the FfB Foundation. These targets, along with methodological recommendations for nature target-setting for asset managers, are outlined in [AXA IM’s annual TCFD – Article 29 LEC combined report](#), available on the BNPP AM website.



**Jonathan Dean**  
Head of Fund Management, AXA Investment Managers

“2025 was a landmark year for our natural capital strategy where we welcomed development finance institutions as clients alongside the existing private sector institutional asset owners. These types of public-private partnerships will be critical in addressing the challenge to protect and restore healthy ecosystems.”

# AXA IM's Natural Capital strategy

AXA IM's Natural Capital strategy was created in response to rising concerns about climate change and the consequent loss of biodiversity. Launched in 2022, the strategy aims to protect biodiversity and address the climate crisis by focusing on the avoidance and removal of CO<sub>2</sub> emissions through nature protection. Deforestation and land degradation account for approximately 20% of global GHG emissions, underscoring the importance of forests in climate mitigation, water provision, biodiversity conservation, and community livelihoods.

The Natural Capital strategy is centred on intentional capital allocation to companies and projects that conserve, protect and restore natural capital. This includes forests, nature's climate solutions, and high-value habitats crucial for conservation and biodiversity. AXA IM's investments addressed these challenges by:

- Financing the direct protection of primary natural capital, such as forested land, peatland and mangroves.
- Implementing sustainable land use programmes that minimise encroachment into protected areas and enhance stakeholders' livelihoods, including smallholder farmers.
- Contributing to climate change mitigation through the issuance of verified emissions reductions credits and other ecosystem service credits, enabling landowners to monetise the environmental benefits of their forests while preserving environmental, biodiversity, and social outcomes provided by standing forests.

## Looking forward

For our clients, the breadth of our natural capital range is expanding with the integration of AXA IM, the existing complementary capabilities of IWC and our venture capital and impact expertise, providing nature-based solutions across different asset classes such as private equity, real assets and project finance, in sustainable forestry, regenerative agriculture and ecosystem restoration. These include:

### Under the stewardship of IWC strategies:

- Over 850,000 hectares of sustainably managed forests (either under direct management or under advice) across the United States, Australia, New Zealand, Europe, Latin America and Asia.
- 7,500 hectares of farmland in Europe.
- Over 18,000 hectares of wetlands restored and protected, over 350 kilometres of streams restored and 7,900 tons of nutrient and sediment eliminated per year across the United States.

### Under the stewardship of the AXA IM Natural Capital strategy:

- Reforestation of degraded lands in the Brazilian Amazon, using native species trees, providing climate mitigation benefits.
- Protecting and restoring degraded peatland in Indonesia, preventing the release of CO<sub>2</sub> stored in peatland.
- Preventing the deforestation of Forest Protected Areas in Guatemala, protecting the Mesoamerican biodiversity corridor.
- Promoting sustainable agro-forestry practices in Madagascar, thereby protecting the rich and unique biodiversity of Madagascar including three lemur species listed on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

- Approximately 100,000 hectares of land under sustainable management; of which more than 83,000 hectares are Critical Habitats.

### Within the frame of our venture capital and impact strategies:

- BNPP AM has invested in several startups and projects to support the development of innovative nature-related solutions. These investments span a wide range of areas from bio-stimulants, regenerative agriculture to wildfire management, e-DNA biodiversity monitoring, or coral reef restoration.



**Robert-Alexandre Poujade**  
ESG Analyst and Biodiversity Lead,  
BNP Paribas Asset Management

*"2026 will be a cornerstone year for our Biodiversity Roadmap: integrating the AXA IM approach, defining what nature transition means in collaboration with key partners and leveraging our strong natural capital range will be our main priorities."*

**BNPP AM and AXA IM natural capital range** (forestry, agriculture, ecosystem restoration and innovation through real assets, project developments and venture capital)

# €6.3bn

of assets under management and assets under advice

## BNPP AM: The forests of the future

Sustainable forest management and the integration of biodiversity considerations into all forest operations are central objectives for IWC. In addition to third-party certification, targeted restoration projects addressing wetlands, wildlife corridors, and habitat creation are implemented within the forests managed by our future forest fund. Notable initiatives include the protection of seasonal wetlands, such as "vernal pools" in Maine in the United States, and the restoration of longleaf pine habitats in the state of Alabama; both are actively overseen to enhance biodiversity. Advanced monitoring technologies — including environmental DNA analysis, acoustic monitoring, and wildlife cameras — are used, complemented by collaborative partnerships with leading institutions such as Naturalis Biodiversity Center, NatureMetrics and Hula Earth.

# EQUALITY

**Investors may affect inequality outcomes through their support for a wide range of corporate actions across a company’s operations, corporate governance, and products and services. Our goal is to understand which corporate actions increase inequality outcomes and seek how to strengthen practices to reduce them.**

In 2024, we launched [Levelling Up: Our Roadmap to Address Inequality](#), our strategy and action plan for addressing inequality risk. In it, we outline our assessment that investors have historically addressed social risks in a piecemeal fashion. Our view is that inequality underpins and reinforces many of today’s social issues such as working conditions in supplier factories and employee diversity, and therefore requires a holistic approach. Moreover, inequality both multiplies climate risk and undermines climate risk.

[Inequality risk can manifest systemically in the market and idiosyncratically for individual companies](#), presenting risks and opportunities for investors.

To better understand this, we introduced a framework to support corporate inequality assessments. The framework maps key corporate actions that can impact inequality outcomes and identifies affected stakeholder groups, ultimately helping to support investment idea generation and engagement prioritisation, particularly within our sustainability strategies.

## Our Inclusive Growth strategy

Our Inclusive Growth strategy invests in companies that implement best practices that contribute to inclusive growth and help to strengthen equality in our societies. To construct the Inclusive Growth investment universe, we developed a proprietary scoring model derived from our ESG scoring methodology that is specifically designed to identify what we call companies with inclusive practices. We identified five pillars of actions for companies to reduce inequalities and contribute to inclusive growth: Decent Work, Investing in Social Mobility, Access to Quality and Affordable Products, Respecting Business Ethics and Decarbonisation. In 2025, we strengthened our Inclusive Growth strategy by integrating high-quality social data from a third-party provider.

## BNPP AM 2025: A focus on new data to power social risk insights

### We are looking for ways to integrate equality considerations into investment processes:

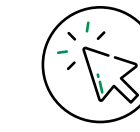
- We developed use cases that enhance our ESG scoring methodology to improve social factor analysis, enhance risk assessment, and align investment strategies with sustainability objectives.
- We launched a partnership with the Cambridge Institute for Sustainability Leadership to research the social risks related to the energy and AI transitions.
- We partnered with a leading social data provider to introduce the ability to assess the impact of social risks in our portfolios across topics such as diversity, human rights, health and safety, and labour rights.

### We have embedded issues of equality into our voting and engagement practices:

- Women hold an average of 29% of Board seats at companies in which we invest compared with an average of 22% for companies in the ISS database.
- In 2025, we opposed 54% of execution compensation resolutions and we supported 97% of social proposals on topics including adherence to human rights norms, improving health benefits, and gender pay gap analyses.
- We submitted two shareholder proposals seeking transparency on the human rights impacts of migrant workers in the Indian sugar cane supply chain.
- Since 2023, we have initiated or participated in over 100 equality-related engagements, including co-leading a collaborative initiative to improve social conditions of migrant workers in the Indian sugar cane supply chain.

### We are driving equality through our corporate practices:

- We achieved 40% women in senior management positions, and 50% women in our talent programme, which is our leadership pipeline, meaning we achieved both of our 2025 goals.
- Our internal Boards, whether they be operating company Boards or fund Boards, include 47% women representation.
- 26% of our fund manager roles are made up of women, doubling the industry average of 12.9% according to CityWire Alpha Female Report 2025.
- We continue to implement a number of mentoring programmes to help young people from socio-economically disadvantaged backgrounds develop their careers.



- Learn more about our **voting and engagement practices**
- Solving issues of equality is a fundamental pillar of our social business investment approach
- Learn more about our **investments in the social and solidarity economy**
- Learn more about our **corporate diversity, inclusion and equality practices**

## BNPP AM: Understanding the financial risks associated with rising social inequality

In 2025, we funded a research project with the [Cambridge Institute for Sustainability Leadership](#), a long-time partner of BNP Paribas. This research project aims to build on our Equality Roadmap and accelerate our preparedness by mapping systemic and idiosyncratic social risks at the portfolio level and identifying high-risk sectors around which to develop use cases, including those not traditionally flagged in Just Transition frameworks or by the AI transition. The end result will be a framework investors can use for identifying social risks across sectors and some use cases to bring to life social risks and opportunities for investors, both of which CISL plans to release in late 2026.

## BNPP AM: AI and equality

The rapid growth of AI in 2025 generated major wealth for investors in large tech companies, but widened existing inequalities. By mid-2025, the top 1% of earners in the U.S. held half of all corporate stock and mutual funds, while the bottom 50% owned just 1%. This shift led to a “K-shaped” economy; affluent individuals benefited from strong markets, whereas lower-income households struggled with rising costs for essentials. Elevated levels of inequality can hinder economic growth, dampen consumer demand, and heighten financial, social and political instability — all factors that may negatively influence investment outcomes.

## AXA IM approach to social equality: sharing the same vision

### AXA IM Impact Investing Healthcare strategy

In 2022, AXA IM launched a Global Healthcare strategy with approximately US\$500 million in AUM, aimed at ensuring healthy lives, promoting well-being and reducing healthcare inequalities. The strategy supports SDG 3 by expanding access to innovative products and services addressing global disease burdens, and delivering affordable solutions for large populations. Investments focus on companies involved in clinical development or early commercialisation of medical devices, biopharmaceuticals, vaccines, and diagnostics, with measurable positive outcomes for priority pillars: Women, Maternal and Child; Vision; Infectious diseases; Diabetes/Obesity; and other prevalent health issues in high-volume markets.

### Social impact strategy

In 2017, we launched our first social impact strategy focused on women empowerment, investing in companies committed to SDG 5 (Gender Equality). Since then, we’ve expanded to include all Social Sustainable Development Goals through our Social Impact strategy for listed impact investing. Our Social Progress strategy is designed with two main goals: to build long-term capital growth and to deliver tangible, positive societal impacts by supporting publicly traded companies that innovate for social progress. The mission is to raise living standards globally, aligning with the United Nations’ 2030 Agenda, and specifically addressing Sustainable Development Goals related to People, Prosperity, and Peace.

By the end of December 2025, our listed impact equity team oversaw approximately €270 million in assets under management across various social investment themes.

### Our main stewardship actions on social equality in 2025

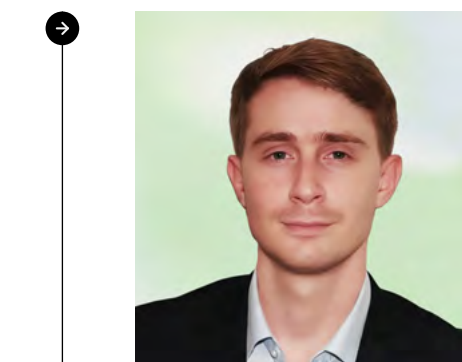
Our voting policy includes strict expectations regarding board gender diversity, and in 2025 we supported 72% of shareholder proposals linked to social issues. Appropriate management of social-related risks, and in particular human capital management and human rights, are among the key topics of engagement we prioritise, addressed in 26% of our total engagement activities in 2025. These are mainly addressed in collaboration with other investors via our active participation in a number of initiatives, in particular:

- The French Investor Forum’s Coalition against Forced and Child Labour, to improve companies’ human rights due diligence and appropriately address risks of modern slavery in their supply chains. In 2025, we hosted a workshop with several companies from the beauty and luxury sector to understand their approach to improving labour conditions of agricultural workers in the jasmine sector in Egypt.
- The French Investor Forum’s Just Transition Initiative, to raise companies’ awareness of the need to consider the impact of their transition strategy on their workers. We contributed to the development of common frameworks for investors to engage on the Just Transition theme.
- Share Action’s Good Work Coalition, where we engage UK retailers on the long-term financial risks of low pay, and encourage them to commit to implementing a Living Wage policy. During 2025, we notably co-filed a shareholder resolution on this topic at the general meeting of Next Plc.

- The 30% Club Japan Investor Group, whose aim is to encourage large Japanese companies to promote gender diversity at the senior management level.

### Public advocacy on social equality topics

Through our advocacy work, AXA IM has actively contributed to advancements in sustainability reporting, both within the EU — such as the upcoming Corporate Sustainability Reporting Directive (CSRD) — and globally, through engagement with the International Sustainability Standards Board (ISSB). We’ve emphasised adopting “double materiality” and aligning emerging standards, as well as preserving the main social requirements of the European Sustainability Reporting Standards (ESRS). Despite political hurdles, we are shifting from a net-zero focus to a broader ESG approach with heightened attention to social issues. Ongoing oversight of workers’ rights is vital, especially in rapidly evolving sectors like automotive electrification. A Just Transition should address both energy change and its human impacts.



**Lorenzo Schinelli**  
Impact and ESG Analyst, AXA Investment Managers

*“Every medical breakthrough carries a profound responsibility. We engage with the most innovative companies to advocate for equitable access and ethical marketing practices. Innovation only delivers real impact when it reaches patients in the most responsible way possible.”*

# SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS

2025  
SUSTAINABILITY  
REPORT

---

EDITORIAL

---

ABOUT  
THIS REPORT

---

INTRODUCTION

---

OUR STRATEGY

---

OUR THEMATIC  
PRIORITIES

---

**SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS**

---

VOTING AND  
ENGAGEMENT

---

PEOPLE, CULTURE  
AND CSR

---

STEWARDSHIP  
CODES

---

# SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS

**By integrating considerations of relevant Environmental, Social and Governance (ESG) factors into our investment decisions, we can identify and assess potential areas of hidden risks and opportunities. Our ESG scoring and integration approach is applied across a wide range of investment strategies.**

ESG considerations are interpreted and taken into account by market participants in different ways. Coupled with inconsistent levels of disclosure by companies, this can lead to market inefficiencies, which can create opportunities for ESG-savvy investors. While we expect corporate disclosure to increase, shifts in consumer, investor and regulatory expectations will likely persist in a dynamic environment experiencing secular change.

## A cornerstone of our sustainable investing approach: our Responsible Business Conduct Policy

It is our belief that companies' business conduct impacts the value and reputation of entities in which we invest. We expect companies to meet their fundamental obligations to respect human and labour rights, protect the environment and ensure anti-corruption safeguards wherever they operate, in line with the UN Global Compact Principles, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

We will avoid investing in companies in violation of these standards and companies struggling to meet the standards will be put on a watchlist. Our [Responsible Business Conduct Policy \(RBC policy\)](#) sets out the conditions under which we will invest in specific sectors and guides our screening requirements and related stewardship activities. These criteria are based on relevant international conventions and regulations, BNP Paribas Group CSR Policies and voluntary industry standards. The policy includes sector- and activity-based requirements that must be met by issuers in order for us to invest.

Our RBC policy also excludes certain sectors or activities when we deem them to be in violation of international norms, or of causing unacceptable harm to society or the environment, without counterbalancing benefits. These are generally sectors where engagement makes little sense.



**Olivier De Larouzière**  
Head of Global Fixed Income and Global Multi-Strategy Product Group, BNP Paribas Asset Management

*"GSS bonds play a critical role in deploying capital towards projects that drive real sustainability impact. I am proud that we are collectively one of the largest participants in this market, with 51 billion invested across our portfolios and several dedicated green and social impact funds."*

2025 SUSTAINABILITY REPORT

EDITORIAL

ABOUT THIS REPORT

INTRODUCTION

OUR STRATEGY

OUR THEMATIC PRIORITIES

**SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS**

VOTING AND ENGAGEMENT

PEOPLE, CULTURE AND CSR

STEWARDSHIP CODES

# LISTED MARKETS

**We integrate sustainability factors across a range of listed investments, including active and thematic strategies, as well as passive and active ETF strategies.**

Our ESG Integration Guidelines shape how our analysts and portfolio managers incorporate relevant ESG factors into their company or asset evaluation and portfolio construction decision-making processes.

**Specifically:**

- we aim to avoid investing in entities without associated ESG research; and
- we recognise there is not a "one size fits all" approach to ESG integration and apply a range of approaches depending on the asset class, investment objectives, and whether a fund is labelled or subjected to other regulatory classifications, as examples.

**Approaches can include:**

- better-than-benchmark (BTB) constraints on ESG scores and carbon footprint;
- implementation of our RBC policy and its exclusion lists; and
- use of ESG factors in fundamental security analysis.

We promote these guidelines to our existing delegated managers and managers we partner with, and we will not delegate to new external managers who do not incorporate sustainability policies and practices.

For client mandates, we will apply as many of these principles as we can and promote greater incorporation of sustainability principles, while respecting their investment preferences.

**Disseminating ESG Research across our Listed Investments platform**

In 2025, our ESG Research team produced seven comprehensive corporate sector reviews, sharing ESG analysts’ insights across a range of sectors and issuers. The sectors reviewed this year included Food & Beverage, Capital Goods, Financials,

Automobiles, Mining & Metals, Insurance, Consumer Services, and Food & Staples Retailing. Additionally, the team conducted an in-depth assessment of our Sovereigns’ ESG analysis and scoring. This analysis was thoroughly discussed with the BNPP AM Fixed Income Credit Research team and our “Sector Pods” before being shared broadly with portfolio managers throughout our Investments platform.

Both within and outside the scope of these sector reviews, ESG Research analysts performed hundreds of issuer- and instrument-level assessments in 2025.

During the first half of 2025, ESG Analysts successfully completed a Greenfin label audit project, evaluating over 300 Green bonds — including more than 1,200 uses of proceeds — for Greenfin and EU Taxonomy alignment. Furthermore, 176 ex-post analyses were carried out to update our GSS bonds impact reports.

## ESG integration in our Emerging Markets investment platform

Over the past thirty years, we have developed our Emerging Markets network by:

- leveraging central teams;
- establishing local asset management companies; and
- creating joint ventures with reputable local partners.

Our presence extends across key strategic emerging markets, including Brazil, Chile, China, India, Indonesia, Poland and Turkey. Through both wholly owned operations (Emerging Markets Affiliates) and joint ventures, we maintain investment teams on the ground in each market, providing us with unique access to domestic issuers, local economies, and market developments.

To support sustainability integration, we utilise a network of ESG Integration Coordinators within our central Sustainability Centre. These coordinators collaborate closely with local ESG Champions and Analysts in each country where we operate. Their efforts focus on adapting BNPP AM’s sustainability strategy to local entities, sharing ESG research, partnering in stewardship initiatives, and assisting in the development of ESG training and volunteering programmes. We regularly convene the Emerging Affiliates and Joint Ventures Champions in our “EM ESG Forum” to exchange best practices and provide updates from each market.

Region	Country	Highlights of some of the local achievements in ESG integration
Asia Pacific	China (BNP Paribas ABC Wealth Management)	<ul style="list-style-type: none"> <li>• Launched first ESG-themed products and published its first Sustainability Report.</li> <li>• Taking inspiration from central team’s SDG Fundamentals dataset, the local team designed its China UN SDG (Sustainable Development Goals) framework to select companies with particular alignment with China’s common prosperity priorities — affordable housing, public services, etc.</li> <li>• The 2025 China roadshow of our Global Head of Sustainability created great synergy among all our Chinese entities, by engaging with local partners, regulators and key clients, bringing valuable insights from a global perspective.</li> <li>• Chaired CCEI (China Climate Engagement Initiative) Just Transition working group and launched “China Just Transition Report” at the CCEI annual meeting.</li> </ul>
	China (China Securities AM)	<ul style="list-style-type: none"> <li>• Expanded the central ESG model to China by covering more than 8,000 issuers; constructed a systematic corporate governance alert with local features.</li> <li>• Applied the global ESG integration prototype to the local team: providing portfolio management support including ESG research, policy updates, universe tracking and portfolio monitoring.</li> <li>• Collaboration with central China Equities team on forward-looking, sustainable thematic research.</li> </ul>
	India (Baroda BNP Paribas Mutual Fund)	<ul style="list-style-type: none"> <li>• First ESG equity product launched successfully in the local market, adopting best-in-class and exclusion strategy.</li> <li>• Joint engagements in collaboration with central team to support local companies in their transition.</li> <li>• Local RBC, CSR and voting policies have been adopted.</li> </ul>
	Indonesia	<ul style="list-style-type: none"> <li>• Over the past years, central teams have been working with local portfolio managers on ESG integration. For example, on transition sectors such as energy and mining, central teams have been identifying and monitoring key local holding companies, by joint research and engagements with local PMs.</li> </ul>
Latin America	Brazil	<ul style="list-style-type: none"> <li>• BNP Paribas Asset Management Brazil received the award <a href="#">Best Sustainable Development Company</a> from Global Banking &amp; Finance.</li> <li>• Active participation from the local investment teams to PRI in Person and COP30 events in Brazil, where BNPP AM was a sponsor.</li> <li>• Over 66 engagements with issuers were performed by the local investment teams in 2025 across a range of ESG topics.</li> </ul>
	Chile (BEAGF)	<ul style="list-style-type: none"> <li>• Implementation of ESG ratings in the new front office systems to facilitate ESG integration.</li> <li>• Banco de Estado’s three sustainable products closed 2025 with a total AUM of US\$265m, reflecting 270% growth compared to 2024.</li> <li>• Our ESG Mining Analyst provided research and best practices on copper, lithium and desalination topics in Chile to provide support to local CEOs and CIOs in their analysis and screening of investments.</li> <li>• BancoEstado Chile Ecológico won the Global Finance award in the <a href="#">Best Impact Investing Solution</a> category globally and in Latin America.</li> </ul>
Europe, Middle East and Africa	Poland (BNP Paribas TFI)	<ul style="list-style-type: none"> <li>• BNP Paribas TFI established an ESG Committee in 2024. The ESG Committee’s objective is to periodically verify the sustainability characteristics of investment funds, monitor current regulations and analyse market trends to determine valuable additions to the local product offering. Meetings are held at least twice a year.</li> <li>• The successful revision of two ESG master feeder strategies.</li> </ul>



**Roman Podkolzine**  
Business Manager, Emerging Markets, BNP Paribas Asset Management

*“Through our network of ESG Coordinators and local champions, we’ve built a dynamic partnership that continually adapts global sustainability ambitions to local realities, driving tangible progress across all our markets.”*

**ESG methodologies and data: sophisticated “fit-for-purpose” approach across both firms**

Since the merger, we have been able to leverage each firm’s extensive experience with different ESG methodologies to choose the best fit-for-purpose indicators within a wide range of third-party data providers and other data sources.

We have held working groups and discussions to compare in detail our range of ESG methodologies and data across listed and alternatives asset classes. Both firms had a similar level of ambition and granularity in terms of ESG methodologies, relying on expansive datasets from data providers combined with internal expertise.

Looking forward to 2027, we will be able to rely on a common set of ESG data, based on the following principles:

- Our science-based approach to ESG data, research and scoring enables us to assess companies, benchmarks and countries on a wide range of factors. It allows us to enhance our decision-making and to report against clear ESG Key Performance Indicators (KPIs) and commitments. Our expansive ESG datasets power our ability to create custom approaches for clients.
- ESG methodologies are providing insights across different sustainability themes: net zero, biodiversity, social, SDGs, impact, governance, etc.
- ESG research, metrics and regular training are available to portfolio managers including in front office tools.
- Our transversal approach to ESG data is critical to developing and maintaining our proprietary and third-party ESG datasets and reporting capabilities.
- ESG methodologies are developed and maintained by investment teams, ensuring proximity and ownership by end users, within a global governance framework that enables contribution from sustainability experts, product specialists, regulatory experts and our global risk team.

**Bringing the global megatrends to life**

Global megatrends are multi-decade themes with significant implications for society, the economy and investors. They are driving a wave of new long-term investment opportunities across a variety of industries and asset classes. We have identified four key megatrends which we believe will have the most notable future influence.

From technological innovation in areas such as artificial intelligence (AI), to protecting the environment, evolving demographics, and the complexities of geopolitics – we see these as the global megatrends driving the future.

These secular, multi-decade stories have major consequences, given that they significantly influence both society as a whole and the wider macroeconomic backdrop. They are generating a wave of new, long-term investment opportunities across industries and asset classes — and will likely fuel investor behaviour for years to come.

These fundamental and pervasive changes shape our strategic investment framework, and help guide how we view society, the global economy and financial markets. They are also used by our Macro Research team to provide actionable investment research made available to all investment teams.

While these megatrends are extensive — each encompasses numerous themes and sub-themes — we have identified four key areas which we believe will have the most compelling economic impact:

- **Demographics:** changes in the characteristics, beliefs and behaviours of the world’s population;
- **Innovation:** alterations in our environment, work and everyday life driven by technological progress;
- **Environment:** changes in our physical habitat — most vitally climate change and biodiversity loss; and
- **Geopolitics:** the development of the laws, regulations and norms that govern interactions within countries, and between states globally.

Our Global Megatrends strategy is a multi-thematic strategy that leverages BNPP AM’s thematic expertise. Indeed, our future is being shaped by powerful global “megatrends” that define the world of today and tomorrow. From demographics to innovation, environment and geopolitics, our Global Megatrends strategy aims to capitalise on these forces by identifying investable themes and analysing the opportunities arising from them, and ultimately constructing a portfolio employing our differentiated behavioural approach that is unconstrained by style, region, sector or market cap to stock selection.



**Bérénice Lasfargues**  
ESG Integration Lead,  
BNP Paribas Asset  
Management

*“The merger of our two firms is a golden opportunity for us to rethink our approach to ESG data and how we use these data in our methodologies. We have been working hard to build something that reflects the ambition of our combined firm and provides leading insights for our portfolio managers.”*

**Data, research and voting service providers**

We use a number of third-party service providers to feed into our data models, to provide us with relevant and timely research and to help execute on our voting. Learn about how we choose and monitor our service providers at BNPP AM and at AXA IM.

[BNPP AM Sustainability Report 2024](#)  
[AXA IM Stewardship Report 2024](#)

## AXA IM: Listed Markets

AXA IM Core has a comprehensive and proactive approach to integrating ESG factors into the decision-making process across equity, fixed income and multi-asset platforms. Organised into three main categories, our strategies are (or can be) managed as open-ended funds, ETFs or segregated mandates and aim to provide a variety of solutions that cater to the diverse needs of our clients:

- **ESG:** strategies where investment teams consider financially material ESG information to inform investment decisions to help achieve risk-adjusted returns. In most cases, our portfolios also explicitly include an ESG score objective and/or targeted ESG characteristics.
- **Sustainability:** strategies which aim to generate financial returns and support the transition to a more sustainable economy. These include strategies that deliver a high degree of sustainability today as well as those financing the transition such as carbon transition, low-carbon and Paris Aligned Benchmark (PAB) portfolios.
- **Impact:** strategies that are designed to deliver a dual objective (of equal importance) of financial returns and positive and measurable environmental and/or social impact.

### ESG integration in fixed income

In fixed income, ESG integration is embedded in investment processes to reflect our conviction that environmental, social and governance factors can materially influence issuer creditworthiness and investors' ability to support the financing of sustainable economic development. Key areas of focus include regulatory and transition risks, operational resilience, governance quality, and

environmental and social controversies. As part of the ESG assessment, issuers are also assigned a climate colour, providing a forward-looking view of their alignment with a low-carbon transition.

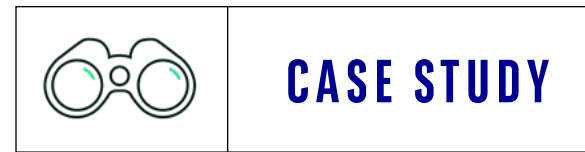
In 2025, we:

- Improved collaboration with credit analysts to deepen and enhance ESG integration in credit research via sector-specific guidance;
- Improved AXA IM green bond taxonomy to address specific types of projects and sectors with complex transition pathways;
- Integrated external datasets in GSS bonds monitoring to improve the measurability and accuracy of allocation and impact data, facilitating consolidation at the portfolio level;
- Developed the Sovereign Climate Colour Framework to assess sovereign transition plans and further integration of ESG sovereign research in investment teams.



**Thomas Coudert**  
Head of Sustainability,  
Core Investments,  
AXA Investment Managers

*"In 2025, we advanced our sustainability journey by developing frameworks to direct capital towards the transition across both equities and fixed income. By adopting the SDR Improver label on selected UK strategies, we are demonstrating tangible momentum towards achieving our net-zero ambition."*



## AXA IM: Yorkshire Water

We engaged with Yorkshire Water, a UK-based water utility, to review its progress towards climate objectives, address industry-wide pollution concerns, and exchange best practices on labelled debt instruments.

Our discussions encompassed the company's roadmap to achieving net-zero emissions by 2050, including immediate plans for Scope 1 and 2 emissions reductions and anticipated capital investments supporting decarbonisation efforts. We also examined pollution risk management amid increasing regulatory scrutiny, focusing on storm overflow mitigation, monitoring technologies, and transparent incident reporting. Furthermore, we provided recommendations regarding their sustainable bonds, encouraging enhanced alignment with International Capital Markets Association (ICMA) standards. In accordance with prevailing market norms, we underscored the importance of reporting outcome-oriented metrics in sustainable bond impact documents to more effectively illustrate the positive outcomes of funded initiatives.

## Multi Asset Income range

Within the AXA IM Multi Asset Income range, an "Impact" strategy is managed that emphasises prosperity for both people and the planet, in alignment with relevant UN Sustainable Development Goals (SDGs). This global multi-asset impact strategy targets investments in companies providing products, services or financing projects that have demonstrated significant positive social and environmental impacts and are clearly aligned with the SDGs.

Regarding universe construction, the strategy allows for investments in equities and debt securities, including green, social and sustainability bonds (GSSBs). The investment process is supported by a proprietary framework designed to build the equity and fixed income impact universe, evaluate GSSB eligibility, and identify and monitor companies for their sustainability and SDG alignment.

In addition to AXA IM's responsible investment sectoral and normative exclusions, the fund implements further restrictions on unconventional and conventional oil and gas, power generation, coal, tobacco and weapons. These measures ensure compliance with both the French SRI and Belgian Towards Sustainability labels. Moreover, the fund adheres to ESMA guidelines on fund naming and applies Paris-aligned Benchmark exclusions.

### AXA IM Select

As a specialised business unit within AXA Investment Managers, AXA IM Select is committed to UCI management, portfolio management, investment advisory services, fund research, and developing tailored investment solutions for multiple AXA entities. Our primary focus is on recommending funds to the AXA Group and creating multi-asset strategies for clients throughout Europe and Asia.

AXA IM Select adheres to a comprehensive Responsible Investment Framework that incorporates key ESG criteria into every stage of the investment process. This includes ESG due diligence with scoring, risk management through exclusions, ongoing ESG data monitoring and labelling, as well as transparent reporting and disclosures.

# ALTERNATIVE ASSETS

**Our dedicated platforms for alternative assets are rooted in our mission to deliver long-term sustainable returns to our clients. By "sustainable", we mean both returns that can be sustained over the long term, and returns that are in balance with society and the environment. These two meanings of sustainable are inseparable — we cannot deliver long-term returns without helping to achieve the energy transition, environmental sustainability and a more equal and inclusive financial system. To do so, we bring together strong internal expertise while expanding our product range to new asset classes through several acquisitions.**

## Sustainability in private equity

Our Agility strategy, launched in 2024, invests in European small and midcap companies active in a wide range of sectors.

Sustainability considerations are embedded as a core driver of long-term value creation throughout the investment process. We have developed a dual ESG assessment that evaluates both the general partner and the target company using a proprietary scoring tool that measures overall sustainability practices. The weighting of each component is adjusted according to the deal structure, with greater emphasis placed on the general partner when they hold majority control. A qualitative materiality analysis complements the scoring process to identify specific material ESG risks. Investment opportunities are declined when these material risks or controversies cannot be adequately mitigated.

## Corporate debt

Our ESG integration framework for direct private debt investments has been systematically applied since 2022. It is based on an assessment of the transparency and maturity of the company's ESG practices, reflected through a dedicated ESG score, complemented by a qualitative sectoral analysis aiming to identify potential material ESG risks for the transaction. Initially implemented for senior debt investments, this approach has since been extended to unitranche debt investments.

In 2025, we strengthened our ESG practices, with a particular focus on active engagement with our borrowers. For our unitranche debt investments, we systematically propose the

implementation of ESG-related indicators and targets linked to the financial margin, a way to align our collective incentives across the investment chain towards a better management of ESG factors. In 2025, more than 70% of our unitranche debt borrowers agreed to implement ESG ratchets. For 40% of these borrowers, ESG indicators and targets were effectively defined during the year.

As an illustrative case, ESG ratchets were established for an Italian full-service provider of physical and digital security solutions, incorporating targets related to cybersecurity performance, greenhouse gas emissions reduction, retention of key talent, and anticorruption measures.



**Isabelle Scemama**  
Global Head of Alts and Deputy Chief Executive Officer, BNP Paribas Asset Management

*"Integrating sustainability should not be seen as a burden but as a source of opportunities. With this mindset, you develop ambitious frameworks — such as the one we have for real estate decarbonisation — that not only help manage risks effectively, but also enhance value and uncover new growth potential for our clients."*

## BNPP AM: Social Business Investment

The BNP Paribas Social Business Impact strategy centralises social investments from several of what are commonly referred to as 85/15 funds. Their goal is to invest up to 15% of a fund’s assets to support the development of charities, cooperatives, and social enterprises that address issues related to exclusion or vulnerable people, or the environment. As of the end of 2025, we had over €250m of AUM and supported 32 investees, investing €15m in social enterprises in 2025 alone.

### What is an 85/15 solidarity employee investment fund?

An 85/15 solidarity employee investment fund allocates 85% of its capital to traditional investments, such as stocks and bonds, aimed at generating financial returns. The remaining 15% is dedicated to investments in the social and solidarity economy, which prioritises environmental sustainability, social impact, and ethical governance. This fund structure not only seeks financial growth but also supports initiatives that benefit the broader community, fostering solidarity among employees by aligning their investments with shared values and social responsibility. Companies in France with over 50 employees must offer their staff an option to invest in an 85/15 fund. At the end of 2025, we managed €3.3 billion in 85/15 funds, distributed through our partner, BNP Paribas Cardif.

### The following is a sample of investments our fund has made.

Founded in 1987, [Saprena](#) is an adapted company that enables professional inclusion and support for people with disabilities, by offering them job opportunities, training and support. Saprena operates in the logistics sector, green areas maintenance, hygiene, packaging and catering. Saprena is a company in Loire-Atlantique (France), with a turnover of more than €20 million and 490 employees in 2024. Its impact is significant, with 321 people in a situation of disability employed in 2024. BNPP AM invested in Saprena in 2025 to assist in the company’s growth and enhance its social impact.

1.3 billion tons: this is the amount of food wasted every year in the world. With this in mind, [Phenix](#), created in 2014, set itself the mission of combatting food waste.

To address this problem, Phenix developed a number of technological solutions aimed at large retailers such as Leclerc, Intermarché and Franprix, and agrifood companies such as Danone and Coca-Cola, through donations to associations, resale to consumers and animal feed. In 2024, Phenix saved more than 41,000 tons of food. We have been invested in Phenix since 2022.

[Familles Solidaires](#) was established in 2013 with the objective of developing inclusive housing projects. Inclusive housing consists of residential units arranged around a communal living space or co-located accommodations for elderly and/or disabled individuals, aiming to foster social connections, promote solidarity among residents, and provide respite for close caregivers. Familles Solidaires acquires land and renovates or constructs human-scaled habitats — accommodating five to ten people — to make them available to individuals experiencing a loss of autonomy. In 2024, Familles Solidaires hosted 26 vulnerable people in its inclusive housing projects. We have been invested in Familles Solidaires since 2019.

## BNPP AM: Venture Capital meets sustainability and fashion

Our [environmental venture strategy](#) was created in 2022 in partnership with the Solar Impulse Foundation. Classified as Article 9 under SFDR, it is dedicated to the ecological transition and invests in startups and scale-ups combining ecological imperative and strong performance. Our fund has implemented a strong sustainability approach to its investments with the aim to fight against climate change and biodiversity reduction.

Sustainability considerations are integrated as a key driver of long-term value creation throughout the investment process. A robust methodology has been developed to identify, assess and manage positive environmental impacts and ESG risks and opportunities. In parallel, all products or services undergo a third-party environmental assessment granted by the Solar Impulse Foundation Label.

One of four investments made in 2025 was in Fairly Made, a pioneering French scale-up helping fashion brands on their sustainability and compliance journey. The company has developed a 360-degree service-as-a-solution platform that enhances supply chain visibility and supports brands in meeting industry demands for transparency, traceability and measurable impact data. In 2024, over 36,000 Life Cycle Analysis were carried out, providing key insights to drive more sustainable practices.

### Social Impact bonds

Social Impact bonds are financial instruments in which private investors provide funding for a social or environmental programme designed by an association or social enterprise. Repayment of the investment, including interest, is made by a third party — typically a government entity or public funder — conditional upon the achievement and verification of specific impact objectives by an independent evaluator.

We participated in Spain’s inaugural Social Impact Bond, as part of a comprehensive initiative led by the Diputación de Málaga aimed at addressing food insecurity, minimising food waste, and enhancing employment and social inclusion among food bank beneficiaries. The employment-support component financed by the BNP Paribas fund will be implemented by Arrabal, an established association in Málaga with over three decades of expertise in professional integration.

In 2025, the Apprentis d’Auteuil Foundation concluded two impact bonds. Over a five-year period, the initiative supported families facing imminent risk of child placement in foster care due to unstable circumstances. The programme offered temporary accommodation (“Relais familial”), parental guidance, and tailored social services for durations ranging from six to twelve months. As a result, 114 children remained with their parents, and participating families achieved long-term housing stability and improved living conditions. Recognising the effectiveness of the model, public authorities have committed to sustaining funding for the intervention over an extended period. This represents a notable example of successful intersectoral collaboration.

### Impact Investing Envelope

In 2021, BNP Paribas allocated €200 million of its own equity to impact investments, managed collaboratively by BNPP AM Private Assets and the Group’s Company Engagement team. Investments range from €1m to €10m in innovative impact organisations — including startups and associations — primarily through equity (Series A, Series B) or debt instruments. The initiative is designed to address significant social and environmental challenges while fostering sustainable business models. Impact forms the foundation of each company’s strategy, requiring clear intent, demonstrable additionality, and a comprehensive methodology for measuring impact. The Impact Investing Envelope is structured around three focus areas:

- Social Impact (€105m): targeting specific social issues or generating positive outcomes for vulnerable or disadvantaged populations;
- Natural Capital (€55m): supporting nature-based solutions and technologies that protect or restore natural ecosystems such as freshwater, soil, minerals, air and ocean, along with their vital functions like pollination and carbon sequestration;
- Climate Change and Local Development (€40m): facilitating mitigation and adaptation strategies for climate change while encouraging local economic development, for example: assisting communities in developing nations or underserved areas to access sustainable services, and implementing solutions aimed at substantially reducing CO<sub>2</sub> emissions or conserving resources.

### Infrastructure debt

Our infrastructure debt funds are designed to deliver reliable, long-term returns by investing across a diversified spectrum of infrastructure debt. Environmental, Social and Governance factors form

an integral component of the team’s investment philosophy, based on the conviction that sustainable investments support the fund’s sustained performance over time. ESG principles are central to both our analytical framework and portfolio construction, and are fully incorporated throughout our investment process.

Our approach to ESG integration involves assessments conducted by our internal ESG team, utilising BNPP AM’s proprietary methodology to evaluate all three dimensions of E, S and G. Each investment further undergoes an environmental and climate review performed by a specialist consultancy. The investment team maintains close collaboration with the Sustainability Centre, which comprises more than 30 experts focused on advancing ESG assessment and integration firm-wide, including nine specialists dedicated to Private Assets. We actively engage in ongoing dialogue and jointly evaluate every investment opportunity.

## Developing a “Nature App”

We are developing a “Nature App” proof-of-concept in collaboration with Kayrros. This platform is intended to replace current external providers for biodiversity indicators, water scarcity assessments, and related data. Upon completion, the app will facilitate the collection of all material ESG data relevant to specific sites, whether for infrastructure or real estate strategies. The platform will centralise information such as mean species abundance, presence of endangered species, land use and soil artificialisation, and water scarcity.

We anticipate the final version will be completed within the next few months and become an essential tool for many of our Private Asset strategies.

## Sustainability in real estate

Combined, BNPP AM and AXA IM offer a broad array of real estate investment classes, encompassing both equity and debt strategies across commercial, residential and infrastructure sectors. Their offerings include direct ownership in innovative impact-driven properties, financing sustainable developments through real estate debt, and supporting climate-resilient assets. These investment classes are underpinned by robust ESG integration, with a focus on decarbonisation, resilience, and fostering sustainable urban environments, ensuring that their portfolios not only deliver financial performance but also address social and environmental challenges. The combination of advanced digital platforms and rigorous methodologies enables both firms to enhance transparency, operational efficiency, and long-term value in real estate investments.

### Partnering for enhanced ESG assessments in real estate debt

In 2025, digitisation initiatives across the Commercial Real Estate (CRE) Debt platform were further enhanced through a comprehensive new central ESG data-collection and engagement tool. This platform is now systematically utilised to facilitate borrower and agent engagement, streamline the end-to-end gathering of ESG information, and automate critical processes such as data validation, scoring, and integration into core systems. The resulting improvements have significantly bolstered data quality, timeliness, and borrower interaction, thereby strengthening

the robustness of ESG assessments and increasing the operational efficiency of annual regulatory and non-regulatory reporting cycles.



**Laurent Lavergne**  
Global Head of Sustainability,  
AXA Investment Managers

*"With the integration of our decarbonisation CapEx into our real estate cash-flow projections and valuation tool, we are in a position to monitor and manage all our portfolios' projected financial returns alongside their alignment with the Paris Agreement."*

## AXA IM: Real Estate Equity

### We look at three critical themes when providing real estate equity: Decarbonisation Resilience and Building Tomorrow.

We have integrated decarbonisation modelling and capital expenditure planning into our financial platform, Anaplan, and are progressively deploying it across the real estate equity portfolio. Once ESG-related CapEx is uploaded, the Carbon Risk Real Estate Monitor (CRREM) curve is recalibrated automatically, enhancing efficiency, data consistency, and the accuracy of ESG CapEx modelling. This facilitates precise scenario simulation, benchmarking, and informed investment decisions, enabling optimal capital allocation and improved portfolio performance.

We are transitioning our physical climate risk assessment workflows to a new platform with a more comprehensive hazard coverage, advanced forward-looking modelling, and integrated financial loss projections. This provides greater insight into current and future risk exposure, informing appropriate investment actions.

We have also introduced a Fossil Fuel Removal Policy to accelerate the phase-out of fossil-fuel-based systems across our real estate portfolios. The policy establishes clear trigger points — such as equipment replacement or major refurbishments — where low-carbon alternatives are prioritised, supported by technical and economic feasibility assessments. It incorporates a financial rationale review to ensure decisions are based on robust cost-benefit analysis, long-term value preservation, and operational resilience, facilitating a consistent transition to cleaner energy technologies while maintaining financial discipline.

### The following are highlights of some of our capital investments in 2025.

Between 2023 and 2025, AXA IM allocated €7.5 million to refurbish a 142-unit affordable housing complex located in Gentilly, a suburb of Paris. The project encompassed the installation of thermal insulation and conversion from gas-based heating to district heating systems. As a result, energy consumption was reduced by 57% and carbon emissions decreased by nearly 90%, in addition to achieving a 5.5% return above the initial yield. Further enhancements were made to improve tenant comfort, including updated ventilation systems, decorative lighting, custom kitchen installations, and a rooftop lounge designed for resident social engagement.

We invested approximately €2 million in the installation of solar panels at the UBBO shopping centre near Lisbon, Portugal. This initiative generates a 1.7-megawatt peak of energy for on-site operations, reducing conventional energy usage by 27%. The investment is projected to provide an internal rate of return of 15% over 15 years while avoiding at least 2,000 tCO<sub>2</sub>e of carbon emissions over a 20-year period. This Internal Rate of Return (IRR) notably exceeds the expected range for large-scale photovoltaic power plants, which typically lies between 8% and 10%. Additionally, the project leverages Portugal's substantial solar resources, further improving its return potential.

## AXA IM: Real Estate Debt

### Improving sustainability outcomes over the life of the loan

Throughout 2025, our long-term engagement strategy with borrowers consistently yielded positive outcomes. A prime illustration is a Dutch residential portfolio financed via our platform, where ongoing monitoring and alignment with the sponsor’s capital expenditure plan contributed to significant improvements in environmental performance during the loan period. The sponsor executed a multi-year refurbishment programme focused on energy efficiency enhancements across the portfolio, resulting in substantial gains in Energy Performance Certificate (EPC) ratings. These improvements alleviated regulatory restrictions on rental rates, facilitated higher occupancy (currently at 98%), and strengthened asset resilience. The proportion of units achieving EPC C or better increased markedly, bolstering both portfolio value and long-term liquidity. This example underscores how our proactive ESG oversight and engagement can materially enhance asset performance, mitigate obsolescence risk, and produce advantageous results for lenders and tenants alike.

## AXA IM: Assessing Transition Risk in Real Estate Equity

We apply a standardized decarbonisation toolkit to sequence efficiency improvements, equipment upgrades, retrofits, and clean energy solutions

within a structured transition pathway for each asset. These measures encompass operational optimisation, on-site renewable energy adoption, and green-energy procurement, all supported by customised feasibility studies.

Transition-risk assessments utilise EPC data to map assets according to carbon intensity and total emissions, categorising them into four quadrants to identify priority candidates for intervention. This static assessment is routinely updated as decarbonisation plans advance and is expected to gain from enhanced EPC standardisation under the revised Energy Performance of Buildings Directive.

Progress is evaluated against science-based decarbonisation pathways using CRREM, which offers a real estate-specific methodology for alignment with the Paris Agreement. Decarbonisation trajectories integrate anticipated reductions from asset-level CapEx initiatives and projected grid decarbonisation, establishing a comprehensive long-term roadmap for emissions reduction.

### Engagement in real estate equity and commercial real estate debt

Active engagement is central to our stewardship in both real estate equity and commercial real estate debt. For real estate equity, ongoing collaboration with tenants is vital for advancing ESG objectives, improving environmental performance, and fostering positive social and economic outcomes within managed assets. This includes for instance annual satisfaction surveys and dedicated ESG committees to facilitate dialogue between asset managers, property managers and tenants.

In commercial real estate debt, we maintain regular communication with borrowers — pre-investment, through annual ESG reviews, and at key decision points — to identify risks, agree improvement priorities, and implement measurable action plans. Data collection is enhanced through annual ESG questionnaires and third-party assessments, feeding into internal ESG ratings that guide credit monitoring and targeted engagement.

Through these structured engagement frameworks, we proactively support ESG improvements, monitor progress, and drive long-term resilience across our portfolios, contributing to the transition towards net-zero emissions by 2050.

2025  
SUSTAINABILITY  
REPORT

EDITORIAL

ABOUT  
THIS REPORT

INTRODUCTION

OUR STRATEGY

OUR THEMATIC  
PRIORITIES

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

VOTING AND  
ENGAGEMENT

PEOPLE, CULTURE  
AND CSR

STEWARDSHIP  
CODES

## BNPP REIM: Real Estate

BNP Paribas REIM is a leading real estate investment manager with more than 50 years' experience working in all sectors of the European market. We have built a strong track record of managing assets across different jurisdiction and sectors, with current AuM in real estate having grown to €23 billion.

We focus on three themes with our sustainability strategy for real estate assets: Offer responsible real estate solutions, strengthening resilience and decarbonising our assets under management.

With more regulation, more climate-related challenges and real consequences of ESG aspects on asset liquidity, we decided to strengthen our commitments for 2025 and beyond. Our new strategy focuses on climate adaptation, mitigation and continuing to offer responsible products.

- To address physical risks and ensure that our assets are climate resilient, we systematically assessed assets' exposure to physical risks to focus on the most vulnerable assets. By internally assessing the robustness of results, the insurance coverage and further in-depth information on physical risks and adaptation measures available, we made the first step for tailor-made adaptation plans. Physical climate risk considerations are integrated into risk management and every investment decision. Internal training and external communication towards investors raise awareness on the need for considering physical climate risk and planning for adaptation.
- We implemented energy efficiency and carbon<sup>1</sup> action plans across our range of responsible investment funds<sup>2</sup> open to investors to align those assets with a 1.5° pathway by 2035. For assets in scope<sup>3</sup>, existing energy and carbon performance

is regularly assessed and mapped onto a CRREM trajectory<sup>4</sup>. Current and future action plans and associated energy and carbon reductions are regularly evaluated. Reductions will be tracked over time and action plans will be adjusted as needed, based on reductions achieved.

1 – Operational carbon, covering whole building energy consumption (landlord and tenant areas) from all energy sources.

2 – Responsible investment funds, meaning those classified as Article 8 or 9 by the Sustainable Finance Disclosure Regulation (SFDR Regulation (EU) 2019/2088).

3 – The strategy applies to funds for which BNP Paribas REIM has discretionary decision-making power. Within funds, only direct investments for which REIM has operational control are in scope (this excludes co-owned and operator managed assets); indirect investments (funds of funds) are out of scope.

4 – The Carbon Real Risk Real Estate Monitor (CRREM) tool, developed by European academics, measures asset energy and carbon performance against decarbonization pathways.

## Working Together on Natural Capital

Natural capital is emerging as a compelling component of asset allocation strategies, providing both financial and environmental benefits. Forestry, for example, offers not only appealing investment returns and inflation protection, but also carbon capture and storage, as well as biodiversity preservation and water management, providing a critical global climate regulation service. As an investment market, natural capital is still at a nascent stage. Nonetheless, it is evolving rapidly, encouraged by initiatives from the UN and other supranational agencies, and is expected to be accompanied by the continued development of associated investment and growing client awareness.

### IWC

In 2023, we decided to broaden our private markets investment platform by acquiring leading Danish [natural capital expert International Woodland Company](#). IWC offers a wide array of capabilities covering sustainable forestry, agriculture, and ecosystem restoration. In 2024, we launched in partnership with IWC our first [forestry strategy](#), classified as Article 9 under SFDR, the strategy targets sustainable timberland to generate financial returns to investors and combine sustainable investment practices to mitigate climate change, improve asset resilience, and enhance biodiversity.

### Natural Capital & Impact Private Equity

The AXA IM Alts Natural Capital & Impact Private Equity strategy aims to deliver market-rate financial returns while generating positive, intentional and measurable impact. The core mission is to address

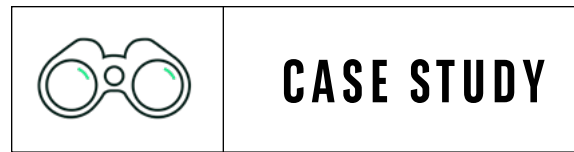
the needs of underserved populations globally, safeguard the natural environment, and directly contribute to relevant UN Sustainable Development Goals.

The strategy is structured around four key impact themes:

- **Climate solutions:** investments in mitigation and adaptation technologies addressing climate change, including clean energy, energy efficiency, and circular-economy innovations;
- **Natural capital:** financing projects and companies focused on protecting, restoring, and sustainably managing ecosystems to promote conservation and biodiversity;
- **Global health:** supporting solutions to enhance access to quality healthcare, reduce inequalities, and improve health outcomes in both developed and lower-income markets;
- **Financial inclusion:** promoting sustainable and inclusive financial systems, enabling underserved communities in low- and middle-income countries to access essential financial services and infrastructure.

A comprehensive ESG management framework is applied across all investments, addressing climate risks, biodiversity, pollution, health and safety, human rights, conservation of protected areas, indigenous communities, and governance. Environmental and Social Action Plans (ESAPs) are developed in collaboration with investees, outlining responsibilities and timelines for improvements. Progress is actively monitored throughout the investment period.

In 2025, the strategy achieved its first close for the AXA IM Natural Capital strategy, securing support from three leading development finance institutions to advance natural capital protection, conservation and restoration.



## 3,550 hectares of forestry assets in the U.S. Northeast

In 2025, the BNP Paribas Future Forest strategy acquired its first four assets located across the United States and New Zealand and we designed the European Farmland strategy, responding to the increased need for food security and regenerative practices. One of these acquisitions was a 3,550-hectare, FSC-certified timberland located in Southwest Maine. This property offers a variety of commercially valuable species, including spruce-fir, white pine, and northern red oak, supporting both near-term and long-term timber production objectives.

- **High-value timber resources:** the site is home to marketable tree species across multiple age classes, facilitating continuous harvesting and sustained productivity.
- **Sustainability and climate alignment:** the forest is managed according to international environmental and social standards, fostering biodiversity, enhancing carbon sequestration, and adhering to ESG protocols.
- **Operational efficiency:** proximity to mills and an extensive road network support cost-effective operations and encourage sustainable management practices.
- **Additional revenue opportunities:** opportunities such as recreation leases, eco-tourism, and participation in voluntary carbon markets offer income streams beyond traditional timber sales.

Since 2013, the property has been protected under a conservation easement, preserving critical ecosystems and exemplifying a century-long commitment to landscape restoration.

## Alternative credit

Our framework for private debt and alternative credit integrates ESG considerations throughout the investment process. The investable universe is defined by excluding exposures to specific ESG risks, with policies addressing climate, biodiversity and human rights. A bottom-up approach ensures ESG factors are embedded in investment decisions via detailed assessments and carbon emissions analysis.

For direct investments, including leveraged loans and private debt, teams regularly engage with companies, sponsors and banks during deal analysis and credit monitoring. Engagement occurs through ESG questionnaires during syndication, and credit analysts meet company management for each new issuance. We have consistently advocated ESG practices with banks and sponsors, maintaining a leading position in the leveraged loans market.

In secured finance, as a major European investor in collateralised loan obligations (CLOs), we encourage responsible investment by directing CLO managers towards rigorous ESG standards in both corporate management and investment philosophy. AXA IM Alts invests only with CLO managers adhering to minimum ESG requirements, such as UN PRI signatory status, carbon reduction plans, inclusion programmes and exclusion policies. Engagement is primarily pre-investment, with ongoing dialogue as required to support compliance.

In 2025, we improved issuer reporting on ESG KPIs for direct investments, enhancing data reliability and comparability. Credit analysts also demonstrated robust qualitative screening to avoid controversial or high-risk investments. For CLOs, revised sector exclusion criteria and stricter revenue thresholds were successfully incorporated into primary market documentation, reinforcing our ESG commitments.

## Sustainability in indirect private markets

Our proprietary ESG integration methodology continues to apply to our indirect investments in private asset funds. This methodology is embedded throughout the investment process and is structured around five key pillars:

- **ESG questionnaire**
- **ESG scoring**
- **Side letters**
- **Minimum ESG thresholds**
- **Engagement**

Our ESG questionnaire, which is based on widely recognised international frameworks such as the Principles for Responsible Investment, has been reviewed and is continuously updated to reflect evolving market standards and best practices.

In 2025, Article 8 and Article 9 funds accounted for 98% of BNPP AM Private Markets invested funds, reflecting our strong commitment to sustainable investment practices. As of 2025, 100% of BNPP AM Private Markets investee funds have committed to annually reporting ESG KPIs aligned with the ESG Data Convergence Initiative.

### AXA IM Prime

A central component of AXA IM Prime’s ESG objectives is the advancement of sustainability best practices within private markets. As a fund-of-funds investor, AXA IM Prime is uniquely positioned to collaborate with its invested general partners (GPs) by providing guidance to enhance their sustainability performance.

In 2025, AXA IM Prime undertook structured engagement initiatives with two GPs through its GP Stakes portfolio. Together with these GPs, an ESG roadmap was established for the year, accompanied by scheduled meetings at least every semester to monitor progress and identify areas requiring additional support. Dialogues concentrated primarily on climate strategies and carbon reporting methodologies, while also addressing regulatory developments and corporate social responsibility practices.

During due diligence for primary investments in new strategies, AXA IM Prime initiated systematic discussions with GPs. Notably, these included detailed conversations on expectations for carbon reporting related to new credit opportunistic strategies, with agreement to continue collaborative efforts post-investment on this topic.

In addition to this, AXA IM Prime developed a targeted engagement approach around four themes:

- climate change, following TCFD guidelines;
- diversity and inclusion, to increase women’s representation in leadership;
- ESG data quality, via comprehensive reporting aligned with industry standards; and
- ESG best practices, such as UN PRI signatory status and portfolio company engagement.

### BNPP AM: Mortgage portfolio in the Netherlands

The Dutch mortgage strategy, overseen by Dynamic Credit, provides investors with a direct means to support the decarbonisation and enhance the long-term resilience of the Dutch residential housing sector. In one example, a Dutch couple acquires a property with an energy label E, classified as energy-inefficient. Upon applying for a bijBouwe Vooruit mortgage, they are presented with a tailored energy improvement plan recommending measures such as insulation, upgraded glazing, and the installation of a hybrid heat pump, along with expected investment and projected savings.

These improvements are financed through a green loan offered at a preferential rate, permitting additional financing above 100% loan-to-value exclusively for sustainability measures. Funds are allocated to a construction deposit to ensure that expenditures correspond with the sanctioned sustainability plan. Once the improvements are completed, the property attains energy label B, resulting in a reduction in estimated CO<sub>2</sub> emissions, decreased monthly energy expenses, and a positive contribution to the decarbonisation of Dutch housing stock. Following submission of the updated energy label, bijBouwe offers the couple an interest rate reduction on their total mortgage.



# VOTING AND ENGAGEMENT

2025  
SUSTAINABILITY  
REPORT

EDITORIAL

ABOUT  
THIS REPORT

INTRODUCTION

OUR STRATEGY

OUR THEMATIC  
PRIORITIES

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

**VOTING AND  
ENGAGEMENT**

PEOPLE, CULTURE  
AND CSR

STEWARDSHIP  
CODES

# VOTING AND ENGAGEMENT

**This section provides an overview of how the combined entity will execute its votes and conduct engagement in the future, as well as providing a comprehensive account of how we voted and engaged with issuers and policymakers during 2025.**

## Our approach at the combined entity

As long-term investors, we see stewardship as a core fiduciary duty and instrumental to delivering sustainable financial returns to our clients. We combine voting, issuer engagement and public policy advocacy to influence companies and governments to help shape sustainable and equitable economies. Promoting good sustainability standards across all types of issuers and holdings is essential both to upholding our ownership responsibilities and protecting and enhancing clients' interests.

We are committed to contributing to a successful energy transition, healthy ecosystems and greater equality in our societies, as well as to advancing issuers' performance on governance and on social and environmental topics. To ensure that our activities are effective, consistent, and support our objectives and duties as fiduciaries, they are not only rooted in our [Global Sustainability Strategy](#) but also codified in our [2026 joined Stewardship Policy](#), which incorporates our approach to engagement across asset classes, our public advocacy framework and our detailed Governance and Voting Policy. This policy is reviewed and revised annually and approved by the Stewardship Committee.

## Our conviction has not wavered: voting and engagement are both an obligation and an opportunity

- We deliver on our commitment to clients by undertaking effective voting, engaging with issuers to improve their performance on sustainability, and wide-ranging policy advocacy.
- Meaningful engagement with issuers enhances our investment processes so that we can manage long-term risk for our clients by promoting strong ESG practices among corporate and government issuers.
- As ESG performance can be material to financial performance, our voting and engagement can reduce risk, unlock value and positively impact the world by encouraging both better corporate practices and transparency.

- We seek to exclude companies, sectors or activities that are in violation of international norms, or that cause unacceptable harm to society and/or the environment. We often engage to drive change, but if our engagement is not effective, divestment can be a last resort. Some of our engagements are to gain a better understanding of an issuers' governance and/or performance on sustainability.
- Appropriate and comprehensive corporate disclosure is fundamental to sound investment decision-making.
- Collaboration with other long-term investors and stakeholders can help achieve our common aims, particularly when engaging with companies and regulatory bodies.
- We advocate for policymakers to deliver legislation, regulation and standards that foster sustainable and equitable development, and that address systemic risks and market failures.

**The three key elements of our approach remain the same. In brief, they are:**

<b>Voting</b>	We exercise our rights and responsibilities by making considered voting decisions in line with our policy. Voting is core to discharging our fiduciary duty. This, we believe, drives better corporate governance, sustainability practices and long-term performance.
<b>Engagement</b>	We engage with equity and bond issuers with a view to improving their performance on governance and sustainability. Engagement in turn informs our votes and capital allocation decisions, and influences issuers' eligibility for investment. Most of our engagements are designed to enhance long-term performance by mitigating risk, including global systemic risks and market failures.
<b>Public policy advocacy</b>	We actively engage with regulators and policymakers to help shape the markets in which we invest and the rules that guide and govern company behaviour.

## 2026 Outlook: Aligning BNPP AM and AXA IM approaches to voting and engagement

As leading European asset managers with long histories of responsible and sustainable investing, the two entities’ philosophies and approaches to voting and engagement are similar and well aligned. **The new Stewardship Policy combines the best of each firm’s practices.**

### Voting

Voting at companies’ general meetings and promoting good corporate governance standards will remain a key component of our stewardship of companies. We will continue to endeavour to exercise our voting rights in a consistent and responsible manner in all markets to deliver the best outcomes to our clients. We consider this to be central to our fiduciary duty. Prior to the merger, both firms were transparent and proactive in voting proxies at issuers’ annual meetings, based on comprehensive publicly disclosed voting policies. **The combined entity will aim to vote on all possible meetings**, where practical; detail on the scope is outlined in the [2026 Voting Policy](#). This policy sets out for each category of voting item the governance practices we aim to encourage and support through our votes, and practices we believe fall below best practice and which we will likely sanction by opposing relevant items on the agenda. Although both firms shared similar beliefs on what

constitutes good governance and integration of environmental and social considerations into our voting decisions, we differed in the agenda items we targeted in relation to those concerns. Having carefully compared our respective approaches, we selected an approach that takes into account the nature and degree of severity of the concern, aiming to **maximize the effectiveness of our voting policy**. Further detail on how the new Voting Policy will apply is available in the voting section below.

### Engagement

Our engagement continues to be framed by internationally recognised standards (e.g., International Corporate Governance Network (ICGN) Stewardship Code and the UK Stewardship Code to which both are long-standing signatories) and highlights our **commitment to collaboration, tailored escalation and transparency**. It is wide in scope, detailing how we adapt our engagement to the specific characteristics and challenges of the main asset classes we invest in. It outlines how we determine our priorities, the two principal types and six categories of engagement we deliver, and the governance and sustainability topics we focus on. It also details how we track and report on our activity and — importantly — the progress we make with issuers in driving change. Specifically, **we have strengthened our tracking system to better monitor the evolution of engagements**, and issuers’ receptiveness and openness to dialogue — with the aim of more easily being able to identify cases where we need to change our engagement strategy or implement a credible escalation tactic. **We hope this will contribute to further improving the effectiveness of our engagement.**

### Public policy advocacy

Both firms have in the past actively engaged with policymakers, regulators and standard setters around the world to advocate for measures that shape the markets in which we invest and the rules that guide and govern company behaviour in pursuit of more sustainable outcomes. Both firms were members of similar industry associations (including PRI, ICGN, Institutional Investor Group on Climate Change (IIGCC), etc.) advocating for similar issues. We will continue to do so. With respect to the financial industry, **we will continue to constructively advocate for sustainable finance to become mainstream practice**, i.e., for measures that require financial firms to take into account their clients’ preferences on sustainability and to align with international norms, including the goals of the Paris Agreement. We will actively pursue policy changes that address barriers to shareholder rights, preserve or foster good governance practices and promote investor stewardship transparency and effectiveness. Our sustainability advocacy will continue to focus on advancing measures that provide strong legal protection for the environment, consumers and workers where there is a connection to our interests as investors. **We will also advocate for real economy policy frameworks that support the transition to a more sustainable economy**, providing the right level of clarity at sectoral or thematic levels. We present various examples of our public policy advocacy throughout this section to demonstrate how we take a joint approach to trying to shape the policies and practices of corporates regulators and standard setters.

## BNPP AM and AXA IM: Independent recognition of our firms’ leading approach to responsible investment

ShareAction is a UK-based NGO that aims to define the highest standards for responsible investment and to drive change until these standards are adopted worldwide. It publishes regular assessments of institutional investors’ progress in meeting these standards, including its Point of No Returns benchmark. The 2025 iteration provides independent confirmation that in bringing together BNPP AM and AXA IM, **the new entity combines two of the world’s leaders in responsible investment**. AXA IM was ranked third and BNPP AM was ranked fourth out of 76 of the world’s largest asset managers with more than £63 trillion in AUM.

BNPP AM was particularly recognised for its biodiversity strategy, achieving the highest biodiversity score among all asset managers assessed. AXA IM was among the few investors with a high ranking for its engagement strategy and disclosure of key social issues, including on human and labour rights, and public health.

[View the ranking table of 76 Asset Managers and download the report.](#)

## BNPP AM and AXA IM: Supporting a well-functioning investor stewardship ecosystem

The overarching goal of both AXA IM and BNPP AM in our public policy advocacy is to support the development of a regulatory environment in relevant jurisdictions that enables us to exercise our rights as shareholders to the full, facilitates effective engagement with corporate and non-corporate issuers, and supports issuer disclosure that enables us to effectively allocate our clients' capital. We therefore take part in consultations on the evolution of industry standards and best practices, or on newly proposed measures. (See also the section on public policy engagement on pages [61](#), [66](#), [72](#), [76](#), [78](#), [79](#) and [82](#)).

**UK FRC Stewardship Code:** both entities responded to the UK FRC consultation on revisions to the UK Stewardship Code, directly to the FRC and via several of the industry associations we belong to (including the ICGN, IIGCC and IA). We provided our input both on the revisions to the Code per se, and the accompanying guidance. Our objective was to ensure the new iterations would spur signatories to focus on quality, value-added reporting, to provide meaningful transparency, comparability and accountability to their clients and the market.

BNPP AM supported streamlining the Code's Principles, the shift towards less frequent reporting of contextual information and a strong focus on activities and outcomes. We also urged further consultation

on the planned additional guidelines. We argued that the FRC should retain the original definition of stewardship, which included explicit reference to a key objective being to deliver environmental and social outcomes, because we believed that was strongly aligned with our fiduciary duty, but in the final version published in June, the FRC moved ahead with a different approach. We urged the FRC to introduce separate principles for service providers aligned with the existing global framework developed by the Best Practice Principles Group; in this case the FRC chose to continue to include within the Code a section for service providers. We welcomed the phase-in period for the Code, meaning that the FRC will only again assess reports in 2027.

**ISS Annual Policy Survey:** every year ISS conducts an annual survey to inform its policy development. The survey is split by theme and region, and open to all stakeholders, including issuers. Both BNPP AM and AXA IM contributed to in-person roundtables, which provided the opportunity to exchange views and insights on corporate governance trends, with the aim of feeding into ISS' policy development. This year, ISS consulted on region-specific issues such as the approach to board diversity for the U.S. market, over-boarding, Artificial Intelligence (AI) governance and risk management, and compensation-related issues.

BNPP AM made the following points:

- Concerning compensation-related questions for the U.S. and UK markets, we would not accept a more lenient approach to the introduction of time-based equity awards in compensation packages. We believe all awards should be performance-based.

- In general, we view changes to "in-flight" pay awards in a negative light, as we would the removal of E&S (Environment and Social) metrics without a compelling rationale for the U.S. and Canada.
- On the set of AI-related questions, companies should align with a global framework, such as OECD AI Principles or similar, but each company should decide how it applies the framework.
- Most boards should have some AI expertise and public disclosure of AI oversight measures alone does not necessarily imply that a board has a solid understanding of AI.

In addition, AXA IM shared the following feedback:

- We continue to expect companies to understand, and respond to, significant shareholder dissent on remuneration proposals. We will continue to hold Remuneration Committees accountable should we deem their level of responsiveness insufficient.
- We expect board members to be sufficiently engaged and available, and will therefore continue to apply a strict limit on the number of directorships they may hold.

**Other contributions:** in 2025, AXA IM continued to focus on promoting high-quality disclosure and effective investor engagement by actively contributing to:

- The IIGCC Position Paper on strengthening net-zero stewardship in the European Union, which includes detailed recommendations and proposals to alleviate regulatory and technical barriers affecting investors' ability to appropriately conduct their voting and engagement activities, and to harmonise stewardship best practices across European markets and asset classes.

- A newly launched taskforce, an initiative of a group of French asset owners coordinated by the French Investor Forum, dedicated to developing a way to better measure the effectiveness of investor engagement. The aim is to harmonise engagement reporting best practices to provide asset owners with meaningful and quality information to support them in the assessment of their managers' stewardship activities, and strengthen the credibility and effectiveness of engagement practices.

The combined entity will continue to subscribe to several national and regional Stewardship Codes and to belong to a large number of organisations and initiatives that work to advance corporate governance and sustainability. A full list can be found [here](#).



**Clémence Humeau**  
Head Of Sustainability Coordination & Governance, AXA Investment Managers

*"We continued to advocate for a policy environment supportive of the transition to effectively address systemic risks and ensure long-term competitiveness. We believe this requires meaningful and comparable disclosures from companies, well-designed product categorization frameworks, and a well-functioning stewardship ecosystem which connects with real-economy policy frameworks."*

# VOTING

An integral element of the investment processes of both BNPP AM and AXA IM is to vote on behalf of our clients at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) of companies in which we invest. We are committed to consistently exercising our voting policy across portfolios and markets, subject to technical and legal constraints. We coordinate dialogue with portfolio managers, ESG analysts and stewardship analysts to ensure informed and quality votes.

We take a constructive and positive approach with the boards of companies we invest in, clearly setting out our expectations as a diligent steward of assets. However, we will not hesitate to abstain or oppose management, or to support shareholder proposals. When companies do not meet our expectations, we oppose key categories of management resolutions depending on the market: Board Elections, Discharge of Board and Management or Financial Statements.

To help us implement our policies, we use the services of proxy voting providers ISS, which provides global voting research and a voting platform for all companies, and Glass Lewis and Proxinvest, which provide research on selected companies. However, we do not outsource or delegate decision-making authority to them. BNPP AM's full 2025 proxy voting record is available [here](#) and AXA IM's is available [here](#).

## BNPP AM and AXA IM: 2026 Outlook – New Corporate Governance and Voting policy

Following the merger, we worked closely to define a combined corporate governance and voting policy for the newly combined entity. Although both firms shared similar beliefs on the importance of voting and good governance, we reviewed each aspect of how our respective policies were applied. We aimed to:

- **Provide transparency and predictability** to portfolio companies on our key expectations and voting guidelines, **while remaining flexible** in how we apply our voting policy. We are cognizant of the fact that a "one size fits all" approach does not appropriately reflect our portfolio companies' unique challenges and context. The new voting policy therefore includes detailed and precise guidance on what we may sanction, while reiterating the importance of constructive dialogue and consideration of each market and company's specificities.
- We updated certain guidelines that did not reflect market practice (for instance, on capital issuances), while also **raising our expectations on certain topics we deem key to companies' long-term success**.
- We reaffirmed our expectations in terms of compensation and in particular the requirement to have all variable components linked to stringent performance conditions, including ESG criteria, and a climate-related criterion for relevant sectors.

- We continue to hold Boards accountable for environmental and social concerns: both firms had policies to integrate various environmental or social considerations into the analysis of "traditional resolutions", including executive remuneration and Board re-elections. As we believe that long-term sustainable returns depend on proactive and effective management of sustainability risks and opportunities, we decided to incorporate both sets of respective guidelines into the new policy. We will therefore continue to **expect a credible climate strategy, oversight of key sustainability risks, as well as transparent climate and biodiversity reporting**.  
Ultimately, this led to the publication of a fully revamped [2026 Voting Policy](#) that is **demanding, transparent, and carefully considered to maximize its effectiveness** — reflecting both firms' commitment to good governance and stewardship.



**Michael Herskovich**  
Global Head of Stewardship, BNP Paribas Asset Management

*"The 2026 voting policy of the combined entity is demanding, transparent and carefully considered, and includes stringent environmental and social considerations — reflecting both firms' commitment to good governance and stewardship."*

Number of AGMs voted at in 2025:

**2,157**

# BNPP AM'S VOTES IN 2025

Our [2025 Voting Policy](#) sets out the rules we apply to proxy voting, including on sustainability-related matters. We vote proxies in the best interests of our clients and the ultimate beneficiaries of the funds for which we are responsible. The following is a summary of BNPP AM voting activity in 2025, including details on our most significant votes and our rationales.

## 2025 voting scope

Each year, we monitor the total votable shares in the portfolios we manage and assess the percentage of votes exercised during the year in alignment with our Governance and Voting Policy. We use two principles to select the shares for which we exercised our voting rights. We aim to concentrate our efforts on widely held positions and companies where our collective investment schemes hold a significant portion of the issuer's capital.

Specifically, we voted at meetings where our aggregated positions met at least one of the three following conditions:

- represent 90% of accrued total stock positions;
- make up 0.1% or more of the company's market capitalisation; or
- ad hoc demand.

In recent years, we have maintained a high opposition rate. This is due to the high expectations we have of companies and because we review all votes carefully and make our own voting decisions.

In 2025, we voted at 2,157 general meetings<sup>1</sup>, primarily in Europe, reflecting the regional balance of our assets under management. The percentage of votes against management was 35%, one percentage point lower than in 2024.

We opposed

# 35%

of management proposals in 2025

Total number and percentage of votes by region for 2024 and 2025

	2024		2025	
	Number	%	Number	%
Europe	884	43%	875	41%
North America	535	26%	551	26%
APAC	544	26%	632	29%
Other*	100	5%	99	5%
<b>Total</b>	<b>2,063</b>	<b>100%</b>	<b>2,157</b>	<b>100%</b>

\* Other includes markets such as Latin America and Africa.

How we voted in 2024 and 2025



1 - This voting encompassed nearly 43% of meetings at companies held in all of our UCITS with mandates, which represented 73% of ballots voted.

The main focus of our opposition, excluding shareholder proposals (the analysis for which is presented on page 47), continued to concentrate on three topics:

- Executive compensation;
- Financial operations; and
- Board elections.

We outline examples in a later section that illustrate how our engagement with several companies in the run-up to their AGMs informed our voting decisions. In some cases, we abstained or voted against an item on the ballot to indicate an escalation in our concern.

## How we voted on management and shareholder proposals

Proposer and topic	Total number of proposals	Voted for	Voted against	Abstained	Overall opposition rate 2025*	Overall opposition rate 2024*
<b>Management proposals</b>					35%	36%
Board elections	13,282	7,964	4,958	360	40%	41%
Executive pay	3,917	1,813	1,711	393	54%	54%
Financial operations	2,647	1,643	882	122	38%	39%
Accounts and auditors	3,473	2,870	499	104	17%	21%
Articles of association	1,234	916	314	4	26%	16%
Routine business and other	3,031	2,764	227	40	9%	7%
<b>Shareholder proposals</b>					39%	34%
<b>Total</b>	<b>28,571</b>	<b>18,570</b>	<b>8,940</b>	<b>1,061</b>		

\* Overall opposition rate includes votes against and abstentions.



**Nogoye Dieng**  
Senior Stewardship Analyst, BNP Paribas Asset Management

*"We again took a rigorous and considered approach to applying our voting policy in order to drive high corporate governance standards around the world and uphold our clients' interests."*

## Why we voted the way we did

### Executive pay (54% opposition vs. 54% in 2024)

The reasons for our opposition to executive compensation plans (e.g., stock options, restricted stock plans, severance payments and "say-on-pay" proposals) typically fall into the following general categories:

- **poor transparency on aspects of the compensation policy** (volume, weight, nature of the performance criteria, targets, etc.);
- **compensation practices** misaligned with stakeholders' interests, with

excessive or disproportionate amounts relative to the company's performance;

- **absent or weak ESG performance criteria**, not clearly linked to the company's sustainability strategy;
- **a "pay for failure" approach** based on insufficiently challenging performance criteria; and/or
- **compensation** not oriented towards rewarding good long-term performance.

### Financial operations (38% opposition vs. 39% in 2024)

We oppose management proposals related to financial operations, which generally request a share capital increase, for the following reasons:

- **the volume** was considered too significant (i.e., where authorisations exceeded 50% of the share capital); or

- **a share capital authorisation** was proposed without pre-emptive rights and without a specific objective (more than 5% of share capital or 20% with a specific purpose), which leads to excessive dilution for current shareholders.

We also voted systematically against all anti-takeover devices.

### Board elections (40% opposition vs. 41% in 2024)

Our votes in opposition to individual directors generally indicate our belief that their corporate governance is weak and an issue related to the balance of power. Most votes against directors fall into the following categories:

- **a non-independent director** with insufficient overall board independence or tenures beyond our policy limit;
- **inadequate board diversity**; or

- **directors** with poor attendance or term of mandate exceeding four years.

### BNPP AM: Filing shareholder proposals

In 2025, we submitted 15 shareholder proposals: eleven in Italy relating to governance and four in the U.S. on environmental topics.

#### Proposals with Assogestioni via the Voto di Lista system

The slate voting mechanism is used in Italy to elect directors and statutory auditors of listed Italian companies, selected and proposed by shareholders, including institutional investors. Assogestioni proposed for most Italian companies, and typically for three seats, a list of independent directors. Another list is usually proposed by the largest shareholders. Most of these votes occur every three years. Assogestioni uses a head-hunter and independent selection process to choose candidates. We filed shareholder proposals in support of the Assogestioni list at eleven companies.

#### U.S. shareholder proposals

Our experience submitting shareholder proposals in the U.S. has consistently underscored that the purpose of submitting a proposal is not to win the vote, but to effect a change in corporate practice. Negotiated withdrawals of shareholder proposals can be more meaningful than strong vote results because they are based on dialogue and an effort to reach agreement that is acceptable to both sides.

We filed four proposals for the 2025 proxy season. One proposal, submitted to PepsiCo focusing on the human rights of Indian sugarcane cutters, was omitted from the company proxy statement after U.S. SEC Staff determined that it was not significantly related to the

company’s business. We ultimately withdrew a similar proposal at Mondelez to avoid another adverse SEC decision and in light of positive steps the company had taken. The other two proposals, to Duke Energy on climate lobbying and McDonald’s on biodiversity, were withdrawn in exchange for written agreements from the respective companies. We were the lead proponent of [the proposals to Mondelez and McDonald’s. The proposal to McDonald’s is detailed on page 67.

## Our record of voting on environmental and social topics

Where companies do not meet our expectations on various environmental and social topics, as set out in our voting policy, we oppose management resolutions on the approval of discharge of the board, (re-)election of directors (depending on the market), or financial statements.

#### Opposition to key resolutions linked to environmental and social expectations

ESG topic	No. of company resolutions opposed	% opposed	No. of company meetings	% of meetings
Climate-related expectations only	683	37%	142	43%
Biodiversity-related expectations only	254	14%	38	12%
Climate- and biodiversity-related	34	2%	6	2%
Responsible Business Conduct Policy	71	4%	12	4%
Low ESG score	795	43%	132	40%
<b>Total</b>	<b>1,837</b>		<b>330</b>	

Percentage figures may not total 100% due to rounding.

In 2025, we opposed **1,837** company resolutions at **300** companies based on our environmental and social expectations

# AXA IM'S VOTES IN 2025

## Voting scope and key figures

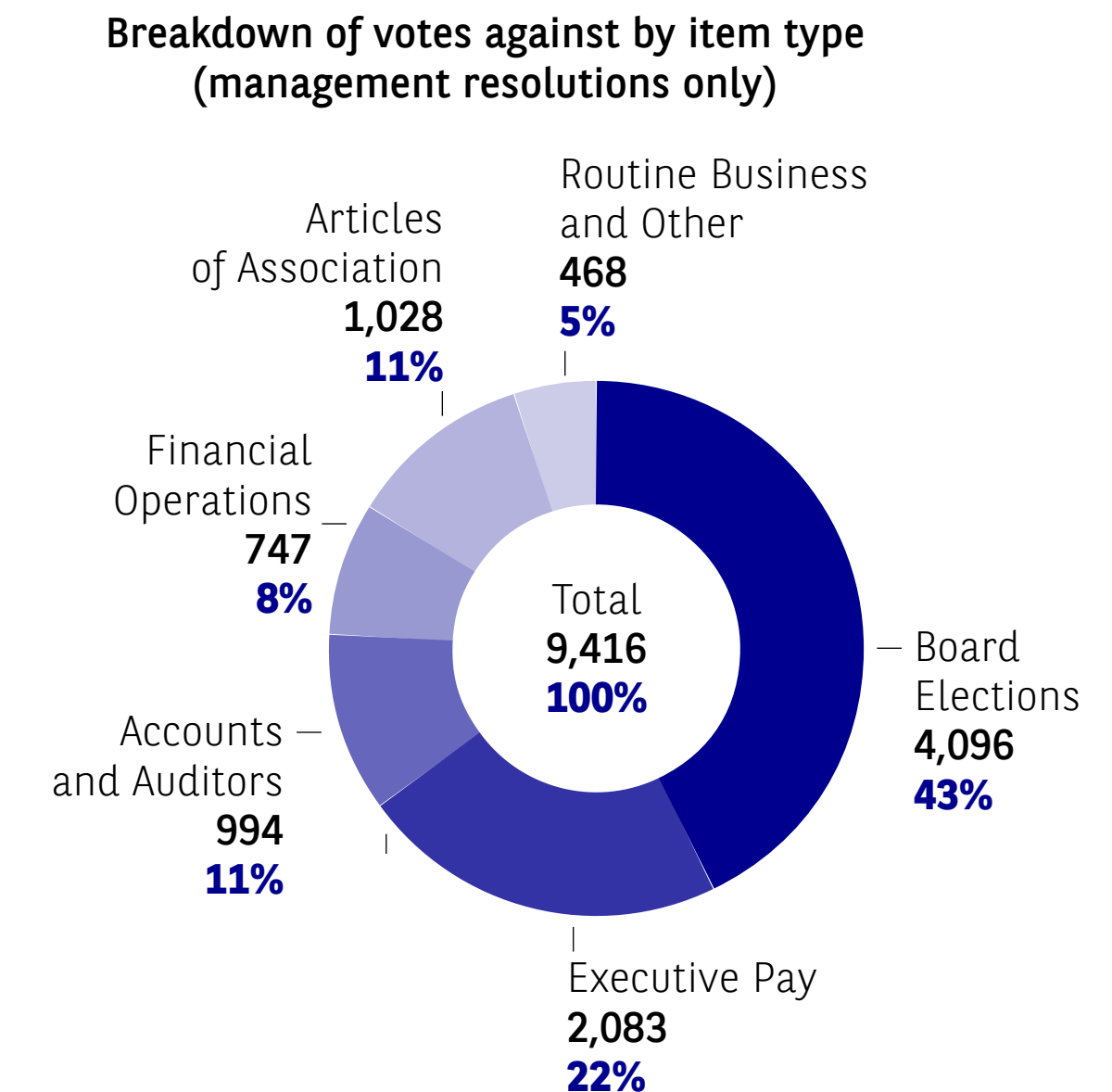
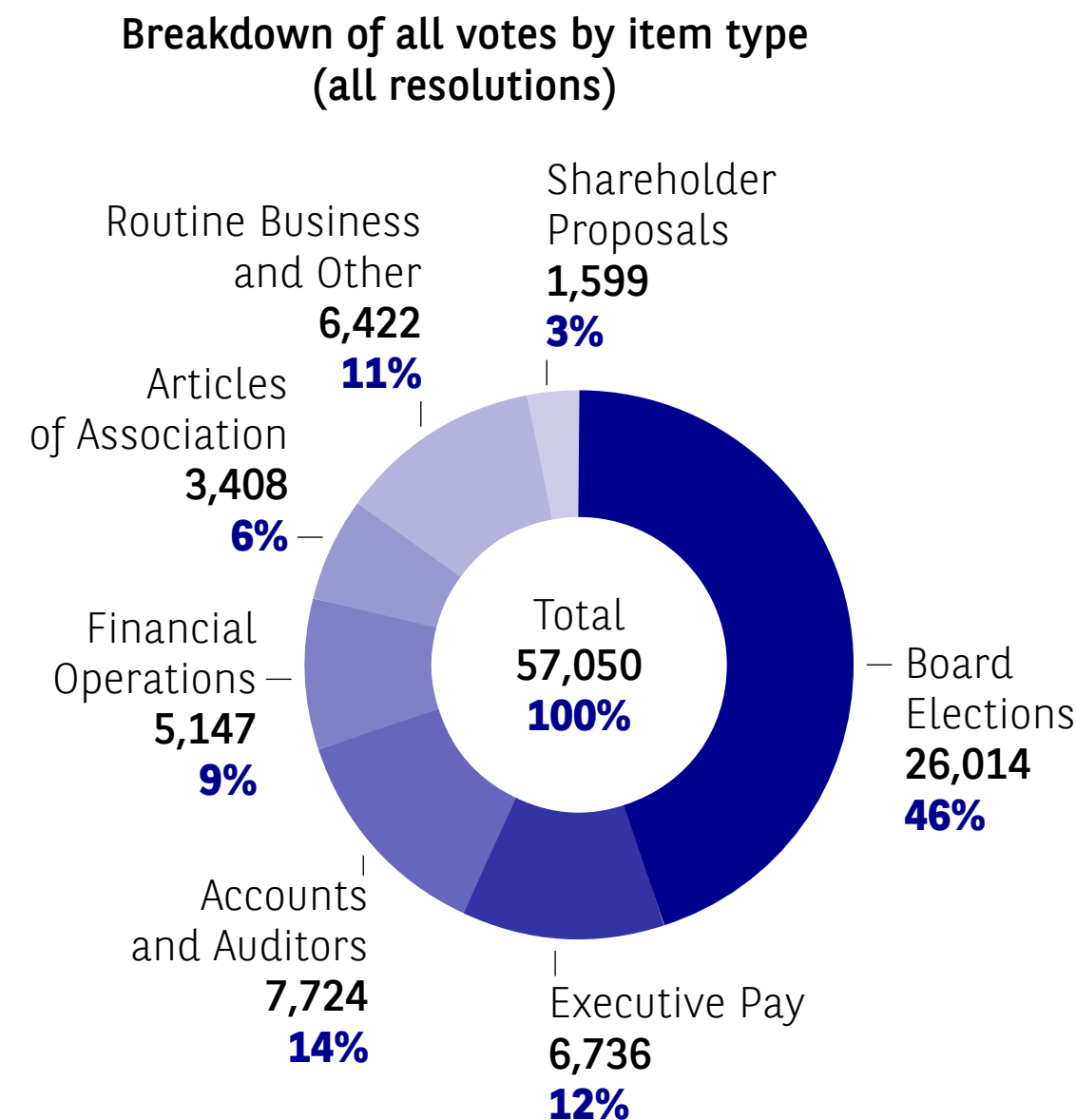
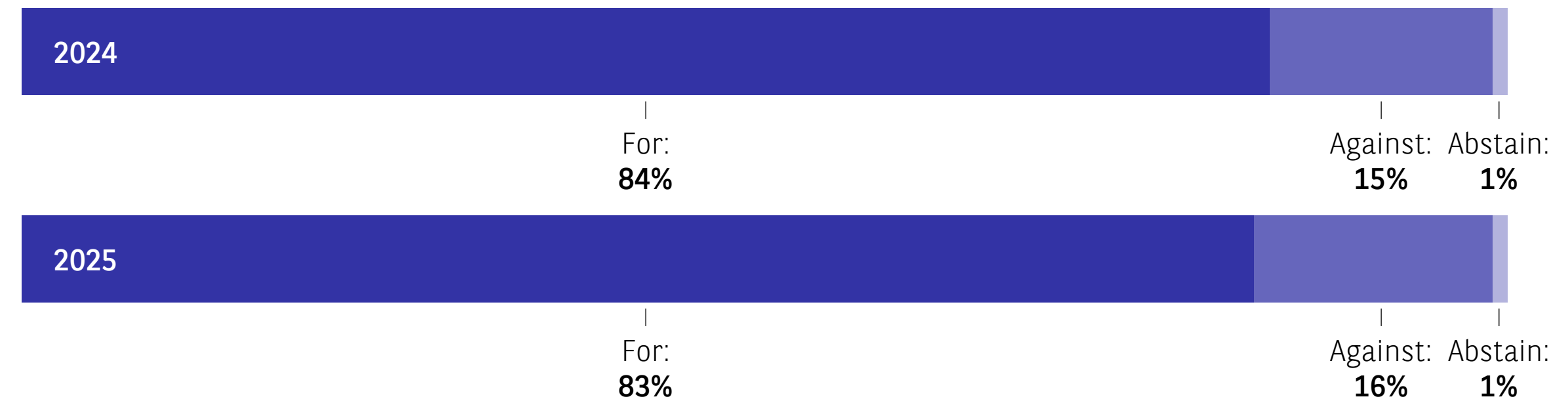
During 2025, AXA IM voted on a total of 57,050 proposals at 5,146 meetings, representing 96% of the meetings we could vote on<sup>1</sup>, in line with our long-standing commitment to vote all of our holdings, where possible. Meetings where we were not able to vote were those in markets where processing votes would be too costly or would impede the investment process.

Total number and percentage of meetings voted by region, 2024 and 2025

	2024		2025	
	Number	%	Number	%
Europe	1,171	25%	1,150	22%
North America	1,143	24%	1,211	24%
APAC	2,128	45%	2,453	48%
Other	276	6%	332	6%
<b>Total</b>	<b>4,718</b>	<b>100%</b>	<b>5,146</b>	<b>100%</b>

## How we voted

Percentage votes against, abstain, for, 2025 vs. 2024 (management resolutions only)



1 - Scope: meetings falling under the scope of AXA IM's Corporate Governance and Voting Policy.

## Our average opposition rate is 16%, with at least one vote against cast in 63% of the meetings where we voted.

### Our highest level of opposition was in relation to:

**BOARD ISSUES** (43% of votes against management): the main reasons for opposition included concerns about Board structure (21% of votes against directors, either due to **insufficient independence** or, in 21% of those cases, because of a **combined Chair & CEO** role without adequate counterpowers), or insufficient **gender diversity** on Boards (15% of votes against). Moreover, due to the ever-increasing workload and responsibilities of Board members, we expect them to be sufficiently available and engaged, so we opposed directors due to concerns over their **time commitments** or attendance at Board meetings in 18% of cases. Moreover, we hold Boards accountable if their governance of key sustainability risks is not appropriate or if we have material concerns about a company’s **climate strategy**: this was the case in 13% of our votes against directors.

**EXECUTIVE REMUNERATION** (22% of votes against): the main reasons for opposition included lack of **sustainability KPIs** in management remuneration (or the sustainability KPI included was not considered material or sufficient) in 29% of cases — the vast majority of those being in the U.S. We also voted against in 11% of cases due to **insufficient disclosure** of remuneration to understand how executive pay is set and structured. Remaining cases of opposition were linked to structural concerns such as a **misalignment between pay and performance** (including long-term performance) due to a poorly structured variable pay plan or insufficiently challenging performance targets.

**ACCOUNTS AND AUDITORS** (11% of votes against): these votes were mainly due to concerns around auditors’ **average tenure** (66% of cases, the vast majority

of which were cast in North America), raising concerns about their independence and objectivity, potentially compromising their ability to conduct unbiased audits.

**ARTICLES OF ASSOCIATION** (11% of votes against): this figure increased substantially compared to 2024 (7% of our votes against that year). Reasons for opposition varied but we typically opposed any amendments that would lead to a deterioration in the company’s governance or in minority shareholders’ interests. For instance, we systematically opposed amendments to articles of association that sought to permanently allow **virtual-only general meetings**.

## Our approach to voting on ESG proposals

In 2025, we filed or co-filed 13 shareholder proposals: twelve in Italy relating to governance (via the voto di lista system) and one in the UK on living wage.

### ESG-related shareholder proposals

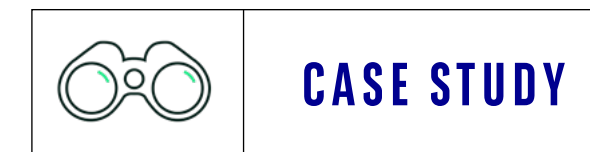
We believe that supporting ESG shareholder proposals can be an effective way to express our ESG-related concerns about, or expectations of, some companies. In 2025, we supported 60% of these proposals (excluding "non-ESG" shareholder proposals (e.g., voto di lista resolutions in Italy) and anti-ESG shareholder proposals from our calculations.)

### ESG shareholder proposals by type, number and percentage, 2025

Type	% of support	Total number voted on
E	59%	116
S	72%	133
G	56%	384

AXA IM has a tailored approach to voting on shareholder resolutions, as **we seek to carefully examine each proposal on its own merits**. We believe that it does not always make sense to support such shareholder resolutions if they are not appropriate to the company in question or if they fail to acknowledge efforts and commitments already in progress, or in slightly different forms. In specific cases, we may support a shareholder proposal which does not fully match our expectations, or which may be considered to be prescriptive when the underlying objective is aligned with our main environmental or social concern.

**We seek to integrate specific environmental or social concerns into more traditional stand-alone items**, leading to 584 votes in 2025 against director re-election, discharge, auditors or accounts (mainly due to either insufficient transparency around the Board’s oversight of key sustainability risks, or concerns with respect to the company’s climate strategy, assessed according to the AXA IM Net Zero Climate Colour Framework), as well as 608 votes against executive pay over ESG-related concerns.



### AXA IM: Supporting biodiversity and health proposals at PepsiCo

The agenda of PepsiCo’s 2025 AGM included several shareholder proposals, including one to reduce plastic packaging, one to report on biodiversity and nature loss risks, and one asking for better disclosure on the safety risks of non-sugar sweeteners. We contacted the company to request a meeting to discuss the merits of the various proposals and better understand the company’s existing disclosure on these issues.

This provided the opportunity to raise with the company the commitment of one of its peers, Nestlé, to improving its reporting on sales of healthy products (see case study on page 77) and urge PepsiCo to do the same. The company currently does report against any specific biodiversity frameworks (such as Taskforce on Nature-related Financial Disclosures (TNFD)) and its disclosure lacks clarity around deforestation policies.

As the company’s responses were not adequate, and in order to signal our desire for it to improve its reporting on health and nutrition, and nature and biodiversity, we decided to support all of these shareholder proposals.

## ESG-related management proposals

In 2025, AXA IM voted on 19 "Say on Climate" resolutions, i.e., resolutions around companies' climate strategy (compared to 22 in 2024), with a rate of support of 74%, a slight decrease compared to 2024 (77%), reflecting our higher expectations since this type of management resolution was first put to a vote in 2021.



### AXA IM: "Say-on-Climate" vote at Equinor

After first submitting its climate strategy to a vote at its 2022 AGM, Equinor, one of the world's largest oil and gas companies, controlled by the Norwegian government, requested its shareholders to approve its revised transition plan at its 2025 AGM, updated in a context of increasing demand in oil and gas. Although the company maintained its Scope 1 and 2 absolute reduction targets and its carbon capture and storage (CCS) goals were unchanged, its targeted capacities in renewable electricity and the share of CapEx dedicated to low-carbon solutions decreased — thus leading to a reduced ambition in its Scope 1 and 2 intensity reduction targets. Moreover, the company still lacks an absolute reduction target for its Scope 3 activities. In light of this, and despite our initial support at the 2022 AGM, we decided to oppose the company's updated transition plan.

### AXA IM: Board accountability at BP Plc

BP's transition strategy, announced in 2020, was based on shrinking its upstream division vs. a significant expansion in its renewable energy capacity and sale of low-carbon products. That strategy was put to a vote at the company's 2022 AGM, and supported by a majority of shareholders, including AXA IM.

However, early in 2023, BP communicated that it would scale back its plan to cut oil and gas output by 2030 — without submitting a revised transition plan to a shareholder vote. Disappointed by the lack of prior consultation ahead of that announcement, AXA IM opposed the re-election of the Chair of the Board at the 2023 AGM, and signed a letter, along with other investors, as part of Climate Action 100+, addressed to the Chair of BP requesting, among other commitments, no further downward revisions of its climate-related targets.

Despite this, and in a context of financial underperformance relative to its peers, BP recently announced a strategic reset with a refocus on oil and gas and a sharp

decrease in transition and low-carbon investments — without, once again, providing the opportunity for shareholders to vote on its transition plan, drastically revised since its submission at the 2022 AGM. We therefore once again opposed the re-election of the Board Chair, while publicly disclosing our intention of doing so a few days before the 2025 AGM. Considering the substantial shift in the company's climate strategy and drastic reduction of investments in low-carbon activities, we also made the decision to qualitatively downgrade the company's climate colour (based on the AXA IM Net Zero Climate Colour Framework) from Blue to Orange.



## How AXA IM and BNPP AM's votes aligned on a key theme of 2025

**AXA IM and BNPP AM are aligned on many voting principles. This was illustrated in 2025 by our respective but aligned approach to the issue of executive remuneration at UK banks.**

### 2025 AGM focus: removal of cap on variable pay at UK banks

A notable point of discussion, especially in Europe, was the ongoing debate about pay competitiveness for companies in the war for talent with global and U.S. peers, and private equity. In the UK, a growing number of hybrid compensation schemes were proposed. We also saw major UK banks re-evaluating their executive pay following the removal of EU bonus restrictions, moving away from fixed salaries towards performance-based bonuses and mirroring U.S. practices. We continue to advocate for transparent, balanced, and performance-based executive compensation packages, as we see executive pay as a critical indicator of the dynamics between Boards and management.

At **Standard Chartered's 2025 AGM**, investors were asked to vote on a revised remuneration policy that would materially increase (by c. 57%)

the CEO's bonus and long-term incentive opportunities, substantially outweighing the decrease in the base salary. This decision was based on benchmarking against selected peers, the majority of which have much larger market capitalisation than this issuer, leading us to question their suitability. Both BNPP AM and AXA IM, independently, opposed the remuneration policy — illustrating the alignment of our respective approaches.

Investors were also asked to approve a revised remuneration policy at the 2025 AGM of **NatWest**. The company has been operating since 2014 on a 1:1 ratio, unique among its UK banking peers, due to the views of its former controlling shareholder (until March 2024), which bailed out the company during the 2008 financial crash. The company is now proposing a substantial 49% increase in total remuneration, but variable pay would continue to be limited to two times base salary (despite the removal of the 2:1 regulatory cap), with restricted stock plans being discontinued and replaced by performance share plans, thus introducing more performance-based variability in its executives' remuneration package. This led both our firms to, independently, support the new remuneration policy — also illustrating the alignment of our respective approaches.

# ENGAGEMENT

**Engagement enables us to better manage long-term risks for our clients by encouraging and supporting sustainable practices among issuers. It also gives us a better understanding of companies' management of sustainability risks, contributing to a more comprehensive assessment of their risk profile and better-informed investment decision-making.**

We define engagement as the process of regular and constructive dialogue through which investors seek to influence — or identify the need to influence — issuers' governance and sustainability practices and disclosure. Engagement is undertaken for the benefit of clients and their beneficiaries, on behalf of our equity and debt holdings, with companies and with agency, sovereign and sub-sovereign issuers. It also supports the implementation of our Responsible Business Conduct (RBC) policies.

We distinguish between regular dialogue conducted with issuers to gain insights about their sustainability practices (which from 2026 will be referred to by both entities as "sustainability dialogues") and engagement with specific objectives that define the changes we seek to achieve over time (which from 2026 will be referred to by both entities as "engagement with objectives").

Given our global presence and the wide geographic scope of our clients' holdings, we endeavour to engage consistently across all regions on key ESG issues. Our approach varies by region only to the extent that we adapt it to the prevailing regulations, the policy environment, norms and cultural sensitivities.

## How we select the issuers we engage with

Our decision to engage with an issuer is based on two types of considerations: topical and practical.

Practical considerations include: the size of our holdings; whether we believe we will get reasonable access to the issuer, our judgement of the likelihood of success, based on our engagement track record with the issuer, its degree of responsiveness to the issue or other factors; and commitments we have made as a member of collaborative initiatives coordinated by networks, such as Climate Action 100+, Nature Action 100, PRI Advance, etc.

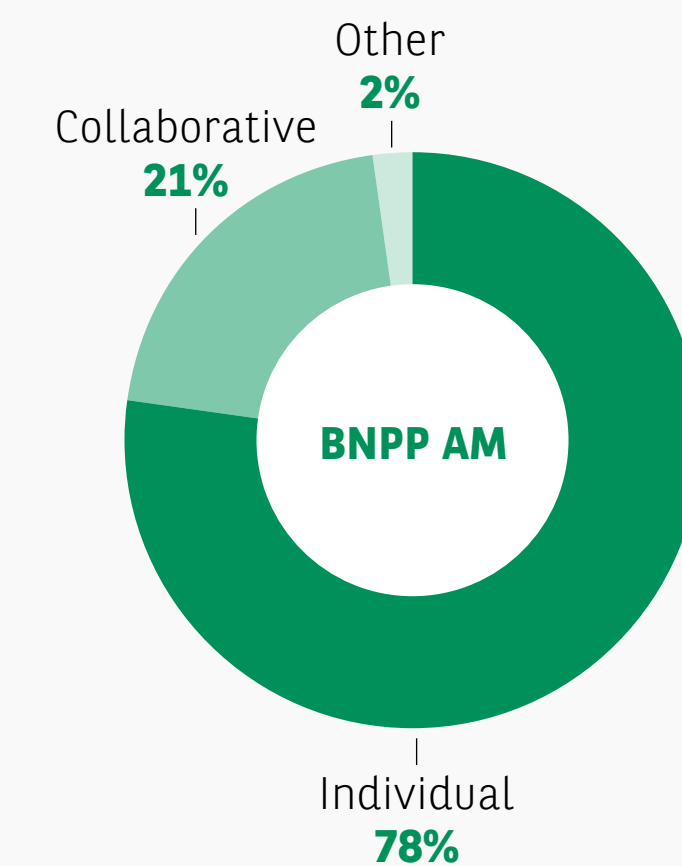
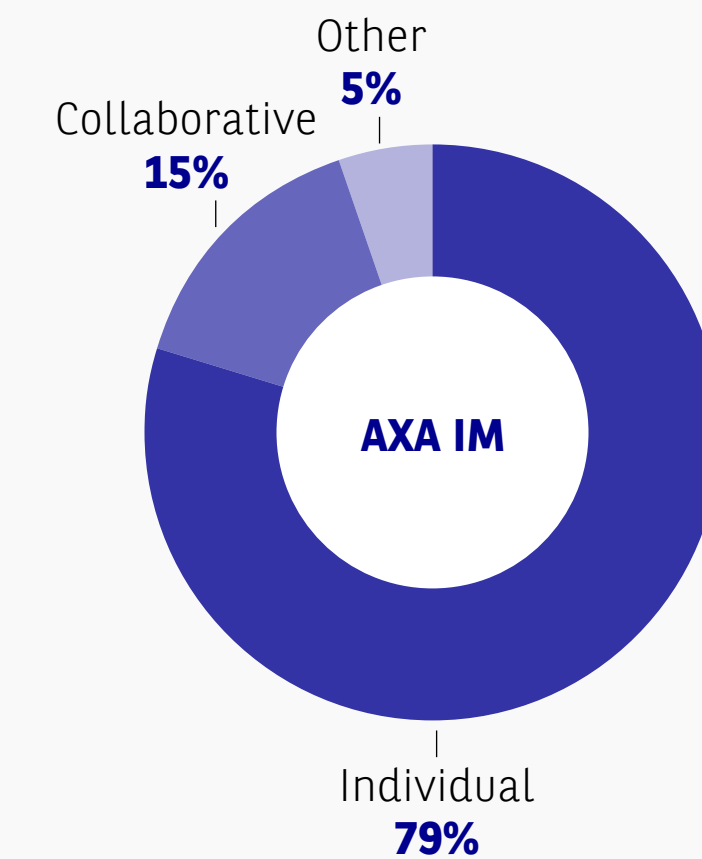
Topical considerations include consistency with thematic priorities outlined in our Global Sustainability Strategy; the need to clarify or assess the performance of an issuer on an issue and/or in relation to our RBC standards or sector-based policies; feedback from clients on their sustainability priorities and/or specific fund engagement requirements; the urgency and severity of the issue and its importance for the company, or the industry in which it operates; the role the issuer plays in creating or exacerbating a systemic risk (e.g., for a climate change engagement, whether it is a major greenhouse gas emitter); and the company's overall sustainability performance.

Our engagements with issuers typically fall into a handful of categories: discussions with companies on governance in the run-up to annual meetings to inform our voting decisions; dialogue over one or more years designed to improve companies' management of sustainability risks, dependencies and impacts; calls to gain insights into a company's stance or performance on ESG topics; and interactions linked to a company's ESG performance. This type of engagement might be triggered by new information that a company might be in breach of one of our RBC policies or a revision to its ESG rating, undertaken to comply with the requirements of a product label, or in relation to a new bond issuance. We provide examples of each of these types of engagement later in this section, as well as with non-corporate bond issuers.

## BNPP AM and AXA IM: Our approach to collaborating with other investors and stakeholders

While most of each entity's engagement is carried out individually with an issuer, both BNPP AM and AXA IM have for many years engaged alongside like-minded investors through collaborative engagement initiatives and participated in investor networks to learn from our peers and to raise standards. We often belong to the same initiatives (e.g., we were both founding members of Nature Action 100) and have often engaged issuers together, as highlighted in specific case studies later in this report. We continue to see collaboration with other investors and key stakeholders as a valuable way to help us achieve common aims, particularly with respect to mitigating systemic environmental and social risks.

In future, as a combined entity, when this type of collaboration is likely to enhance our ability to engage with an issuer, to result in better outcomes and is permitted by law and regulation, we will continue to work this way with other asset managers and asset owners. Importantly, though, we will continue to make our own investment and voting decisions in relation to the issuers we engage with collaboratively and we will not share commercially sensitive information among participating investors or with companies.



# Tracking our engagement progress in 2025 and 2026

In our new combined Stewardship policy for 2026, we have adopted AXA IM’s terminology, using three stages and three possible outcomes to systematically track the process of Engagements with Objectives. AXA IM’s case studies indicate the stage of each engagement. All case studies indicate, where possible, which outcomes have been achieved.

## Stages

- 1** **Initiation:** issuer is contacted (e.g., via a formal letter or email) and the main engagement objectives are identified and clearly communicated. This enables us to follow up and potentially escalate engagement requests that are unanswered.
- 2** **Response:** issuer responds to our engagement request and dialogue starts. As of 2026, we will distinguish between two possible scenarios, depending on the company’s response to our engagement objectives:
  - 2a:** Our request(s) has/have been acknowledged but little progress is being made;
  - 2b:** The issuer is actively working to address our request(s) though with no formal results yet.
- 3** **Escalation:** when corporate issuers do not respond or do not make progress on our requests, we may choose to escalate the engagement in one of several ways (see “Escalation process” opposite).

## Outcomes

- 4** **Partial success:** issuer has provided evidence that it has partially met an engagement objective and/or has partially addressed the issue;
- 5** **Success:** issuer has implemented our request(s) for change in full;
- 0** **No success:** issuer does not meet our engagement objective(s). Follow-up actions can include additional escalation techniques (see “Escalation process” below), evolution of the engagement method, evolution of the engagement objectives or ending the engagement.

## Escalation process

Investor-issuer dialogue is the foundation of good stewardship — it enables trusting relationships to be built, permitting candid solution-oriented discussions about issues that might not otherwise be addressed. Dialogue is, however, a two-way street and there are times when stronger measures are necessary to encourage a company to come to the table and discuss our concerns or to take the action we have asked for.

### We use a variety of escalation strategies, including:

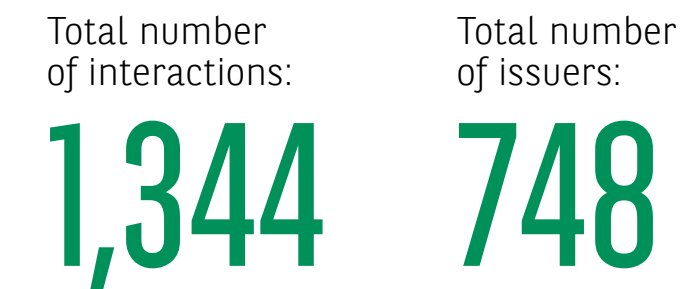
- Voting against a company’s board discharge or re-elections or financial accounts;
- Submitting private questions to companies’ top management either individually or collectively;
- Submitting public questions at general meetings;
- Filing or co-filing shareholder proposals at general meetings;
- Making public statements, sometimes with other investors;
- Rarely, but when deemed appropriate, announcing our voting intentions ahead of time;
- Downgrading the company’s ESG rating;
- Divesting (partly or in full); and
- Additional legal strategies.

These decisions are taken on a case-by-case basis to ensure that our concerns have been properly heard and dealt with. Our shareholder proposal filing strategy is approved annually by the Stewardship Committee, as are decisions about the filing of specific shareholder resolutions. We also regularly exclude from our actively managed portfolios companies that fail to meet our RBC standards and Sector-Based Policies.

### In this section, we present an overview of our respective engagement figures, followed by information on:

- 1.** Our engagement to improve governance and inform our votes
- 2.** Our thematic engagement on a range of issues
- 3.** Our engagement linked to issuers’ ESG performance, including with corporate and bond sovereign issuers

## Combined engagement figures for both entities, 2025\*



\* See each entity’s definition used in 2025 for these figures.



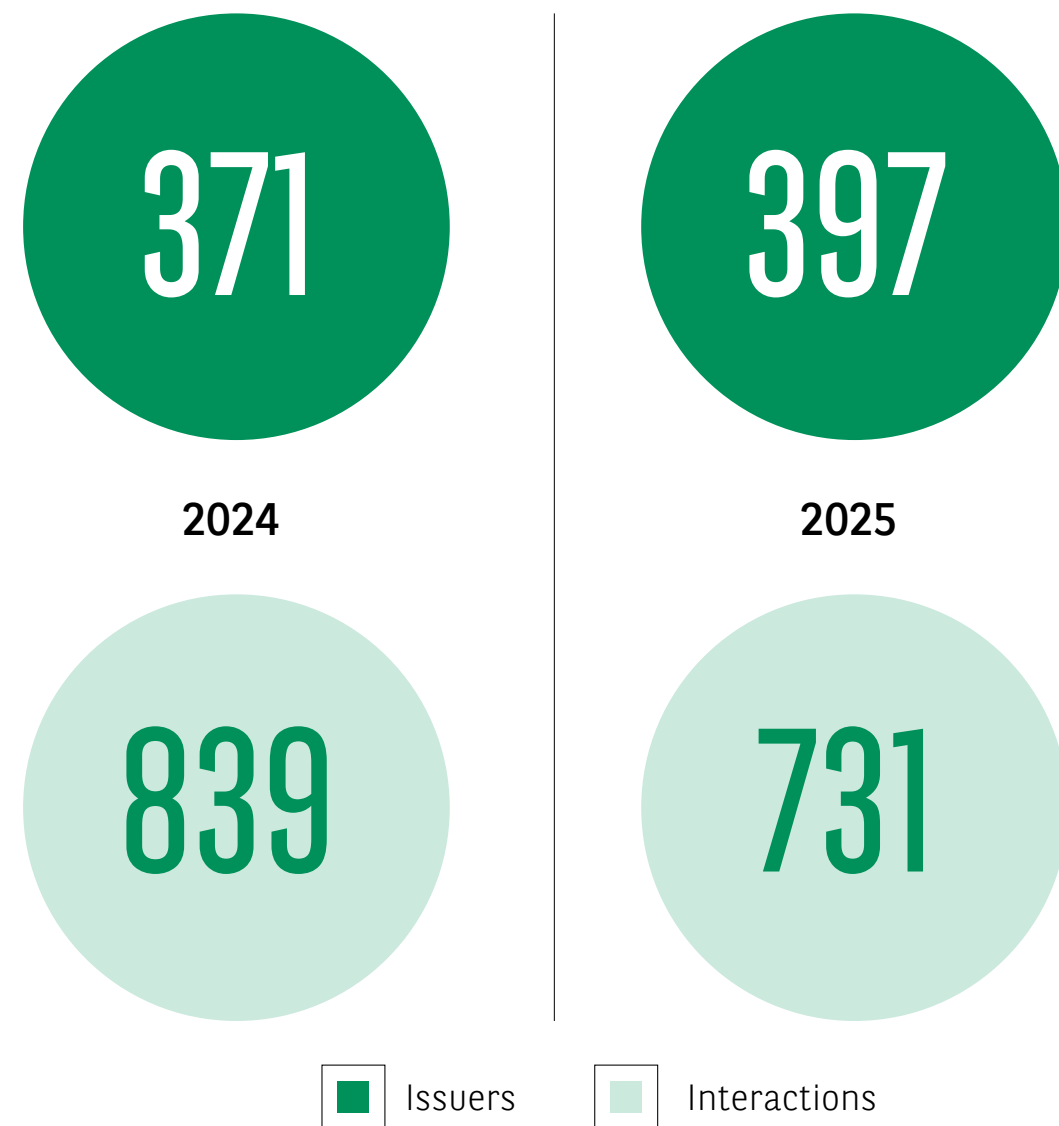
**Guy Davies**  
CIO Fundamental Active Equities,  
Deputy Head of Investment,  
BNP Paribas Asset Management

*“Stewardship is a fundamental pillar of our sustainability strategy. It not only demonstrates our commitment to proactive oversight on behalf of our clients, it enhances our ability to deliver long-term value, strengthens our influence, and supports sustainable returns for clients.”*

- 2025 SUSTAINABILITY REPORT
- EDITORIAL
- ABOUT THIS REPORT
- INTRODUCTION
- OUR STRATEGY
- OUR THEMATIC PRIORITIES
- SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS
- VOTING AND ENGAGEMENT**
- PEOPLE, CULTURE AND CSR
- STEWARDSHIP CODES
- 52

# BNPP AM: our engagement in figures

Total number of issuers we engaged with and number of interactions



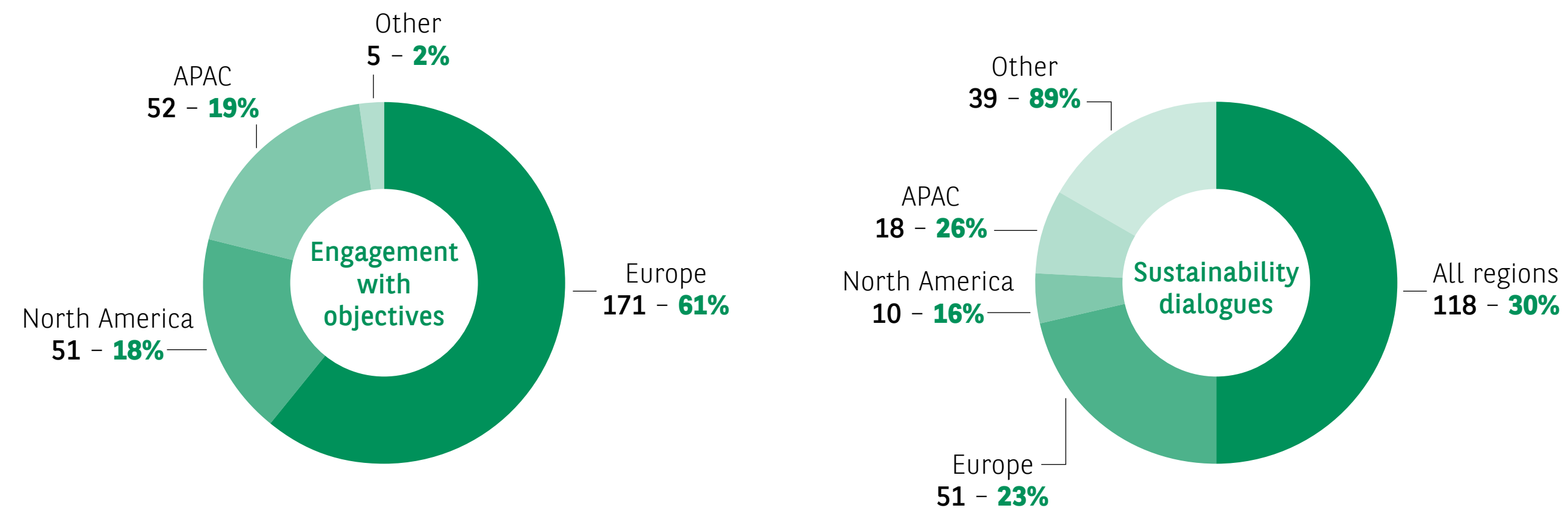
In addition to the engagement shown in the table above, we also signed 1,544 letters sent to companies through collaborative organisations we belong to or support. We don't include these in that table because while we support the content of the letters, we don't actively engage with the addressee companies, e.g., Business Benchmark on Farm Animal Welfare (BBFAW), CDP's Non-Disclosure Campaign and the Investor Initiative on Hazardous Chemicals (IIHC).

Breakdown of engagements by type: engagement with objectives and sustainability dialogues

By issuer	Number	%
Engagement with objectives	279	70%
Sustainability dialogues	118	30%
<b>Total</b>	<b>397</b>	<b>100%</b>

By interaction	Number	%
Engagement with objectives	521	71%
Sustainability dialogues	210	29%
<b>Total</b>	<b>731</b>	<b>100%</b>

Engagement with issuers, by region

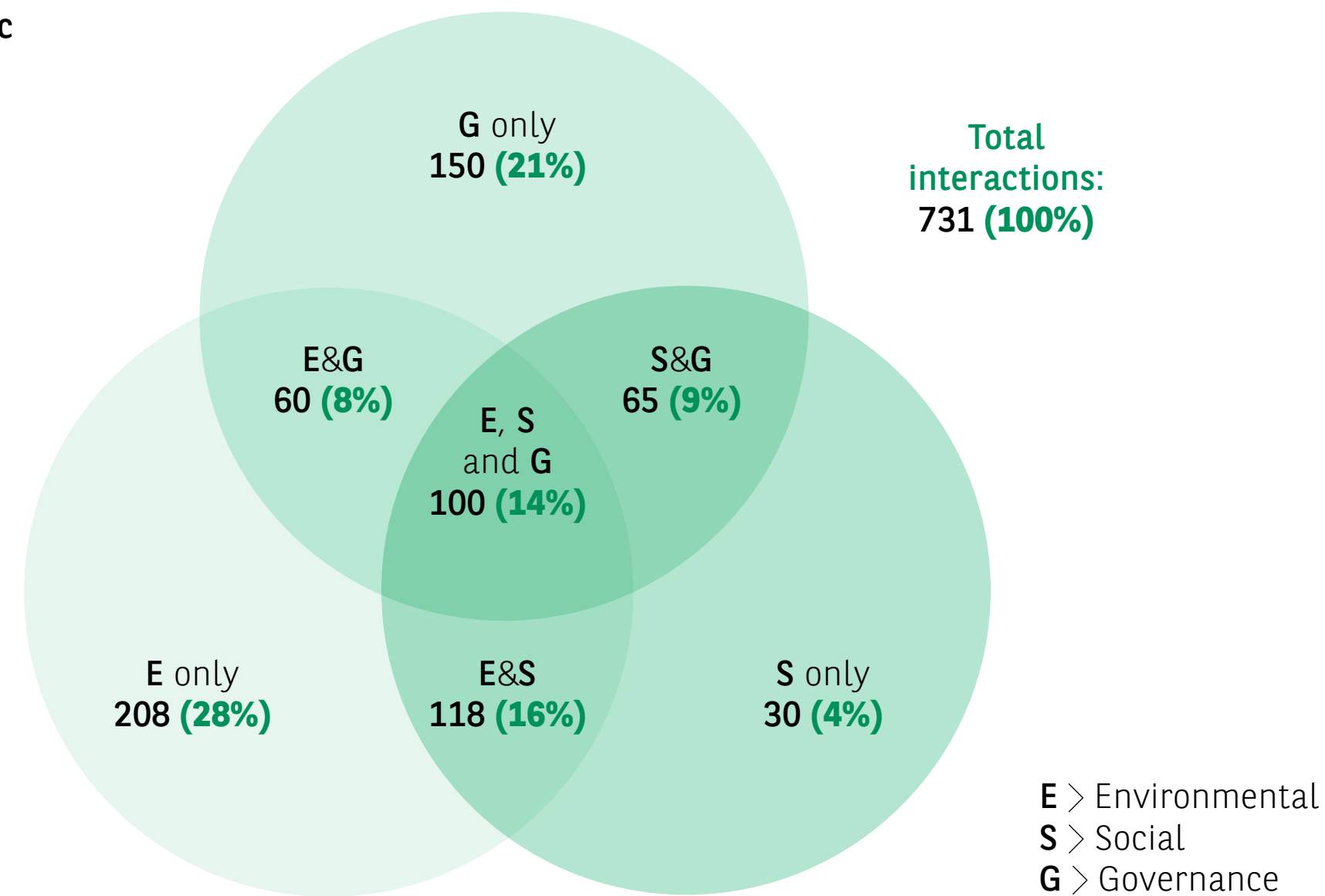


Breakdown of interactions by category

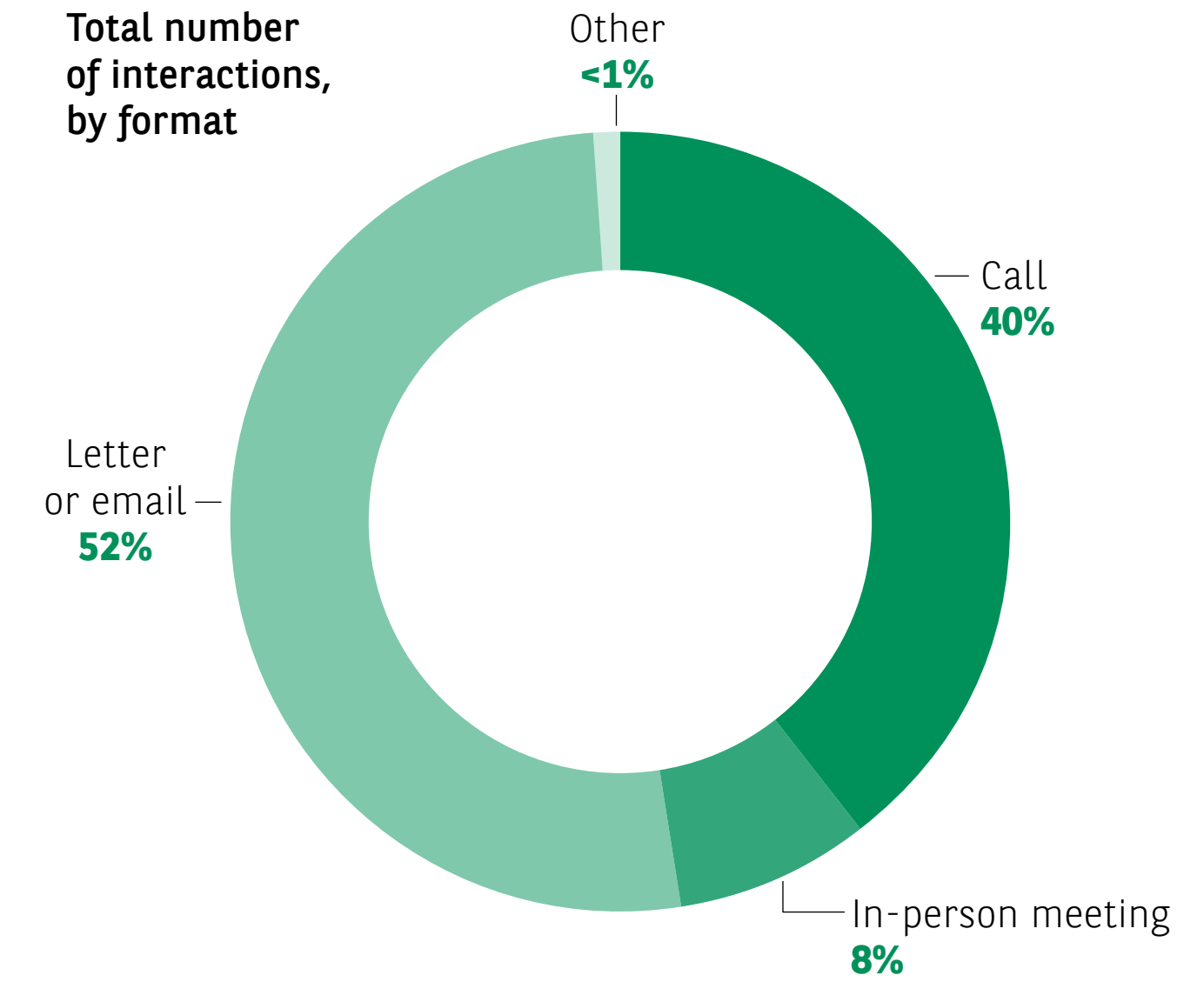
Category	Number	%
Governance- and proxy voting-related	199	27%
3Es/thematic	331	45%
Broad ESG discussion	125	17%
Bonds and Sovereign	27	4%
RBC policies	11	2%
Low ESG score	38	5%
<b>TOTAL</b>	<b>731</b>	<b>100%</b>

In most of our engagements, we address multiple ESG topics.

Total number of interactions by topic



Total number of interactions, by format



**BNPP AM: Engagement with our top equity holdings**

As noted on page 51, each year we identify and engage with our top equity holdings across all portfolios and geographies. This year we engaged with 52 such companies on various sustainability themes. Of these, four were listed in Asia-Pacific, 15 in the Americas and 33 in Europe.

For each company, at the beginning of each year we identify up to three key relevant themes or topics, and engage with them directly or through collaborative initiatives. Many of these companies are featured in the following sections.

# AXA IM: our engagement in figures

In 2025, we had 613 interactions with 477 entities, 49% of which were engagements with objectives.

This represents a **substantial increase compared to 2024**, both in terms of the total number of interactions (+11%), as well as the number of engagements with objectives (+30%), largely driven by the new engagement-related requirements of sustainability labels.

Total number of issuers engaged with, and number of interactions

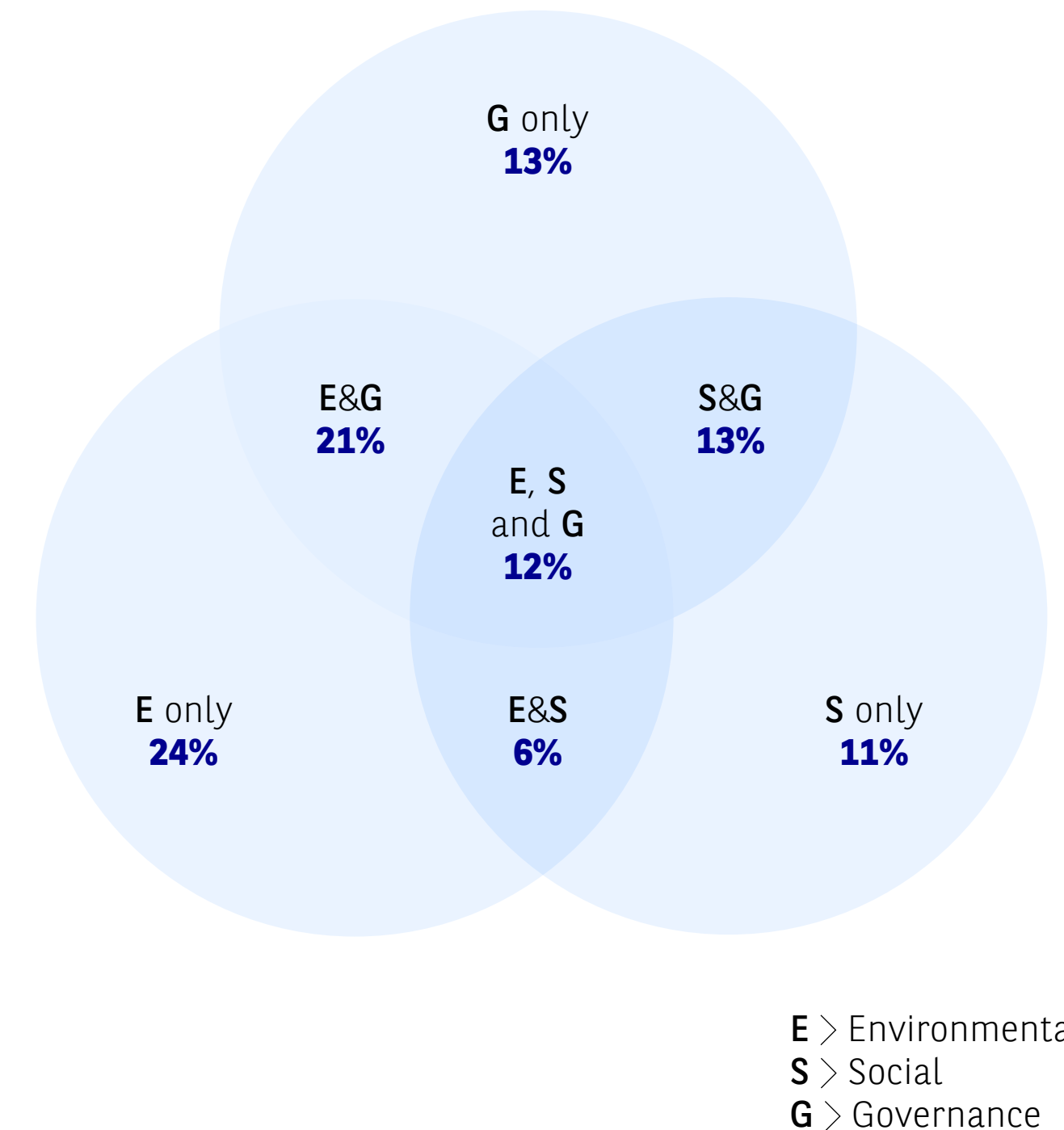


Interactions, by type

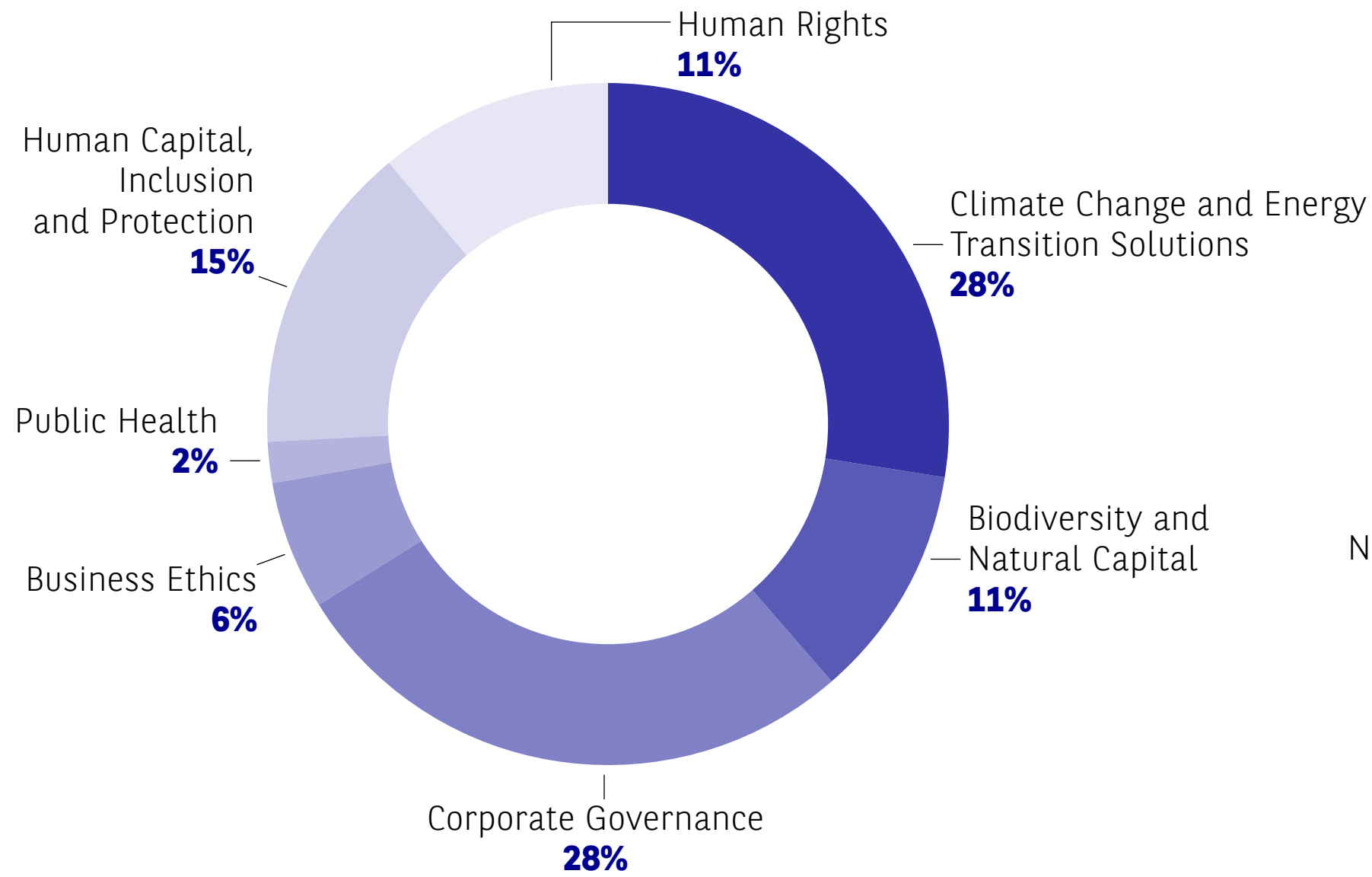
	2024	2025
Sustainability dialogues	58%	51%
Engagement with objectives	42%	49%

The key themes reflected the engagement priorities defined in our Stewardship Policy. As in previous years, we continued to prioritise environment-related themes (62% of interactions address environmental issues), and in particular climate change (86% of that total), though, only 24% of our engagements were focused only on environmental issues. Governance was another key theme, addressed in 59% of our interactions, though only 13% of our engagements overall focused exclusively on governance issues. In most cases, **we addressed environmental and governance issues at the same time**, reflecting our strongly held belief that sound governance is a prerequisite for the successful implementation of sustainability policies and effective integration into corporate strategy. We often discuss a company’s governance of sustainability (e.g., Board oversight, management incentives) when engaging on a specific aspect of its sustainability strategy, so as **to assess the credibility of the company’s sustainability ambition and commitments**. Moreover, several engagement themes we prioritised (e.g., Just Transition, biodiversity, living wage, etc.) reflect the **nexus between environmental, social and governance issues**.

Engagement interactions, by ESG pillar

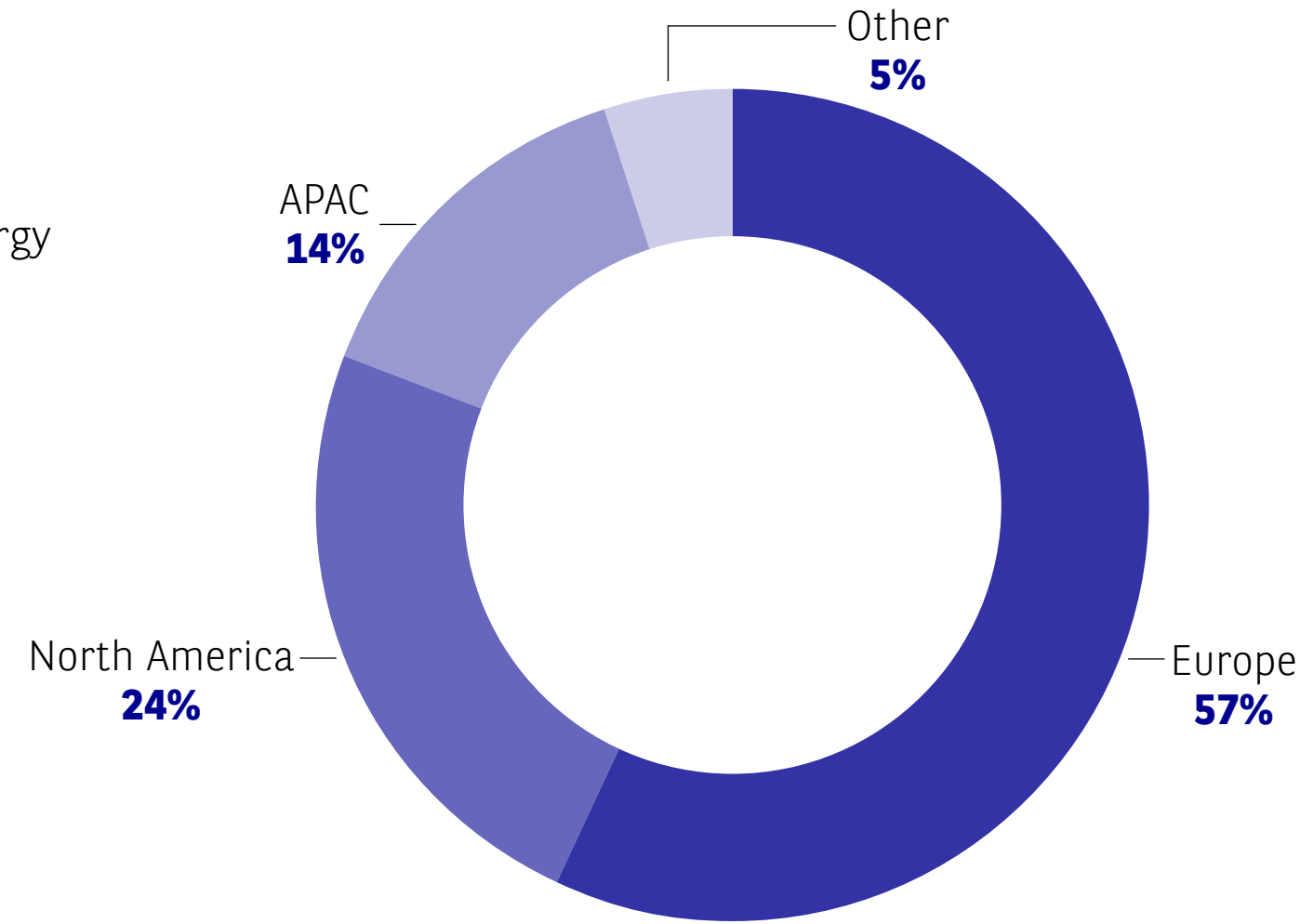


Themes addressed in our engagements



As in prior years, we continued to engage with issuers around the world, with a focus on European issuers, consistent with the geographical split of our assets under management.

Breakdown of companies engaged, by region



The table above illustrates the breakdown of the 277 interactions where climate change was the primary theme; we assessed the issuers’ transition strategy according to the [AXA IM Net Zero Climate Colour Framework](#). We aimed to focus on:

- Issuers where further progress could be achieved, (e.g., not engaging issuers in “Dark Blue”).
- Issuers where severity of climate risks is the highest (i.e., issuers in “Red” or “Orange”), although our limited exposure (in particular to issuers in “Red”) and thus our ability to influence them will necessarily limit the opportunities to engage.

We also engaged regularly with issuers that have already set out climate transition plans, those that are making progress (“Blue”) or are yet to demonstrate progress (“Light Blue”), consistent with the regional split of our assets under management and our larger exposure to these companies. This also enabled us to track progress as they gradually implemented their plans, which was particularly valuable against the current geopolitical backdrop.

Engagement by climate colours

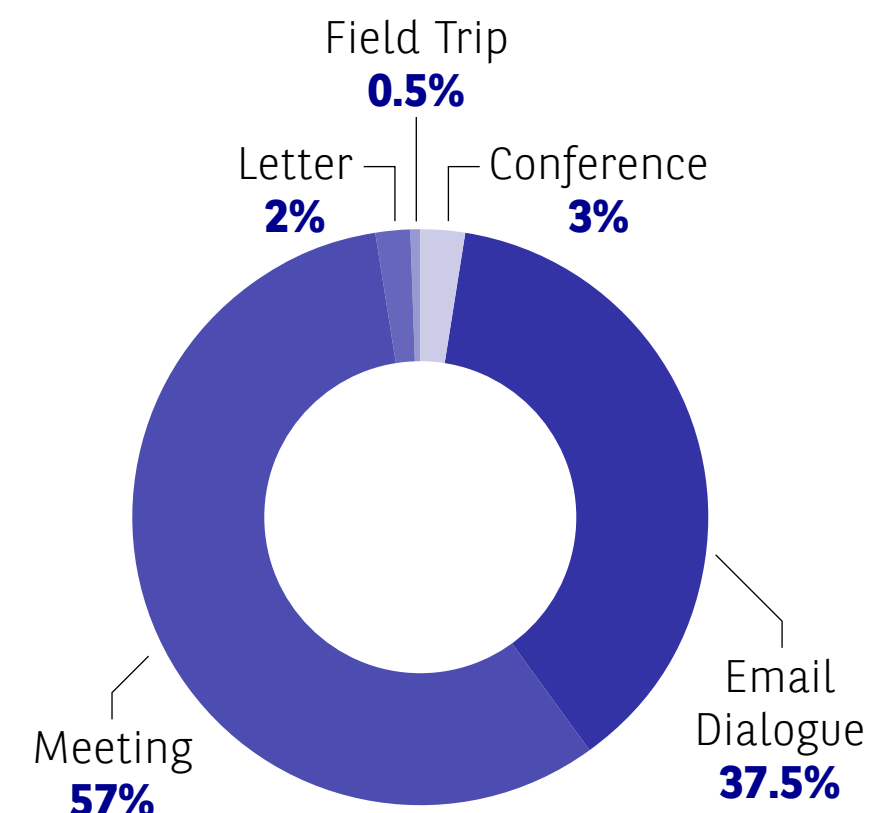
Red	4%
Orange	22%
Light Blue	28%
Blue	38%
Dark Blue	0%
Grey	8%
<b>Total</b>	<b>100%</b>

## VOTING AND ENGAGEMENT

Our preferred form of engagement remained direct meetings (either virtual or in-person), as we feel this is the most effective way to directly communicate our feedback and expectations, but also to gauge the level of receptiveness of the company. Similarly, we tend to favour meeting senior executives or Board members to share our concerns directly with decision-makers, maximising the likelihood that engagement objectives will be met. Sometimes, though, we prefer to meet with operational specialists — in most cases the company’s sustainability experts — when we need in-depth discussions on a specific theme to facilitate our understanding of the most technical aspects of the company’s sustainability strategy. Yet, **we will adapt our engagement method depending on the complexity and type of issue we raise.** For instance, when we engage on disclosure, we prefer to do so by email to the investor relations team. This enables us, when meeting with more senior persons within the organisation, to focus on issues that may require a more detailed argumentation and an in-depth exchange of views.

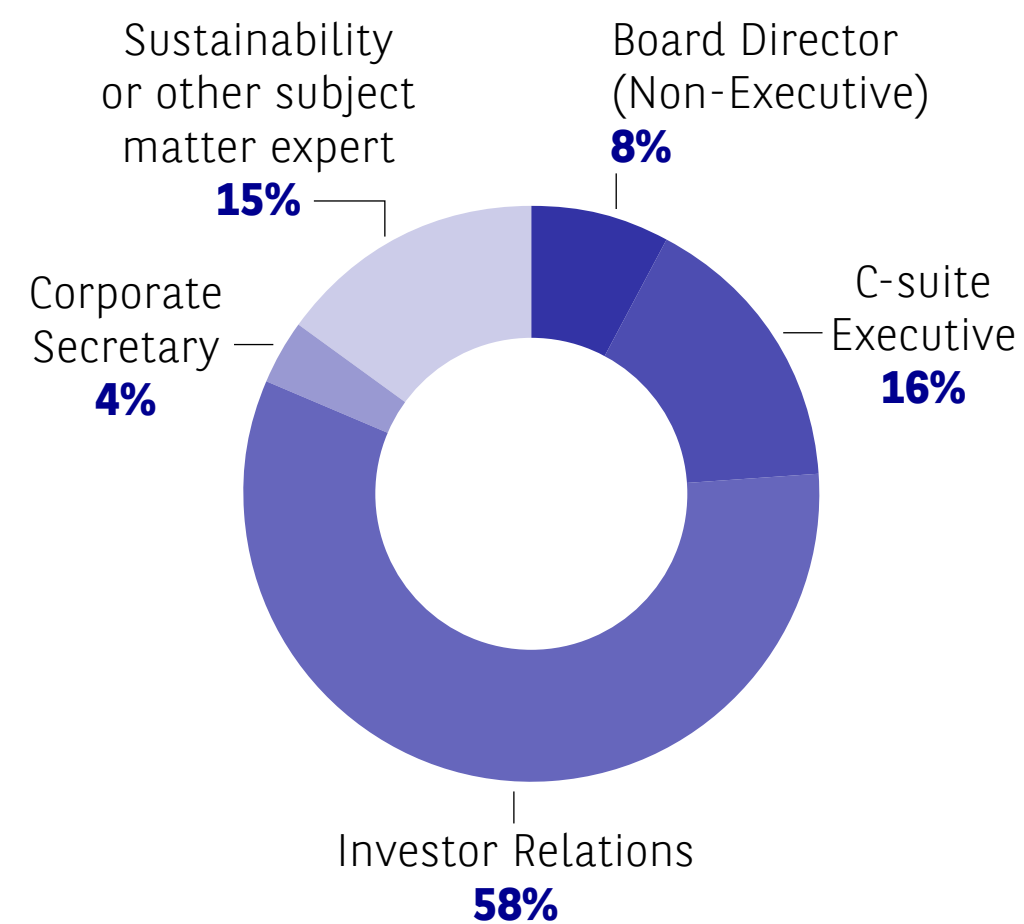
**We generally benefit from good access to top management** (23% of our engagements being conducted at the Board or C-suite level), in particular in Europe (31%) — due to a combination of factors including geographic proximity, maturity of shareholder dialogue practices, and the depth of our relationships with these companies.

Percentage of interactions, by format



*Note: we refrain from recording emails or letters as engagement unless they state clear demands to companies. Letters are typically used to introduce a new engagement initiative or escalate an ongoing engagement.*

Percentage of interactions, by representative’s role in the business

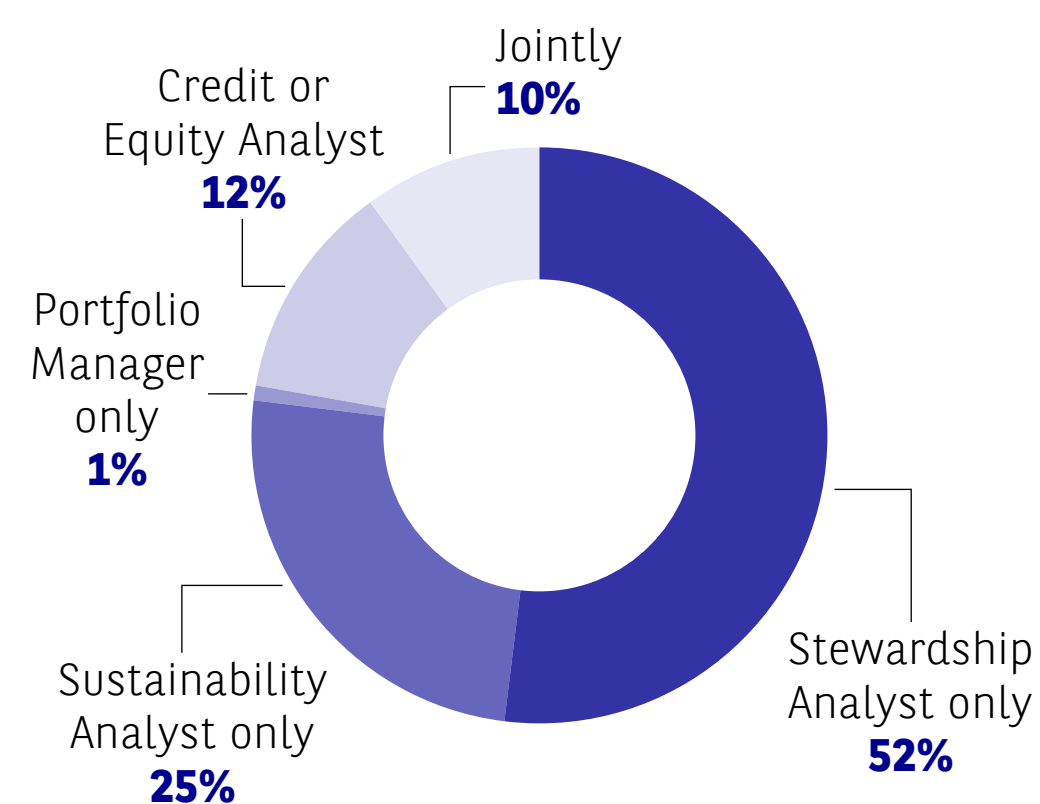


Various AXA IM teams were involved in engagement, including stewardship analysts within a central sustainability team, as well as sustainability analysts within various business units, depending on the asset class or investment strategy on behalf of which the engagement was conducted.

That being said, there was regular collaboration between teams, particularly with investment teams: 60% of our joint interactions were conducted by a stewardship or sustainability analyst alongside a portfolio manager.

**This cross-team collaboration helps to provide both strategic and technical perspectives, contributing to building long-term relationships with corporates and enabling us to feed information gained during engagement into investment decision-making.**

Percentage of interactions, by team participation

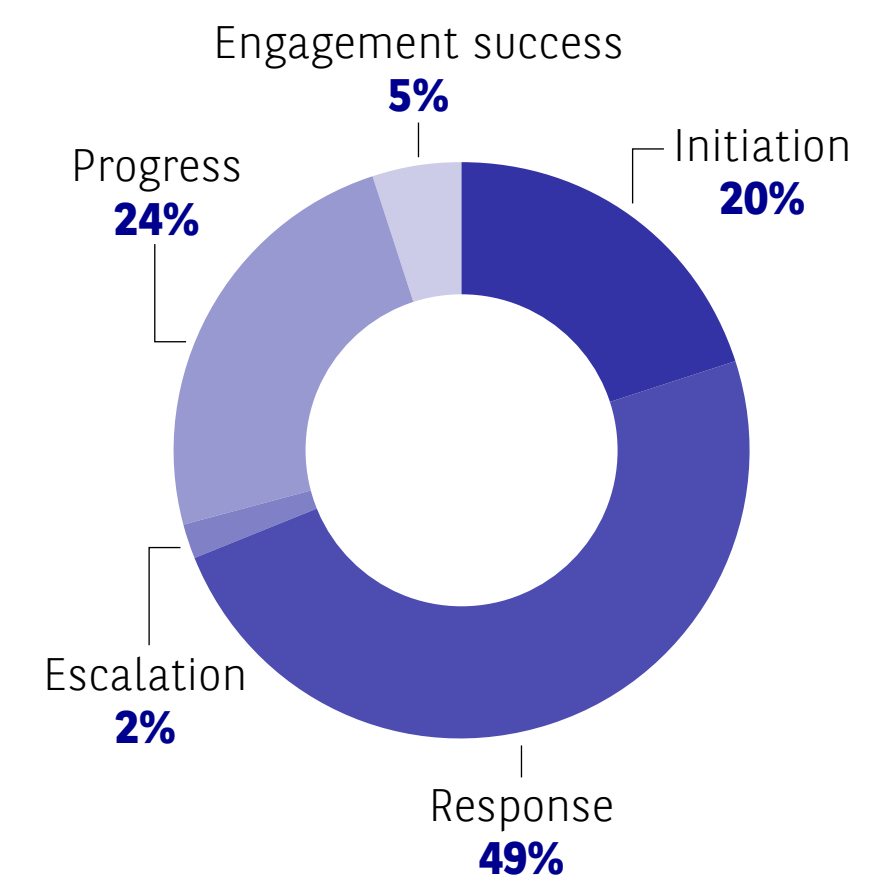


As noted, we have a robust tracking system to monitor companies’ progress against the objectives we set for all our ‘engagement with objectives’. This helps us to adapt our approach in response to the pace and degree of progress.

The status of this type of engagement at the end of 2025 is presented in the graph below. Compared to 2024, many more engagements were categorised as “initiation” (20% compared to 8%), consistent with the rise in the overall number of engagements with objectives and the launch of new engagement programmes linked to the new requirements of some sustainability labels. In absolute terms, the number of engagements with objectives that were designated as either “progressing” or “successful” increased significantly (88 compared to 75 in 2024).

Escalation tactics were used in nine instances during the year, mostly via votes, but also by filing a shareholder proposal with other investors.

Percentage of engagements with objectives, by progress status



# 1 Engagement to improve corporate governance and to inform our votes

Both firms believe that sound corporate governance creates the framework to ensure a corporation is managed in the long-term interest of its stakeholders. It is a prerequisite for sustainable performance and for the successful integration of environmental or social issues in corporate strategy. When engaging with issuers, we focus on the main themes described in our voting policies — Board composition and effectiveness, sound remuneration structures and preservation of shareholder rights. We prioritise our largest holdings, or companies where we have identified a material governance issue.

## Engagement related to voting

In applying our respective policies when voting in 2025, we took into account the fact that companies are different and a “one size fits all” approach is not appropriate. Therefore, our voting approaches are based, above all, on our regular dialogues with the firms we invest in, an understanding of their activities, their sector, and the challenges they face, so we can vote in a highly informed manner. In that respect, during the proxy season, each firm asked selected companies to engage with us or responded to their requests for dialogue. In this section, we highlight a few examples of our engagement governance topics to illustrate of our overall activities. The goal of such engagements was to:

- communicate our voting policy to promote good corporate governance and to prepare for the next general meeting;
- obtain additional information on individual resolutions; and
- express our concerns about specific resolutions that do not meet the expectations set out in our voting policy.

Beyond the proxy season, each firm also had discussions with companies on strategy, long-term performance, risk management, ESG issues or other concerns. We consider a voting-related engagement to be successful if the company withdraws the proposal we are opposing, if we can change our vote to support the proposal following its modification by the issuer, or where we obtain additional pertinent information. Often, companies modify their practices the following year; in these cases, they are not counted in the current year’s “successful engagement” statistics.

In 2025, BNPP AM had

**199**

interactions with

**84**

companies related to governance and voting

The table below illustrates several such examples, focusing on remuneration-related votes.

BNPP AM examples			
Company	Sector/Country	Outcomes	Link to 2025 vote
<b>Banco Santander SA</b>	Banking, Spain	<ul style="list-style-type: none"> <li>• Removed the possibility of payouts for below-median relative TSR performance, which carried 50% weight within the Long-Term Incentive Plan (LTIP) 2025-2027.</li> <li>• Increased the long-term portion of executive variable compensation (over a 3-year performance period) and paid in equity.</li> </ul>	Supported the 2026 Remuneration Policy at the 2025 AGM (success).
<b>E.ON SE</b>	Utilities, Germany	<ul style="list-style-type: none"> <li>• Provided more transparency on the 2028 intermediary targets used for the LTIP.</li> <li>• Maintained the possibility for the Relative TSR criterion to vest below the peer median but significantly reinforced the vesting scale (25<sup>th</sup> percentile now back to 0% vesting, and target at 100% vesting raised from 50<sup>th</sup> to 60<sup>th</sup> percentile).</li> </ul>	Abstained rather than opposing the 2026 Remuneration Policy at the 2025 AGM (partial success).
<b>Mahindra and Mahindra Limited</b>	Industrials, India	<ul style="list-style-type: none"> <li>• Confirmed through engagement the alignment of the Chair’s remuneration structure with our voting policy (i.e., no variable component).</li> </ul>	Supported the Chair’s remuneration report at the 2025 AGM (success).
<b>Cancom SE</b>	Information Technology, Germany	<ul style="list-style-type: none"> <li>• In line with our expectations communicated through engagement and after voting against at the 2024 AGM, Supervisory Board Members’ lengths of term have been shortened from 6 to 4 years, and Board gender diversity was increased to 40%.</li> </ul>	Supported all Supervisory Board Members’ re-election (success).

In 2025, AXA IM had **118** interactions at **104** companies related to governance and voting

Some of those examples are presented in the table below.

AXA IM examples			
Company	Sector/ Country	Outcomes	Link to 2025 vote
<b>Acciona</b>	Utilities, Spain	<ul style="list-style-type: none"> <li>After opposing remuneration proposals at the 2024 AGM and explaining our rationale through engagement, we met a second time with the company early in 2025 to review the draft remuneration policy.</li> <li>In line with our previous feedback, transparency of sustainability KPIs and peer benchmarking is improved.</li> <li>Yet, our most material concerns remain unaddressed: opacity remains around financial components of the annual bonus, and relevance and stringency of sustainability KPIs is questionable.</li> </ul>	Opposed the remuneration report and remuneration policy.
<b>Nexity</b>	Real Estate, France	<ul style="list-style-type: none"> <li>Meeting early in 2025 in the context of planned renewal of the Chair &amp; CEO mandate. Communicated our concerns on the powers of the Lead Director, who is only able to add items to Board agendas or convene a Board meeting upon agreement with the Chair &amp; CEO. This limits her ability to effectively act as a counterpower to the Chair &amp; CEO.</li> <li>The Company revised its Board Internal Rules to strengthen the Lead Director’s powers in line with our feedback.</li> </ul>	Supported the re-election of the Chair & CEO.
<b>Siegfried Holding AG</b>	Health Care, Switzerland	<ul style="list-style-type: none"> <li>Meeting end of 2024 to detail our concerns around executive pay after opposing the remuneration report at the 2024 AGM. We shared our expectations around transparency and achievement of financial performance conditions, nature and relevance of sustainability-linked KPIs, and structure and stringency of long-term incentives plan.</li> <li>In its next remuneration report, the company substantially improved disclosure of financial and non-financial performance criteria.</li> </ul>	Supported the remuneration report, while reiterating by email our remaining concerns around pay disclosure, sustainability KPIs, and LTI structure.
<b>Soitec</b>	Information Technology, France	<ul style="list-style-type: none"> <li>Pre-AGM meeting where we conveyed our concerns on the draft remuneration policy, which includes a substantial increase in base salary, the award of a retention bonus, and the possibility to award an exceptional remuneration, a year before the CEO’s mandate renewal.</li> <li>The Board ultimately decided to delay the planned remuneration increase and not to implement the award of a retention bonus or the possibility to award exceptional bonuses.</li> </ul>	Supported the remuneration policy.

## BNPP AM and AXA IM: Influencing global and local governance best practice

Our voting policies share similar overarching principles, including our strongly held belief that we must use our influence as responsible investors to actively promote the highest governance standards, while considering local and company specificities as much as possible. We do this by:

- Contributing to industry working groups and technical committees. Both BNPP AM and AXA IM are represented at the International Corporate Governance Network (ICGN) and the Corporate Governance Commission of the French Asset Management Association (AFG), chaired by Michael Herskovich, our Global Head of Stewardship, and actively contribute to ensuring governance standards and shareholder rights are respected.
- Getting involved in local investor groups to deepen our knowledge of a specific market. Both BNPP AM and AXA IM sit on the Investment Committees of Italy-based Assogestioni and Dutch association Eumedion.
- Engaging collaboratively with issuers on governance practices, where relevant

and possible. Both BNPP AM and AXA IM are lead investors in the French Sustainable Investor Forum “Club SMID”, which engages with small- and medium-cap companies that are traditionally controlled and family-owned, and where ensuring effective representation of minority shareholders’ interests is particularly material.

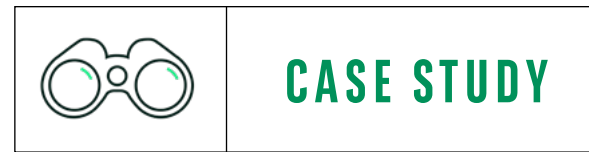
*ICGN: in recognition of his long experience and leadership in governance and stewardship, Michael Herskovich was elected Chair of the ICGN at the organisation’s AGM in October 2025. The ICGN’s members are responsible for assets of more than US\$90 trillion. The network brings together companies and stakeholders to advance high standards of corporate governance and investor stewardship worldwide. It has played an active role in global public policy debates affecting corporate governance and investor stewardship for many years. It engages with policymakers and regulators around the world, primarily through direct participation in policy forums, regulatory consultations and formal letters, of which 28 were submitted in 2025. ICGN’s work programme also includes impactful global events to share knowledge, build networks and collaborate across capital markets, to provide governance and stewardship professionals with guidance and education for in-house policies, activities, strategies and reporting.*

# Governance-related engagement

The fundamental importance of good governance in navigating uncertainty and geopolitical crises was brought into stark relief in 2025. **In our view, effective Board functioning and Board/management dynamics proved essential to managing these challenges.** In line with the principles set out in our voting policies, we advocate for available and engaged directors, combined with open and transparent communication channels between Board members and the entire C-suite, to enable companies and their Boards to fully grasp the impact of the current geopolitical environment on their strategic direction.

## 2025 focus: governance of sustainability

Companies' governance of key sustainability risks is a particular focus for both BNPP AM and AXA IM, including with respect to how Boards are structured to properly oversee those risks and how management is properly incentivised to address them. This year, companies in scope of the Corporate Sustainability Reporting Directive (CSRD) had to disclose further information around the sustainability-related roles, responsibilities and skills of the Board. This helped inform our discussions with companies as we focused on mechanisms in place to ensure adequate coordination and information-sharing between various technical committees on transversal sustainability-related topics, thus contributing to effective Board involvement and proper integration of sustainability in strategic discussions. Similarly, we ask for high-quality disclosure of the Board's sustainability skills and, among other things, close monitoring of the composition of Board-level sustainability committees to ensure they have the appropriate level of independence and expertise.



### BNPP AM

Our engagement with **Bouygues SA** focused on improving the disclosure of Board competencies, particularly extra-financial skills. During two meetings held ahead of the 2025 AGM, we asked the company to provide more detailed information on directors' skills and to clarify the methodology used to assess them. Following our feedback, Bouygues reviewed the granularity of its skills matrix and decided to enhance disclosure, notably by dividing CSR-related competencies into several pillars and offering greater transparency on the assessment methodology. These improvements addressed one of our key concerns and contributed to more informed voting decisions, especially on the Board composition.



### AXA IM

Our engagement on sustainability governance with **Sopra Steria Group SA**, initiated in 2023, focused on the way the Board was structured to effectively oversee sustainability-related risks. We sought to understand the Board's decision to include sustainability oversight in the responsibilities of the Nomination Committee, whereas nomination-specific responsibilities require a very different skillset. We discussed the challenges of ensuring the entire Board is sufficiently updated on the committee's work, as well as the specific sustainability skills of certain committee members. Over time, the company significantly upgraded its disclosure, providing a high level of granularity in CSR-related skills across Board directors and also for each Committee (breaking them down between the key material risks for the company). They also provided a dedicated section explaining the split of sustainability-related responsibilities between key committees and how they ensure appropriate coordination. This provided us with reassurance about the degree of the Board's involvement in sustainability oversight.

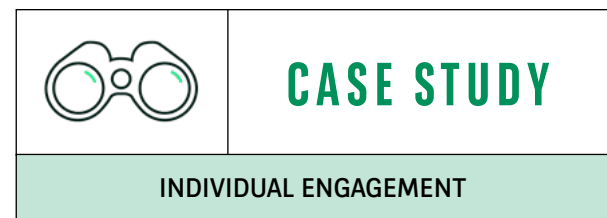
In 2025, BNPP AM and AXA IM each strongly supported the inclusion of sustainability-related KPIs in executive compensation, which, by ensuring management is incentivised to address key sustainability risks and opportunities, we see as a proxy for credible integration of sustainability in the strategy. We regularly challenged the choice and stringency of these KPIs. We saw notable progress in these engagements, with a number of companies moving away from qualitative, opaque sustainability criteria, replaced by operational metrics more closely linked to the sustainability strategy.

Although we often discuss the rationale behind any change in the nature of a KPI to understand how it is linked to the company's strategic priorities, a key topic this year was the removal by many companies (especially those with a large presence in the U.S.) of specific diversity-related KPIs included in executive compensation and in their sustainability reporting more broadly. Where this was the case, our aim was to understand the nature and impact of the change on policies, reporting and target-setting, but also more broadly on the company's human capital management, employee engagement and ability to attract talent.



**Héloïse Courault**  
Senior Stewardship and Corporate Governance Analyst, AXA Investment Managers

*"Corporate governance remains a central focus of our engagement activities. Often addressed alongside environmental and social issues, we believe that the quality of a company's governance, including sustainability, serves as a strong indicator of the credibility and robustness of its sustainability strategy."*



## BNPP AM’s engagement to promote responsible AI

Artificial intelligence (AI) is reshaping industries and economies, with significant implications for governance, ethics, human rights, public health and climate change, among a host of other emerging risks and opportunities, including the future of employment. As such, we believe it is another systemic risk that investors must address. The ICGN has underscored that responsible AI is a key investor stewardship priority, calling for clear governance structures and Board accountability that balance innovation with safeguards against risks such as bias, misuse or weak accountability. Transparent disclosure is of course critical as well.

We are actively working to help to define good investor and corporate practice in this area. Late in the year, we took part in a roundtable consultation hosted by the Oxford AI Governance Initiative on the role of investors in managing AI risks, opportunities and governance. There was strong consensus that AI governance is a material topic for investors and that they can and should play an important role in supporting companies to manage AI risks and opportunities. We are encouraged by the ongoing work of Omidyar Network and other responsible investing organisations in this area and hope it will lead to new resources and/or initiatives to support investor action. Another excellent resource was published this year by UK pension fund Railpen, with Chronos Sustainability, which summarised the current understanding on key topics, provided guidance on how investors can assess portfolio-level risks related to AI and set out a proposed corporate AI Governance Framework, along with best-practice case studies.

As AI adoption accelerates, investor engagement with firms that develop and use AI is critical. This year we continued the engagement we began last year. We are seeking to promote practices that align with ICGN’s principles and other emerging investor guidance. For companies dependent upon large data centres, we’re raising questions about energy and water use and implications for their climate commitments. For now, some of these conversations are exploratory as we educate ourselves about companies’ approaches, while for others we have set specific objectives to mitigate identified gaps or concerns. All are in their early stages. For example, we spoke with **Tencent**, **Alibaba** and **Sony**, encouraging each to reflect on international investor expectations for responsible AI governance. **Tencent** expressed interest in reviewing best practice examples, such as Microsoft’s AI Transparency Report, which we shared with them. **Alibaba** acknowledged the need to simplify and clarify overlapping committee structures to present more transparent Board-level oversight. **Sony** has been made aware that we expect their AI Ethics Office to be better integrated with broader governance and agreed to explore clearer pathways for Board accountability. We had an initial conversation with **Microsoft** about its overall AI risk management approach and its management of data centre energy and water use. **Visa** shared some observations from its 30 years of experience with AI, including its view that AI may help to expand access to credit. We encouraged **Apple** to revise its policies and procedures designed to protect children from generative AI products sold through the iPhone app store, raising concerns about third-party AI “companion” apps. And we continued to seek a meeting with **Meta** as part of a coalition of investors managing US\$3.9 trillion to discuss its approach to responsible AI, changes to its content moderation standards and related issues, including the safety of children.



### PUBLIC POLICY

## BNPP AM: Engaging with the Malaysian Securities Commission on Market Development Plans and Governance Code update

In November 2025, we participated virtually in a meeting with the Malaysian Securities Commission (SC) and Bursa Malaysia as part of Asia Corporate Governance Association’s (ACGA) engagement on Malaysia’s market-development agenda. This follows BNPP AM’s bilateral meeting with the SC’s corporate governance team in person in September 2025. The SC presented key elements of its upcoming Capital Market Masterplan 4 (CMP4), including intentions to update the Malaysia Code of Corporate Governance in 2026. Drawing on our stewardship expertise, we advocated for stronger investor access to independent directors, emphasising how such access supports accountability, board effectiveness, and alignment with global governance best practice. The meeting provided early insight into regulatory priorities and created a timely opening to channel our governance expectations into forthcoming reforms.

Since our meeting, the SC published a [Discussion Paper](#) in December 2025 to seek public feedback as part of their review of Malaysia’s corporate governance framework, and they also reached out to BNPP AM directly for our response. The paper covers key areas including reinforcing the roles of Boards and management in driving long-term value creation, strengthening overall Board effectiveness and independence, as well as specific areas such as AI governance. We were pleased to see reference to ACGA and, in particular, the paper’s discussion on whether large companies and those with a non-independent chair should have a lead or senior

independent director (Feedback item 28). Feedback received will guide the upcoming revision of the Malaysian Code on Corporate Governance (MCCG) in 2026. We are actively putting together our response via ACGA and look to engage with the SC further on these points and support implementation later this year.

2025 SUSTAINABILITY REPORT

EDITORIAL

ABOUT THIS REPORT

INTRODUCTION

OUR STRATEGY

OUR THEMATIC PRIORITIES

SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS

VOTING AND ENGAGEMENT

PEOPLE, CULTURE AND CSR

STEWARDSHIP CODES

## 2 Thematic engagement

Our respective thematic engagement on environmental and social issues is designed to deliver a low-carbon global economy that operates within the nine planetary boundaries while providing everyone with the opportunity to play their part in that economy and to be treated in accordance with international human rights, principles and standards. By definition, therefore, it addresses long-term systemic issues. We also engage on other specific and/or more immediate environmental and social issues as relevant to key holdings and sectors, in reaction to controversies, for example.

Through both firms' engagement, we aim to bring companies' policies and practices into line with prevailing best practice and global agreements or frameworks. This includes, for example, urging issuers to:

- align their corporate strategies, lobbying and capital deployment with the **goals of the Paris Agreement**;
- prepare for and deliver a **Just Transition**;
- reduce their impacts and dependency on nature and determine how they can make a positive contribution to the **restoration of ecosystems** in line with the goals of the Global Biodiversity Framework;
- provide **equal opportunities** for all, at all levels of the organisation;
- respect human rights within their own operations and across their supply chains, including but not limited to **labour standards**;
- protect or **improve consumer health** in line with the guidance of authorities like the World Health Organization guidance (e.g., on antimicrobial resistance (AMR) and healthy food) and protect workers through comprehensive health and safety programmes;

- report on their risks, impacts and dependencies in line with standards like TCFD, TNFD and others and on **climate lobbying** in line with the Global Standard on Corporate Climate Lobbying;
- ensure their **Boards and governance structures** are effective and adequately represent all shareholders' interests;
- adopt more **equitable and transparent remuneration policies** that ensure that profits are distributed more fairly across the business; and
- ensure that their products are **accessible and affordable** for all.

# Climate change mitigation and adaptation

We engage extensively across many sectors to try to secure commitments from issuers to reduce their emissions across all scopes, to adopt a net-zero ambition, and to ask them to publish comprehensive climate transition plans that demonstrate how they will achieve their transformation to low-carbon businesses. In addition, we have urged companies to address the climate-driven physical risks to their businesses.

In this section, we outline our respective bilateral engagement programmes, including through Climate Action 100+, a major global collaborative engagement programme. We also provide an example of climate-related public policy engagement we participated in during 2025 in Hong Kong.



## BNPP AM’s global net-zero engagement programme

**CONTEXT:** having committed in our 2022 Net-Zero Roadmap to engage with portfolio companies in support of our net-zero objectives, in 2024, we launched a dedicated Net-Zero Engagement Programme in support of this commitment.

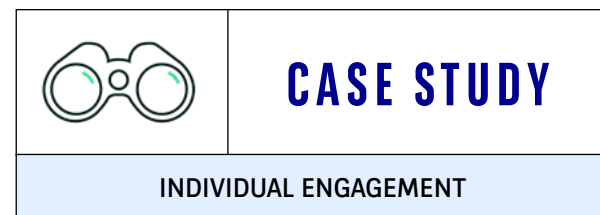
This covers 70% of our portfolio’s financed emissions in material sectors that are not yet classified as Achieving, Aligned or Aligning with Net Zero (NZ:AAA) using our triple A framework. (The first stage focuses on portfolio companies that are not currently covered by CA100+ and our programme targets are closely aligned to the Net-Zero Company Benchmark).

**OBJECTIVE:** to encourage the 16 selected companies to put in place a robust Net-Zero Transition Plan, including a comprehensive net-zero commitment, aligned GHG targets to 1.5°C, emissions performance disclosure and a credible decarbonisation strategy. By so doing, they will improve their NZ:AAA rating.

**ACTIVITIES:** having sent a letter outlining our expectations in 2024 asking for additional information on the companies’ net-zero commitments and plans and/or requesting a call, we followed up with each company this year. Of those, we had substantive interaction with six: Idacorp Inc., Semen Indonesia (Persero) Tbk Pt, JFE Holdings Inc., Tenaga Nasional Bhd, BW LPG Ltd and Companhia de Saneamento Básico do Estado de São Paulo S.A (Sabesp).

**OUTCOMES:** some of the companies have demonstrated good progress:

- **BW LPG Ltd**, an LPG shipping company, has extended its emission reduction targets up to 2030 (aiming for a 21.5% reduction), which is in line with the International Maritime Organisation Strategy on Reduction of GHG Emissions from Ships. The company is also considering setting a Global Fuel Intensity (GFI) target, an outcome of the Marine Environment Protection Committee (MEPC 83) that took place in April. The GFI target involves a two-tier carbon pricing system comprised of two levels of targets — a base target and a direct compliance target. The base target requires companies to reduce GHG fuel intensity by 30% ahead of 2035 and the direct compliance target imposes a more ambitious reduction of 43% GHG fuel intensity reduction by 2035. These two levels of targets set the threshold that determines at what price ships are eligible to purchase “remedial units” to make up for excess emissions (essentially a form of emissions credits).
- **JFE Holdings Inc., a steel producer**, has begun to implement several decarbonisation initiatives. It started blast furnace trials, began sourcing green steel and expanded hydrogen-based direct reduced iron projects. It enhanced transparency by sharing more detailed capital allocation figures and outlining its approach to a Just Transition.
- **Semen Indonesia (Persero) Tbk Pt, a building materials producer**, has strengthened its sustainability governance structure and advanced its decarbonisation roadmap, with clear internal tracking of emission reduction levers and ongoing engagement with suppliers and industry partners. It also started disclosing Scope 3 emissions in its 2024 Sustainability Report.



## AXA IM’s approach to climate laggards: the “Three Strikes and You’re Out” policy

**CONTEXT:** in 2025, we pursued our climate laggard engagement initiative launched in 2021 and initiated in 2022. As in previous years, we continued to meet and escalate with companies we identify as laggards, as illustrated in the table at right. However, the year 2025 marked the “third strike” for companies engaged since 2022 and for which we did not achieve any material progress against our engagement objectives. Early in 2025, we therefore took the decision to divest from two of the climate laggards companies.

Sector	Objectives	Activities	Outcomes
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>Formalise a climate strategy, with a long-term net-zero ambition and intermediary targets on a five- to 10-year horizon.</li> <li>Accelerate further in renewable electricity and set time-bound targets on the share of overall electricity consumption.</li> <li>Seek SBTi validation.</li> </ul>	Formal letter sent in 2022, followed by a meeting with the investor relations team. Four meetings since 2023, including two with a senior counsel to the Board.	<ul style="list-style-type: none"> <li>SBTi commitment.</li> <li>New objectives to be at 100% renewable electricity by 2030 corresponding to a 50% reduction in Scope 1 and 2 emissions relative to 2022.</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>Upscale GHG reductions targets for Scope 1 and 2.</li> <li>Disclose coal and tar sand exposure.</li> <li>Strengthening of Coal policy.</li> </ul>	Formal letter sent in 2022, followed by four meetings since 2022 with the Head of ESG. New formal letter reiterating key asks sent early in 2025. Escalation included votes against the entire Board and pre-disclosure of voting intentions.	<ul style="list-style-type: none"> <li>Clarification in methodology to set financed emissions for energy and power sectors.</li> <li>Sectorial targets set, but no absolute targets to reduce financed emissions, coal exclusion policy lacks granularity and no clear policy on tar sands.</li> </ul>
<b>Metals and Mining</b>	<ul style="list-style-type: none"> <li>Formalise a transition plan.</li> <li>Set targets for Scope 1 emissions.</li> <li>Seek SBTi validation.</li> </ul>	Formal letter sent in 2022, three meetings since 2023, all with the Head of Sustainability. New formal letter reiterating key asks sent early in 2025.	<ul style="list-style-type: none"> <li>Improved climate governance with the creation of a dedicated ESG Committee involving senior executives and Board members.</li> <li>New sustainability report now includes a detailed mapping of Scope 1 and 2 emissions, and key levers to cut emissions, with corresponding time horizons.</li> </ul>



## BNPP AM and AXA IM: Climate Action 100+

**CONTEXT:** both BNPP AM and AXA IM were active members of CA100+ during 2025, which has more than 600 members and facilitates investor engagement with the world’s 169 biggest emitters, responsible for around 85% of global emissions. Companies’ progress on disclosure is measured against 11 metrics within the Net-Zero Company Benchmark (NZCB), supplemented by alignment assessments on climate accounting and auditing, and climate lobbying.

**OBJECTIVE:** to encourage companies to meet the expectations embedded in the NZCB to reduce the long-term systemic risk of climate change to our portfolios.

**ACTIVITIES:** we each adjust our involvement with company engagement groups based on our holdings and other considerations. During 2025, BNPP AM had 24 interactions in total with CA100+ companies, including 12 calls and two in-person meetings, in the following roles:

- BNPP AM co-led engagements, including with Danone SA, China Petroleum & Chemical Corp (Sinopec), Iberdrola SA, Nestlé SA, Power Assets Holdings, PTT, Compagnie de Saint-Gobain SA and Stellantis NV. AXA IM, after exiting the engagement with Saudi Aramco due to the company’s lack of receptivity to engagement and our limited levers to influence it, continued to co-lead ongoing engagements with Ecopetrol and Renault.
- Both entities continued to act as a contributing investor to engagement with several other companies; for example, with BNPP AM leading discussions with Carrefour SA to ask it to publish a climate lobbying review.

- BNPP AM Head of Stewardship for Asia, Jane Ho, sits on the CA100+ Steering Committee. Rachel Crossley, Head of Stewardship, Europe, continued to serve as a co-chair of the European Climate Lobbying Working Group of CA100+.

**OUTCOMES:** the receptivity of the companies we actively engaged with continued to vary, as did their willingness to take the steps we requested to improve their performance and transparency. BNPP AM’s engagement yielded notable progress with Iberdrola SA, Nestlé SA, PTT PCL and Unilever plc, and saw results from our previous engagement with other companies. The most substantive improvements are summarised here:

**Iberdrola SA:** our engagement efforts over the last two years have led to substantive improvements in the company’s climate strategy and disclosure. The company’s updated Climate Strategy and reporting reaffirmed its ambition of carbon-neutral electricity generation by 2030 and Net-Zero emissions by 2040 (including Scope 3) while its 2025-2028 Strategic Plan announced in September 2025 raises electrification of the economy and the development of electricity networks as top priorities in parallel to renewable energy development, with a dedicated €58 billion investment plan through 2028. In addition, the company now explicitly states that it has phased out capital expenditure in new carbon-intensive assets. It has significantly improved its lobbying disclosures and proactively advocated for the EU methane emissions regulation. Finally, it has significantly evolved its approach to a Just Transition, linking social performance indicators with its climate plan and published its first combined report on Human Rights and Just Transition in December 2025. These improvements are already reflected in the 2025 update of the NZCB in which Iberdrola stands out as a leader for the utilities sector, fully meeting eight out of the eleven NZCB indicators.

**Nestlé SA:** the company experienced substantial turmoil in 2025, with the unexpected replacement of the relatively

new CEO in September and the new Chair taking over a month later. Nevertheless, the 2025 NZCB revealed some progress. It announced in its 2024 Annual Review published in Q1 that it had achieved a 20.38% net reduction of GHG emissions versus the 2018 baseline, meeting its Nestlé net-zero SBTi milestone of 20% by 2025, one year ahead of schedule. It now meets five NZCB indicators in full and three partially. Climate lobbying disclosure has been a continual point of discussion in recent years. We are pleased to see that the company now meets all climate policy disclosure expectations on the benchmark, and has improved the score for its Climate Policy Engagement Review from 64% in 2024 to 79% in 2025.

**Stellantis NV:** after several years of engagement, in March 2025, Stellantis published its first Climate Policy Report covering 2024/2025. This was a major step forward. However, InfluenceMap gave it a low score of 5 out of 14 (36%), because it did not include all examples of its direct policy engagement or an assessment of several industry associations it belongs to. InfluenceMap’s own assessment of 15 associations the company belongs to shows that eight are only partially aligned to lobbying in line with a 1.5°C temperature rise, and seven are completely misaligned. The company only meets two of the NZCB indicators in full — it has a 2025 net-zero ambition and has set long-term GHG reduction targets that align with a 1.5°C future. While we acknowledge this positive development considering the regulatory environment facing the auto sector, we expect the company to engage with partially or misaligned associations to improve the alignment of their policy positions with the Paris Agreement.

**PTT Public Company Limited (PTT PCL):** we engaged with this subsidiary of PTT PCL, to discuss methane management practices and expressed support for their plans to align with emerging global expectations for methane transparency by joining the Oil and Gas Methane Partnership 2.0. PTTEP has strengthened its methane disclosures through the 2025 OGMP 2.0 company factsheets. It reported 37.4 kt

of methane emissions for 2024 on a 100% operated-asset basis and set a 2030 methane intensity target of 0.20% of marketed gas — achieving a gold standard pathway status, which signifies that the company has established a methane reduction target and submitted a granular and credible implementation plan for reaching Gold Standard Reporting within the required timeline, along with an annual report covering all in scope material assets. There were also improvements in PTTEP’s data quality, which are critically important since one key barrier to methane reduction is the use of emissions factor estimates by companies instead of direct measurement. These disclosures, alongside stated actions on leak detection and repair, venting and flaring reduction, and deployment of methane measurement technologies, demonstrate tangible progress towards OGMP 2.0 expectations and support the company’s longer-term Net-Zero 2050 pathway.

**Renault:** AXA IM has engaged with Renault on its decarbonisation strategy since 2021. Engagement progressively focused on the company’s climate lobbying to address its lagging disclosure and concerns that the company may be advocating for reviewing European climate policies for the automobile sector. After four meetings since 2021, including one meeting with the Board Chair and two meetings dedicated to climate lobbying reporting, the company committed to publishing a climate policy and industry association review before their 2025 AGM. In that context, AXA IM, together with the other CA100+ leads, sent a private letter early in 2025 requesting Renault to align its disclosure with the Global Standard on Responsible Climate Lobbying, which BNPP AM contributed to developing. Renault published its first Climate Association Report in early 2025, which includes the company’s own climate positions, a list of key association memberships and a framework to assess potential misalignment with Renault’s climate positions. Now that Renault has a clearer view of all association memberships, we expect the company to engage with partially aligned associations to ensure consistency with its climate commitments.

- 2025 SUSTAINABILITY REPORT

---

- EDITORIAL

---

- ABOUT THIS REPORT

---

- INTRODUCTION

---

- OUR STRATEGY

---

- OUR THEMATIC PRIORITIES

---

- SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS

---

- VOTING AND ENGAGEMENT

---

- PEOPLE, CULTURE AND CSR

---

- STEWARDSHIP CODES

---

- 65

## BNPP AM’s leadership on climate lobbying recognised by InfluenceMap

BNPP AM’s continued leadership on climate lobbying was recognised by InfluenceMap in a [report](#) published in November 2025 that assessed the stewardship of 39 of the world’s largest asset managers, collectively representing over US\$75 trillion. The exercise assessed investors’ disclosures of stewardship activities and how climate lobbying is integrated into their stewardship strategy and actions, based on frameworks such as the Global Standard on Responsible Climate Lobbying. In short, it assesses the extent to which asset managers’ engagements and policies are driving investee companies’ policy engagement to transparently align with 1.5°C pathways.

The report concluded that the stewardship of only a small group of leading investment firms is robust, in contrast to the recognition by key investor initiatives such as the Net-Zero Asset Owner Alliance and Climate Action 100+ of the importance of policy engagement to address the financial risks posed by climate change. Only 10 of the 39 asset managers assessed scored a B- or above on stewardship of climate lobbying, while 29 managers scored a C+ or below. BNPP Asset Management was rated A+, scoring 100% for its support of climate lobbying resolutions between 2022 and 2024. Going forward, BNPP AM will continue to advocate for transparent and responsible climate lobbying practices. Our 2026 Voting Policy now provides the option to vote against selected Board members if we have concerns about a company’s lobbying activities or lack of transparency.

## Public policy advocacy

BNPP AM continued to play an active role in advancing climate-related public policy. The example below relates to climate adaptation. Further content on climate-related public policy engagement can be found on pages [72](#), [76](#), [78](#), [79](#) and [82](#).



### BNPP AM: Supporting Hong Kong to adapt to physical climate risks

Hong Kong is highly exposed to physical climate risks such as typhoons, extreme rainfall, flooding, and sea-level rise, making adaptation planning a pressing priority for all stakeholders, including policymakers and corporates. Each year, the Chief Executive’s Policy Address sets out the government’s annual policy agenda. This presents a prime opportunity for stakeholders to shape long-term social and economic priorities. In advance of the 2025 Address, we contributed feedback through the Hong Kong Green Finance Association (HKGFA). In parallel, we contributed to a consultation on Hong Kong Taxonomy Phase 2A and we led engagement directly with the Development Bureau (DEVB), Drainage Services Department (DSD), Civil Engineering and Development Department (CEDD) and Hong Kong Observatory (HKO) through the Asia Investor Group on Climate Change (AIGCC) physical risks and resilience working group. The 2025 Policy Address ultimately placed greater emphasis on mitigation and green finance but did not include substantive measures on adaptation or physical resilience. However, the inclusion of adaptation in the Hong Kong Taxonomy Phase 2A is a welcome development, something we have been advocating for since our initial engagement with the Hong Kong Monetary Authority (HKMA) some years ago.

A climate change adaptation framework has been included for the first time — it begins with a “white list” of practical actions in the water sector, such as stormwater separation and automated water control systems. We will continue to support further development of the taxonomy. The meetings with DEVB, CEDD, DSD and HKO reinforced the relevance of investor perspectives in shaping adaptation planning. Through these meetings, we were able to make clear investors’ priorities: improving transparency on design standards and protection measures, developing open information platforms on current and planned adaptation infrastructure, and enhancing inter-regional coordination within the Greater Bay Area. Were they to become a reality, they would enable financial institutions, corporates and insurers to access adequate information to assess risk exposure, integrate resilience planning, and support Hong Kong’s broader climate adaptation strategy.

## Ecosystems – addressing the systemic risk of nature loss

During 2025, we continued to engage with companies to urge them to assess and reduce their dependencies and impacts on nature. We engaged through several collaborative initiatives, such as those coordinated by FAIRR, CDP and Nature Action 100 and continued our bilateral engagements to encourage biomedical companies to end their use of horseshoe crab blood for endotoxin testing. We were also pleased to participate in a successful engagement with the Indonesian government on deforestation.

	<b>CASE STUDIES</b>
COLLABORATIVE ENGAGEMENT	
ESCALATION	

### BNPP AM and AXA IM: Nature Action 100

**CONTEXT:** in October 2025, Nature Action 100 published its first [status report](#), showcasing initiative progress and investor insights. As the outgoing co-chair of NA100’s first Steering Group, Adam Kanzer, Head of Stewardship for Americas, co-authored the report’s foreword, describing the evolution of the initiative from an initial series of conversations between investors about the critical need to engage companies on nature loss, a key systemic risk. As both BNPP AM and AXA IM participated in the “Launching Investor Group” that conceived and designed the initiative, it is gratifying to see how far NA100 has come, with a cohort of more than 230 institutional investors managing more than US\$30 trillion in assets under management or advice engaging with NA100 companies on their impacts and dependencies on nature. Our Biodiversity Lead, Robert-Alexandre Poujade, continues to sit on the Technical Advisory Group.

**ACTIVITIES:**

- BNPP AM continues to be actively involved, participating in engagements with eleven companies, based in the U.S. (**Archer Daniels Midland Company, Conagra Brands Inc., General Mills Inc., The Home Depot, McDonald’s Corporation**), Europe (**Danone, DSM-Firmenich, AstraZeneca plc, Solvay SA**) and Asia (**SD Guthrie, Indofood**). During 2025, we engaged with eight of them.

- AXA IM is an active participant in two engagements, with **McDonald’s Corporation** and **Smurfit Westrock**, and leads engagement with **Walmart**. During 2025, AXA IM engaged with all three. Our engagement generally focuses on asking companies to assess their impacts and dependencies, and improve their disclosure.

### BNPP AM and AXA IM: NA100 engagement with McDonalds’

We are leading the NA100 dialogue with McDonald’s, along with a small group of investors (including AXA IM). After repeated attempts to arrange a meeting with the company, BNPP AM filed a shareholder proposal for inclusion on the company’s 2025 proxy statement. This led to our first calls with the company and a withdrawal of our proposal in exchange for a commitment to a structured dialogue focused on deforestation and regenerative agriculture. McDonald’s deforestation strategy focuses on four priority commodities — soy (primarily for chicken feed), palm oil, fibre-based guest packaging and beef (we did not discuss coffee, the company’s fifth priority commodity). The call gave a sense of the company’s priorities.

While McDonald’s has a written framework to guide its work on regenerative agriculture, as this document is not publicly available, we are encouraging the company to publish it to allow us to fully assess its approach and support its stated desire to raise standards across the industry. Our calls covered the key elements of this strategy, implementation, measurement approaches and some of the company’s work with third parties to raise standards. Like other U.S. companies, McDonald’s discloses — in our view — inadequate information about its oversight of pesticide use in its global supply chain, a key driver of biodiversity loss;

we are therefore urging it to explicitly address the use of pesticides.

More positively, McDonald’s published a summary of a Value Chain Water Risk Assessment, working with WWF and WRI — which includes data on the percentage of agricultural commodities sourced from water-stressed regions and restaurants located in areas of extremely high water stress.

- 2025 SUSTAINABILITY REPORT

---

- EDITORIAL

---

- ABOUT THIS REPORT

---

- INTRODUCTION

---

- OUR STRATEGY

---

- OUR THEMATIC PRIORITIES

---

- SUSTAINABILITY INTEGRATION IN OUR INVESTMENTS

---

- VOTING AND ENGAGEMENT**

---

- PEOPLE, CULTURE AND CSR


---

- STEWARDSHIP CODES

---

- 67

# Deforestation-focused engagement

	<b>CASE STUDY</b>
COLLABORATIVE ENGAGEMENT (AD HOC)	
PROGRESS STATUS: ENGAGEMENT PROGRESS	

## AXA IM: Bunge

**CONTEXT:** we have engaged with Bunge since 2023 on ongoing deforestation and conversion risks in its soy supply chain after potential weaknesses in its policies and practices were raised by an external report.

**OBJECTIVE:** to develop a strategy and mechanisms to effectively prevent, identify and treat any case of deforestation or ecosystem conversion in its supply chain.

**ACTIVITIES:** despite several meetings with the Chief Sustainability Officer and sending a formal letter to reiterate our concerns and key asks, the lack of clarity in the company’s response about not allowing deforestation and conversion in its supply chain led us to co-file a shareholder resolution ahead of the 2024 AGM. The resolution was later withdrawn after the company made formal commitments. We engaged during 2025 to ensure the company was delivering on its commitment.

**OUTCOMES:** a year after making its commitment, Bunge is clearly progressing on the assessment and reduction of deforestation risk. It has achieved 99% traceability for both direct and indirect sourcing for soy and disclosed that 97% of soy volumes sourced directly from

priority regions were assessed as Deforestation and Conversion Free (DCF). Bunge also established a cut-off date of December 2024 for deforestation-free compliance, which, although quite late compared to generally accepted standards, represents progress. We expect the company to improve further, including by clarifying monitoring methodologies and stimulating progress on palm oil certification, to achieve 100% DCF-verified volumes for its key ingredients.

	<b>CASE STUDY</b>
COLLABORATIVE ENGAGEMENT	
ESCALATION AND ENGAGEMENT PROGRESS	

## BNPP AM and AXA IM: Procter & Gamble and boreal degradation

**CONTEXT:** as noted in last year’s report, we each began a dialogue with Procter & Gamble in early 2023 in response to the company’s decision to remove a commitment to end forest degradation from its Forest Commodities Policies, without any public explanation.

**OBJECTIVES:** to improve specified disclosures and to renew its investment in alternative fibres.

**ACTIVITIES:** BNPP AM and AXA IM ultimately joined other investors to engage with the company collaboratively. Though P&G was responsive to our inquiries, we chose to file a shareholder proposal to clarify P&G’s disclosures and accelerate progress. Our investor group withdrew that proposal in exchange for a written commitment to meet the objectives we set.

**OUTCOMES:** in 2025, P&G updated its website, in keeping with our agreement. It provided enhanced reporting on its pulp sourcing monitoring and compliance programme, which goes beyond reliance on third-party certification schemes to include quarterly sustainability meetings and semi-annual desk-based audits of suppliers, more prominent

placement of its Grievance Tracker, more detailed information on its Canadian advocacy and lobbying efforts, a reiteration of its aim to eliminate intact forest landscapes (IFLs) from its wood pulp supply chain and to protect primary forests and, finally, greater clarity on its ambition to source FSC Chain of Custody-certified pulp. P&G also committed to investing an additional US\$20 million in R&D on alternative fibres to decrease its dependency on boreal forests, and to provide a summary on its website of how the initial \$20 million investment between 2020 and 2025 was invested, as well as an update on progress on its Family Care aspiration to include greater than 50% of alternative fibres in these products.

Public policy advocacy

In addition to participating in the United Nations Ocean Conference (UNOC3) summit, mentioned above, we supported two policy statements coordinated by ShareAction — working with ChemSec, Investor Environmental Health Network and Planet Tracker — as noted on page 72. We also engaged through the Investor Policy Dialogue on Deforestation (IPDD) with various Indonesian government departments.



# BNPP AM: IPDD engagement to ensure Indonesian ESG-labelled bonds Do Not Finance Deforestation

**CONTEXT:** the Investor Policy Dialogue on Deforestation (IPDD) is an investor-led sovereign engagement initiative established in July 2020 to coordinate public policy dialogue to halt deforestation. The initiative engages government authorities, regulators, industry and trade bodies, and other stakeholders, and is coordinated by the Tropical Forest Alliance, World Economic Forum. The IPDD comprises 85 institutional investors from 21 countries, representing approximately US\$11.3 trillion in assets under management. In 2025, we were an active participant in IPDD’s Indonesia working group. In Indonesia, deforestation-related risks are closely linked to capital markets, sustainable finance frameworks, and investor confidence.

**ACTIVITIES:** in the first quarter of 2025, we joined the IPDD Indonesia Working Group delegation to Jakarta, which included engagements with a wide range of policymakers and stakeholders, including the Ministry of Finance (MOF), Financial Services Authority (OJK), Bappenas, Bank Indonesia, and other relevant

institutions. During these constructive discussions, deforestation-related risks, data availability, and nature-related disclosures were identified as key areas requiring further dialogue.

In the second quarter, the IPDD Indonesia Working Group followed up with a private letter to the Debt Management Office (DMO), responding to the DMO’s work to update Indonesia’s ESG-labelled bond framework, originally released in 2021, encouraging the DMO to explicitly add to the exclusion list projects that could directly or indirectly contribute to deforestation. The letter also highlighted that, without explicit exclusions, the framework risked indirectly supporting deforestation and other adverse biodiversity impacts through land- and seascape-intensive projects, leading to potential greenwashing concerns.

**OUTCOME:** following this engagement, Indonesia released an updated green bond framework, and we were pleased to see our recommendations included. This outcome strengthens the credibility of Indonesia’s ESG-labelled bond framework and addresses investor concerns raised through the IPDD engagement. We will continue to monitor implementation and additional policy developments related to deforestation-related risks, data availability, and nature-related disclosures in Indonesia.

## BNPP AM’s Ocean-related engagement

As investors and stewards of our clients’ assets, we believe we have a role to play in contributing to the sustainability of marine ecosystems. The ocean is the world’s largest ecosystem, covering 71% of the Earth’s surface, yet only around 10% of marine life has been discovered so far, leaving an estimated one to two million species still undocumented. Its annual economic value is estimated at US\$2.5 trillion and millions of jobs depend on it. However, the ocean’s health is being severely threatened by human activities.

In May, we published [Sustainable by Nature Sequel: Reconnecting to Our Ocean](#) to provide an easily accessible “ocean digest”, including a discussion of the threats facing ocean health and a range of strategies BNPP AM is pursuing to support ocean preservation, including stewardship. Michael Herskovich, our Global Head of Stewardship, attended the United Nations Ocean Conference (UNOC3) summit in Nice, along with Robert-Alexandre Poujade, ESG Analyst and Biodiversity Lead, and presented our work on horseshoe crabs, discussed below.

Our ocean-related stewardship includes two collaborative initiatives organised by FAIRR, focused on aquaculture and seafood traceability, as well as our long-standing bilateral engagement on horseshoe crabs.



### BNPP AM: FAIRR’s sustainable aquaculture phase 3 engagement programme

**CONTEXT:** this programme focuses on seven of the world’s largest listed salmon farming companies.

**OBJECTIVES:** to encourage these companies to transition away from wild-caught fish and fish oil for feed, in favour of more sustainable ingredients, improve feed traceability and report against TNFD. This is a highly material topic because feed costs account for approximately 50% of total production costs for salmon producers.

**ACTIVITIES:** further to our engagement in 2024, in January 2025 we joined calls alongside other investors with **Mowi ASA**, the largest producer of salmon, responsible for 15% of global production, and the fourth largest fish feed producer, as well as **Grieg Seafood ASA**.

**OUTCOMES:** the seven companies’ progress has been mixed and no company has a robust strategy to move away from using wild-caught fish in feed altogether. Mowi ASA, however, has made some progress. Its disclosures have improved since the engagement began in 2020, and the company has set the highest target among its peers to decrease its dependency on wild-caught fish for feed. Unfortunately, the company is moving in the wrong direction on a key measure, with the proportion of fish-based ingredients in feed increasing to 28.3% from 2020 to 2024. While the use of trimmings in feed has risen, the limited overall supply of trimmings means that this increase will ultimately lead to more fishing. Mowi’s strategy to reduce its exposure to wild-caught fish therefore remains to be strengthened.

### FAIRR’s Seafood traceability phase 2 engagement programme

**CONTEXT:** Seafood represents 15% of animal proteins consumed worldwide and is the most traded animal protein in terms of overall value, with trade flows worth more than beef, pork and poultry put together. Moreover, global demand for seafood is set to nearly double by 2050. More than any other animal protein, seafood is traded through global, highly complex supply chains, making it difficult to track products from catch to consumption. Traceability — defined as the ability to trace a product from the point of production (in the case of seafood, from the vessel or farm of origin) all the way through the supply chain — is essential for companies to better identify and manage their environmental and social impacts, dependencies, and associated risks.

**OBJECTIVES:** this programme aims to encourage the world’s seven largest seafood companies to recognise the lack of traceability as a material risk, develop a traceability commitment or enhance the quality of their existing commitment, and to make progress on related targets.

**ACTIVITY:** we joined calls with two of these companies in September 2025, when the engagement kicked off, and look forward to reporting progress in 2026.



### BNPP AM: Ending the use of horseshoe crabs in endotoxin testing

We also continued our engagement with the pharmaceutical industry to reduce its dependence on horseshoe crabs in endotoxin testing. Having begun this engagement in late 2021, we are seeing encouraging but patchy progress across the 25 companies we interacted with during 2025. For example, five of the 12 European companies we have engaged with made reference to this issue in their 2024 reports; several have confirmed they no longer use horseshoe crab blood from the endangered Asian species while others have started to switch to synthetic alternatives — as we have been advocating — at least for testing lab water. A few have started work to switch some product testing as well.

## Driving the transition to safe and sustainable chemicals

Since 2023, we have been engaging with chemical producers to spur the wholesale transformation of this sector to a business model based on safe and sustainable chemicals. Synthetic chemicals are integral to modern life: nearly 95% of all manufactured products use these chemicals as inputs. Yet few sectors have been as firmly implicated in driving the triple global planetary crises of climate change, [biodiversity loss](#) and pollution, nor in damaging human health. Chemical pollution is an important driver of biodiversity loss: it has been shown to negatively impact insects, pollinators, and fish and bird populations, among others. In addition, exposure to hazardous chemicals throughout their lives threatens workers' health and that of the wider population. It disproportionately impacts vulnerable and at-risk groups. The transition to safe and sustainable chemicals is urgent.

Having begun engagement in 2024 with selected European companies that use hazardous chemicals, including per- and polyfluoroalkyl substances (PFAS), we continued in 2025. We did so through bilateral approaches to some companies earlier this year (Carrefour and Nestlé) and, having joined an ongoing collaborative engagement initiative coordinated by the Investor Environmental Health Network (IEHN), we had initial calls or contact with L'Oréal, LVMH and Unilever in the last quarter of the year. We also continued to be active in the Investor Initiative on Hazardous Chemicals (IIHC), as highlighted opposite.



### BNPP AM AND AXA IM: Investor Initiative on Hazardous Chemicals (IIHC)

**CONTEXT:** both BNPP AM and AXA IM were members of the Investor Initiative on Hazardous Chemicals (IIHC) supported by Swedish NGO ChemSec. BNPP AM was instrumental in shaping the IIHC and sits on the investor-only Steering Committee. The initiative now has 80 members with assets under management or advice of more than US\$23 trillion — impressive growth since launch in early 2023 with only 23 members with assets of US\$4 trillion. This indicates how strongly awareness of and concern about the impacts of hazardous chemicals are growing across the investment sector. The rolling programme of annual investor engagement is guided by ChemSec's annual benchmark, ChemScore, published in November each year.

**ACTIVITIES:** in July, we signed joint investor letters to the CEOs of the companies being rated, highlighting the value investors place on ChemScore and urging them to engage with ChemSec to ensure that their scores fully reflect their commitments and practices. On the day of release of the 2025 benchmark, a second investor letter was sent to the CEOs of the 40 companies rated, reiterating investors' concerns and the four investor expectations:

**1. Increase transparency:** disclose both the share of revenue and production volume of products that are, or contain, hazardous chemicals.

**2. Phase out persistent chemicals:** Publish a timed action plan on how to eliminate all persistent chemicals, with clear KPIs covering revenues and volumes to show progress.

**3. Reduce hazardous product portfolio:** Draw up a strategy to reduce the company's production of hazardous chemicals with clear KPIs covering revenues and volumes to show progress.

**4. Increase share of safer solutions:** Set a 2030 target for the share of revenue generated by safer solutions and publish a strategy to achieve it.

**OUTCOMES:** the 2025 ChemScore is based on a new methodology more closely aligned to CSRD requirements and the four IHC investor expectations. It revealed the following results:

- companies fully disclosing their global portfolio of hazardous substances: 6 out of 40;
- companies disclosing revenue from Substances of Very High Concern (SVHC): 15 out of 40;
- companies committed not to develop new SVHC products: 4 out of 40;
- companies that state they intend to phase out, reduce or avoid PFAS or other persistent chemicals: 13 out of 40;
- companies mapping the presence of PFAS throughout their entire product portfolio: 17 out of 40;
- companies whose definition of a safer solution excludes substances meeting the SVHC criteria: 11 out of 40; and
- companies intending to increase their share of sales from safer solutions: 5 out of 40.

During 2025, BNPP AM and AXA IM jointly engaged with **AkzoNobel**, **Evonik** and **Sherwin Williams**. BNPP AM also engaged with **LG Chem** and **Yara International**; none of these companies made significant new commitments or performed particularly well on the new benchmark, reflecting both the change in methodology and the continued resistance of the industry to take meaningful steps forward in reducing the production of even the most hazardous chemicals.

**ACTIVITIES:** AXA IM continued its engagement with **BASF**, first initiated in 2023. Despite three meetings held between 2023 and 2025, followed by formal letters reiterating our key concerns and asks, BASF was reluctant to address the limitations of its Triple S phase-out approach or to improve

transparency of its chemical portfolios. This led us to decide, independently, not to grant discharge to the Management and Supervisory Board at the company’s 2025 AGM.

**OUTCOMES:** yet, later in June, BASF disclosed a new position on PFAS, announcing its ambition to phase some of them out, which we — cautiously — consider to be progress. We will continue engaging with the company to better understand the concrete implementation of this ambition, as the scope of substances covered remains to be specified.



**Rachel Crossley**  
Head of Stewardship,  
Europe, BNP Paribas  
Asset Management

*“One of the most perplexing findings of ChemSec’s analysis is that only three of the 13 companies within scope in 2024 of the CSRD — Bayer, Lanxess and Merck — report that they consider hazardous substances to be material to their businesses. Others either explicitly claim that hazardous chemicals are not material, omit the topic entirely, or do not publish in the legally proposed way.”*



CASE STUDY

PUBLIC POLICY

# BNPP AM and AXA IM signed the Chemicals and Biodiversity Investor Statements 2025

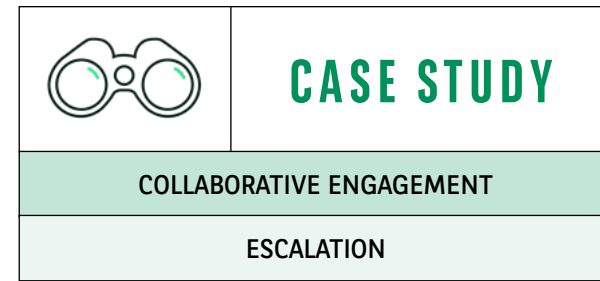
With more than half of the world’s GDP highly or moderately dependent on nature and biodiversity, ecosystem losses pose a systemic risk to companies and their shareholders — as we articulate in our Biodiversity Roadmap. Pollution, including from chemical production, use and disposal, is one of the major drivers of biodiversity loss and is an increasingly relevant global risk. The chemicals industry, including agrochemical producers, has a huge impact on biodiversity loss. ShareAction therefore collaborated with other NGOs working on this agenda — ChemSec, IEHN and Planet Tracker, as well as a couple of investors — to draft two investor statements. One was directed towards the chemical industry and one towards the governments represented in the Global Framework on Chemicals (GFC) and the Global Biodiversity Framework (GBF). They were launched in June at a meeting of the GFC in Uruguay. In line with our engagement with the chemical sector for the last few years, including through the GFC process, we were pleased to support both statements alongside more than 40 other investors with US\$4 trillion in AUM. The statement directed towards chemical companies called on them to align their business strategies and political engagement activities with the KM-GBF and GFC,

strengthen their biodiversity-related disclosures and develop a robust biodiversity strategy that will lead to the phasing out of highly hazardous chemicals and the transition to safer alternatives for biodiversity and human health. The statement directed towards governments urged them to act as reliable partners to the private sector by providing clear and consistent signals, thereby enabling the long-term planning and commitments essential for the chemical sector’s transition. BNPP AM also spoke at a Masterclass on Finance at the June meeting of the GFC in Uruguay, outlining the role that institutional investors can and are playing in advancing its agenda.

## Equality and human rights-related engagement

BNPP AM’s [2024 Equality Roadmap](#) elaborates our strategy and commitments to address structural inequality, which persists when circumstances at birth are more determinative of income, wealth and well-being than individual talent and effort. We believe that promoting equality of opportunity and improving social mobility strengthens human potential and innovation, promotes social cohesion and inclusion, and fosters trust in public and private institutions. These are the building blocks of economic growth and market stability.

In this section, we outline examples of engagement designed to address various forms of inequality and social injustice, including ongoing dialogues with companies on three key topics: i) forced labour and other labour abuses in Indian sugar supply chains; ii) Just Transition and; iii) equal opportunities and labour standards (including living wage).



### BNPP AM: Forced and child labour in the Indian sugar industry

**CONTEXT:** we continued the engagement we started last year stimulated by a series of *New York Times* articles in 2024 that alleged widespread human rights abuses in the sugarcane fields in Maharashtra, India, the country that is the world’s largest supplier of sugar. Several major brands are purportedly purchasing sugar from mills in the state that are based on a system of abuses that includes forced and child labour, a lack of shelter, fresh water and healthcare, and even a system to coerce women to have hysterectomies “to enable them to work more”. The workers are recruited from other parts of India by intermediaries and, once outside their home state, are considered migrant workers, without the full legal protections afforded to citizens. Local experts tell us that these issues also occur in other states that supply sugar.

**OBJECTIVE:** to engage with global brands in our portfolios that purchase sugar from India to encourage them to work to put an end to these abuses, in collaboration with other investors.

**ACTIVITIES:**

- Discussions with a representative of the Working Peoples Charter India, a local labour rights group, to discuss the situation and possible solutions;
- Engagement with several U.S. and European companies that source sugar from Maharashtra, India;

- Filed two shareholder proposals for the 2025 proxy season, with other investors, due to a lack of progress via our engagement. We served as lead filer on one proposal and a co-filer on the other. One proposal was omitted at the SEC and we chose to withdraw the other proposal in recognition of constructive responses from Mondelez.

**OUTCOMES:** Coca-Cola and Mondelez are engaged in an impressive array of programmes on the ground. Coca-Cola has posted its second update on this work on its website. This work includes the creation of a new organisation, the Coalition for Responsible Sugarcane India (CRSI), a multi-stakeholder initiative that includes the participation of several other major brands, as well as the Indian Sugar Mills Association, the leading sugar industry body in India. Projects include partnerships with the International Labour Organization and the International Organization for Migration, both affiliated with the UN. While recognising that there has been a significant uptick in corporate activity in response to this crisis, including a range of promising projects, we have yet to see a systemic response to meet the needs of more than a million workers. To date, we have unsuccessfully encouraged companies to join the newly created worker-centred Fair Food Program India. These discussions will continue. Both Nestlé and Unilever confirmed that they do not source from Maharashtra, though they do source from other Indian states where similar issues occur (as they do in other supply countries). Nestlé provides a laudable degree of transparency by disclosing publicly the full list of its direct and indirect suppliers. Both companies have extensive internal programmes to improve labour standards and uphold human rights, and work actively through initiatives such as Bonsucro and CRSI, with peers and suppliers, to try to drive systematic improvements through the sugar supply chain and others.



### AXA IM: Forced and child labour in the Egyptian jasmine sector

**CONTEXT:** as a member of the French SIF’s coalition against Forced and Child Labour, and in association with the Fair Labor Association, we held an in-person workshop in our Paris offices bringing together investor members of the coalition as well as eight companies from the beauty and luxury industry, members of the Harvesting the Future project in the jasmine sector in Egypt.

**OBJECTIVE:** to raise companies’ awareness of key investor expectations around human rights due diligence to address the risks of modern slavery in their supply chains, but also to hear directly from participating companies and the Fair Labor Association on its key project, Harvesting the Future Coalition, which brings together companies, suppliers and governments to improve human rights and labour conditions of agricultural workers in supply chains, and to understand the impact the project had on their human rights risk management.

**OUTCOME:** the workshop was followed up with private letters sent to the CEOs of each of these companies, to commend them for their participation in the Harvesting the Future project while sharing detailed feedback and recommendations on potential opportunities to further strengthen their human rights due diligence.



## BNPP AM: Just Transition

**CONTEXT:** Asia’s energy transition is unfolding within highly diverse and uneven social, economic and institutional contexts, shaped by differing development priorities, labour market structures and income. Across markets in Asia, governments increasingly reference Just Transition in national visions and climate roadmaps, but implementation remains fragmented and at an early stage. Emerging economies face the challenge of decarbonising while expanding energy access, improving livelihoods and maintaining economic stability, often amid high informality, limited social protection coverage and strong dependence on fossil-fuel revenues. Climate transition can only be successful if these specific social factors are taken into account.

**OBJECTIVE:** encourage key companies in Asia’s energy transition — such as utilities and steel manufacturers — to commit to Just Transition principles and provide transparent, detailed disclosure of their plans and progress towards achieving a Just Transition, recognising the social impacts of their decarbonisation efforts and committing to retain, retrain, redeploy and/or compensate affected workers.

**ACTIVITIES:** in 2025, we continued engagements with key Asian utilities to advance the Just Transition principles. In addition, we highlighted the elements of early stakeholder engagement and planning with transition plans. With Tenaga Nasional Berhad (TNB), the national power company in Malaysia, we built on earlier discussions — sharing asset-level Just Transition case studies from global peers and following up on prior dialogues regarding site-specific Just Transition plans

for each retiring coal plant. Engagements emphasised the importance of embedding labour rights, reskilling pathways, and health and safety systems into their decarbonisation strategy. In parallel, we engaged CLP, a power utility with a portfolio across Asia, to encourage enhanced disclosure of Just Transition measures for Hong Kong operations and related workforce implications to match the comprehensive planning done for the Yallourn plant in Australia. We also continued our dialogue with Power Assets Holdings (PAH), a CA100+ focus company for which we co-lead engagement. We reinforced expectations for company-wide Just Transition commitments, including asset-level transition planning, governance, and worker-support mechanisms, building on disclosures in their 2024 Sustainability Report. Finally, with JFE Holdings, a Japanese steel company within our in-house net-zero engagement programme, our discussions centred on acknowledging Just Transition principles and ensuring appropriate worker protections through targeted relocation and redeployment plans in coordination with labour unions. These requests were made in relation to the scheduled shutdown of two of their blast furnaces in 2027/2028, which will impact employees at the two facilities.

**OUTCOMES:** TNB introduced the concept of Just Transition for the first time in their 2024 sustainability report, acknowledging it upfront as one of the key target outcomes. The company named it as a cornerstone of its energy transition plan, with communities and customers named as key stakeholders. The company stated that its approach to Just Transition includes reskilling initiatives, inclusive access to clean energy, community engagement, and equitable development, ensuring that the benefits of the energy transition are shared broadly and fairly across society. Going forward, we look for further development of Just Transition plans at an asset level.



## AXA IM: Just Transition

**CONTEXT AND OBJECTIVES:** we have engaged on the Just Transition theme by collaborating, since 2021, with the Institut de la Finance Durable, and now the French Sustainable Investor Forum. It aims to raise companies’ awareness of the need to consider the impact of their climate transition strategy on their workers and contribute to the development of common frameworks for investors to engage on the Just Transition theme.

**ACTIVITIES:** the coalition decided to focus on four sectors: Energy, Construction, Agriculture, and Transport. AXA IM has been engaging with Iberdrola and TotalEnergies since 2023. These dialogues helped to better understand companies’ policies and approach, define best practices, and fed into the coalition’s work to define an analytical framework, based on 16 indicators around transparency in Just Transition strategy planning, stakeholder involvement, upskilling, and consumers. Each company engaged by the coalition is then assessed and scored according to its level of maturity on each of these indicators to assess its preparedness.

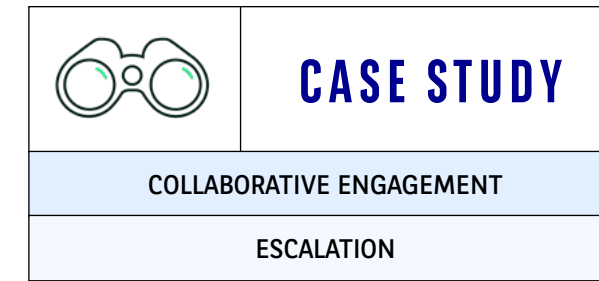
**OUTCOMES:** the grid of analysis methodology and indicators, along with a set of recommendations, was published in 2024. In 2025, we have been assessing and scoring companies engaged via the coalition, and have been meeting with both TotalEnergies and Iberdrola to present the grid, discuss its results, and share detailed recommendations to help them frame their Just Transition strategies.



## BNPP AM: Labour protections for gig workers in China

**CONTEXT:** China’s platform economy plays a central role in consumer services, employment generation, and digital infrastructure, with food delivery and local services platforms becoming increasingly embedded into everyday economic activity. However, the rapid expansion of platform-based business models has also heightened regulatory scrutiny, particularly around competition practices, labour protections, merchant treatment, and data governance. In recent years, Chinese regulators have strengthened oversight of internet platforms to address concerns related to disorderly competition, excessive subsidy-driven price wars, and the sustainability of platform ecosystems. Within this context, delivery platforms face complex and interlinked challenges: balancing growth with regulatory compliance, ensuring fair treatment and protection of workers, maintaining viable economics for merchants, and embedding responsible governance as business models scale. For market-leading platforms such as Meituan, these issues are further amplified by their market influence, the size of their workforce ecosystem, and heightened expectations from regulators and investors regarding responsible conduct, transparency, and long-term resilience. **OBJECTIVE:** to encourage **Meituan** to strengthen its governance and disclosure across key regulatory and social risk areas, including competition practices tied to the potential undermining of labour protections for delivery

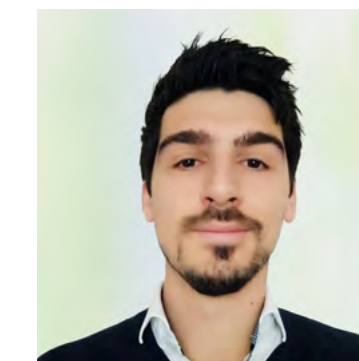
riders, and the sustainability of its platform ecosystem. We look for transparency on oversight mechanisms at the senior management and Board level on social issues. **ACTIVITIES:** from 2023 to 2025, we engaged with Meituan through the Asian Corporate Governance Association and directly to address labour practices in its food delivery operations. Our focus was on rider welfare, pay systems, platform pricing strategies, and working conditions, particularly as China implemented new policies targeting excessive competition and worker instability. We reviewed Meituan’s incentive structures and algorithms that impact rider earnings, work intensity, and safety. We advocated for greater transparency and governance around pay and rewards, safeguards against wage and hour pressures, and clarity on regulatory compliance across provinces. Discussions included employment models, recruitment, injury insurance, rest breaks, and safety incentives. Throughout, we emphasised stronger disclosure and Board oversight of worker welfare. **OUTCOMES:** our engagement occurred during increased regulatory efforts to limit excessive competition in China’s platform economy, with authorities emphasising rational competition and improved labour protections. Meituan responded by enhancing rider welfare and addressing risks tied to price-based competition. In December 2024, Meituan introduced mandatory rest breaks for delivery workers, meeting investor calls to prevent overwork driven by pricing and delivery-time pressures. In 2025, the company began contributing social insurance for full-time and stable riders and published a Rider Report to increase transparency around rider demographics, safety, and welfare measures. Although some disclosure gaps remain — such as detailed accident data and income impact from algorithmic assessments — Meituan’s recent measures mark notable progress. We will continue to monitor the long-term effectiveness of these initiatives and their impact on riders’ welfare and earnings stability.



## AXA IM: Engaging UK retailers on Living Wage adoption

**CONTEXT:** in 2023, we joined the Good Work Coalition coordinated by UK NGO ShareAction to engage with UK retailers (among the largest employers in the UK) on their workforce remuneration policies and practices, to raise awareness around the long-term financial risks of low pay, and secure their commitment to implementing a Living Wage policy. In this context, we have been engaging with Next Plc because of the poor transparency of the company’s approach to pay setting. **OBJECTIVES:** to improve transparency around workforce pay setting process and guarantee a real living wage to all direct employees and third-party workers. **ACTIVITIES:** we started engaging with Next’s corporate secretary in 2024, after sending a letter presenting the coalition and detailing our key asks. The meeting was an opportunity to better understand the company’s pay review process, its workforce composition and pay levels, and the impact of the company’s pay practices on staff retention and attraction. Despite sharing our concerns about the substantial share of workers paid below the Living Wage and the company’s overall pay culture, Next seemed unwilling to consider any change. This led us to co-file a shareholder resolution, ahead of the 2025 AGM, requesting enhanced disclosure around pay setting as well as a cost/benefit analysis of implementing the real Living Wage.

**OUTCOMES:** the resolution received nearly 30% support, leading the company (in line with the UK Corporate Governance Code recommendation) to publicly commit to reach out to their shareholders to understand their views about this issue, and to improved disclosure of its approach to pay setting in the next annual report. This also helped us gain access to higher levels of decision-making within the company, as we will be meeting with the company’s CEO early in 2026 to review the company’s planned improvements in disclosure and reiterate our concerns and requests.



**Alexandre Prost**  
Senior Stewardship and Corporate Governance Analyst, AXA Investment Managers

*“We are committed to supporting the adoption of the Living Wage across the UK retail sector as a means to address persistent in-work poverty issues. Our engagement activities on this matter encourages our portfolio companies to provide fair pay and secure working conditions, which we believe is key for building economic resilience and highly beneficial for long-term value creation.”*



## AXA IM: Workforce diversity in Japan

**CONTEXT:** AXA IM is a member of the 30% Club Japan Investor Group, whose aim is to encourage large Japanese companies to promote gender diversity at the senior management level.

**ACTIVITIES:** we have regularly met since 2022 with Daiwa Securities’ HR and Sustainability Promotion department to monitor their progress on human capital management and gender diversity. Initially conducted on an individual basis, our regular meetings were an opportunity for us to confirm the company’s commitment and strong performance in gender diversity, with year-on-year improvements in Board and top management gender diversity levels, as well as to understand the specific challenges the company is facing (including talent pipeline management, and pay inequalities) and the specific actions taken to address them (including with respect to hiring practices, career training, and parental leaves policies). The previous CEOs have been directly involved in the progressive change in corporate culture and increased internal awareness around financial materiality of gender diversity. They have also been directly in charge of promoting sustainability and have been a member of the 30% Club Japan President’s Council since its inception in 2019.

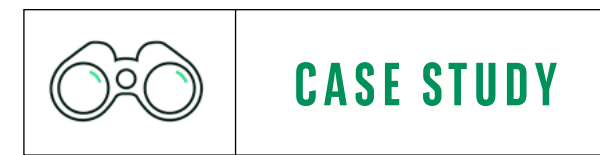
**OUTCOMES:** AXA IM sees Daiwa Securities as actively promoting diversity and demonstrating a strong commitment to human capital management and diversity. The 30% Club Japan Investor Group therefore selected the company as an illustration of exemplary

diversity disclosure for its 2025 edition of “Best Practices in DE&I Disclosure from an Investor Perspective” and held a dialogue to hear directly from the company on the value created by its gender diversity best practices. By sharing the company’s case and rationale with other companies, our aim is to encourage awareness of the connection between diversity and corporate value.



**Mina Sawamura**  
Portfolio Manager Analyst,  
AXA Investment Managers

*“Our engagement in Japan covers many themes, with diversity being a key focus. We look at whether initiatives deliver real value rather than remain formalities. Through collaborative efforts such as the 30% Club, we encourage companies to strengthen talent pipelines, enhance succession planning, improve board oversight, and address structural barriers.”*



### PUBLIC POLICY

## BNPP AM: OECD and IAST APAC event roundtable on Responsible Business Conduct

**CONTEXT:** the OECD Centre for Responsible Business Conduct and Investors Against Slavery and Trafficking (IAST) jointly convened a roundtable in Singapore in November to address the pervasiveness of modern slavery and advance responsible business conduct (RBC) across the Asia-Pacific region. The event brought together investors, sustainability practitioners, government representatives, and policy experts to address modern slavery risks, regulatory developments, due diligence expectations, and collaborative solutions in supply chains.

**ACTIVITIES:** as members of IAST, we participated in this roundtable featuring scene-setting on the scale and drivers of modern slavery in Asia-Pacific, with a focus on operational and compliance risks, the impact of climate change, and the regulatory momentum in the region. Regulatory updates were provided on Australia’s review of its Modern Slavery Act and the European Union’s incoming Forced Labour Regulation and Corporate Sustainability Due Diligence Directive (CSDDD). The OECD Guidelines for Multinational Enterprises were highlighted as the leading international standard for responsible business conduct, but participants noted persistent challenges such as data gaps, lack of financial incentives, and fragmented regulatory landscapes.

A key part of the discussion centred on investor perspectives:

- Investors shared experiences integrating modern slavery risk into stewardship and investment processes, highlighting challenges with supplier audits, traceability and governance structures.
- The need for shared datasets, industry benchmarks, and harmonised due diligence indicators was emphasised.
- Participants called for clearer regional guidance, improved data reliability, and more collaborative approaches.
- The growing importance of public policy engagement, alongside corporate engagement, was also discussed.

**OUTCOMES:** the roundtable highlighted the urgent need for coordinated action on modern slavery risks in Asia-Pacific supply chains, with regulatory changes in the EU and APAC expected to reshape investor responsibilities. Participants agreed that continuous due diligence, improved data reliability, and multi-stakeholder collaboration are essential for effective responsible business conduct. The session concluded with a commitment to develop best practices and advocacy strategies, and to maintain momentum through ongoing partnerships and follow-up discussions.

## Aligned engagement to improve public health

**We undertake corporate and public policy engagement in sectors or on issues that directly or indirectly affect public health. For example, our extensive engagement on hazardous chemicals is motivated in part by the substantial impacts they have on people’s health. Similarly, our work to drive food system transformation is informed by the EAT-Lancet Commission’s Planetary Health Diet which, were it to be adopted, would enable up to 15 million premature deaths to be avoided every year — 27% of total adult deaths worldwide. It would also reduce the rates of many non-communicable diseases and promote healthy longevity.**

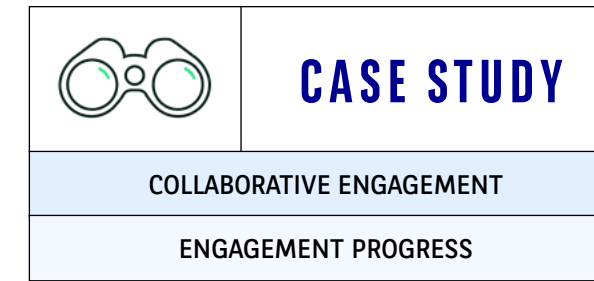
This year, we highlight several examples of corporate and public policy engagement by both BNPP AM and AXA IM through collaborative engagement initiatives.

## Engagement to promote consumption of healthy foods

Access to Nutrition Initiative’s (ATNI) 2024 Global Index released last year assessed the extent to which 30 of the world’s largest food and beverage (F&B) manufacturers sell and work to improve access to healthy foods.

As one in five deaths globally is linked to poor diet, as well as a huge proportion of ill health, the need for these companies to substantially improve on a variety of measures is evident. However, the Index found that only 34% of their total sales are derived from “healthier” products. ShareAction’s Long-term Investors in People’s Health (LIPH) initiative uses ATNI’s research to inform its engagements. Both entities belong to ATNI’s Investors in Nutrition and Health (AINH) coalition.

BNPP AM signed ATNI investor letters earlier in the year to several Index companies in which we had holdings, outlining their results in the Index and requesting engagement meetings. Investor members of both ATNI and LIPH engaging with Nestlé had two meetings in the second half of the year, which AXA IM attended, detailed opposite.



## AXA IM: Nestlé SA

**CONTEXT:** at the April 2024 AGM of Swiss-based Nestlé, the world’s largest F&B company, we supported a shareholder resolution filed by a group of investors, coordinated by the LIPH run by ShareAction, requesting that the company report and set targets to increase sales of healthy foods. Disappointed by the low level of support the resolution achieved (c. 11%), we decided to join LIPH’s engagement with Nestlé.

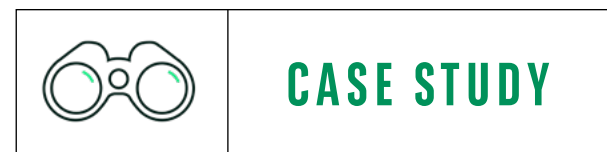
**OBJECTIVES:** to improve reporting of the healthiness of its sales, in line with the guidelines of the Health Star Rating, and set targets to increase the sales of healthier products based on the sales-weighted average.

**ACTIVITIES AND OUTCOMES:** having sent a private letter to the CEO and had an in-person meeting in late 2024, following his abrupt departure in 2025, the investor group sent another private letter to the new CEO to reiterate the risks linked to unhealthy diets and request a meeting with him to gain reassurance that previous commitments would be upheld. This included improving Nestlé’s reporting on nutrition by:

- complementing existing reporting with new data that is aligned with the scope of the Access to Nutrition initiative;
- including a sales-weighted average measure of healthiness for relevant categories, as well as for the total portfolio; and
- using the Health Star Rating system as the basis of its nutrition profile reporting.

Investors were invited to join a site visit to Nestlé’s

Research Center for food sciences, followed by a two-hour discussion with several key company representatives, during which we reiterated our key asks. We received confirmation that previous commitments will be upheld. We were also pleased to be invited, towards the end of the year, to meet with the newly appointed CEO to present the coalition’s views and objectives. We will review the next sustainability report to ensure that these commitments have been followed through and continue to engage on target setting.



PUBLIC POLICY

## BNPP AM: Engagement success in the UK

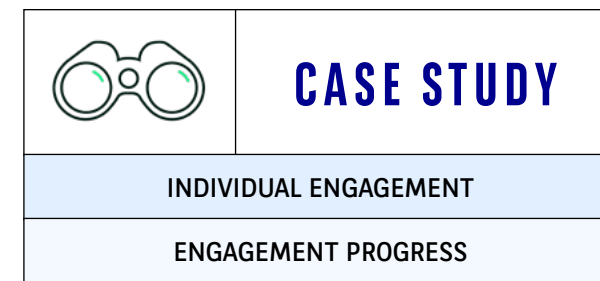
BNPP AM was pleased that investor engagement with the UK government on tackling diet-related ill health facilitated by The Food Foundation bore fruit this year. Following the UK General Election in July 2024, the new government set about developing a plan to overhaul the National Health Service.

A year later, it published its 10-Year Health Plan for England. The plan puts a very welcome emphasis on prevention rather than simply cure, recognising particularly the challenge of obesity-driven ill health.

The Plan and related commentary included commitments on several measures that we and other investors — and the NGOs we work with — have been calling for in recent years: mandatory reporting by all large food businesses on their sales of healthy foods by the end of this term of government. Thereafter it will set healthy sales targets for companies to create a level-playing field across the sector, which several food companies have already started doing following investor engagement in recent years.

The government says its goal is for food retailers and manufacturers to “make the healthy choice the easy choice” — a line that ATNI and its investor coalition has been using for many years, as has the Investor Coalition on Food Policy. It was particularly welcome to see the Investor Coalition specifically recognised in the Plan. We therefore joined other

investors in the third quarter of the year in signing a statement to strongly welcome this commitment from the UK government. This example serves to clearly illustrate how investors and NGOs can work together to effect policy change.



Approximately one-third of the world’s population lacks access to essential health products, including medicines, vaccinations and diagnostic tools. The limited access to quality health products holds back improvements to living standards, endangering patients and contributing to the rise of drug resistance. AXA IM was the first asset manager to fund the Access to Medicine Foundation, an independent NGO dedicated to improving access to medicine and combatting drug-resistant infections. We actively engage with companies to encourage them to address these issues.

## AXA IM: Engagement in relation to healthcare access and affordability

**CONTEXT:** glucagon-like peptide-1 (GLP-1) receptor agonists are a new class of treatments used to treat Type 2 diabetes and obesity; **Eli Lilly’s** products are called Mounjaro and Zepbound. These drugs have surged in popularity, attracting public scrutiny regarding potential product misuse, adverse effects and supply shortages. Linked to these shortages is the issue of individuals using these drugs for “cosmetic” reasons rather than medical necessity. This usage exposes users to potential adverse effects and crowds out demand for patients who genuinely need the treatment. Due to the Food and Drug Administration (FDA) adding active ingredients to its shortage list, compounding pharmacies were allowed to manufacture non-FDA approved generics, exacerbating the risk of adverse

effects. Further, reimbursement for these therapies continued to be constrained by the enduring stigma surrounding obesity, which is still often treated as a lifestyle issue rather than a medical disease.

**OBJECTIVE:** to engage with Eli Lilly about product safety, aiming to verify the actions it has taken to prevent misuse, and to encourage improved affordability and access for patients in the U.S. and internationally.

**ACTIVITIES:** we have held two meetings since 2024 during which we requested specific KPIs such as the share of prescriptions for patients with prior diabetes treatments as proxies for on-label use. Following the FDA’s declaration that shortages were resolved, we also discussed the “cliff edge” facing patients relying on cheaper compounded drugs, who face a c. 75% cost increase as compounding rights expire. Finally, we discussed reimbursement coverage strategy in the U.S. (CMS — Center for Medicare & Medicaid Services) and the rollout in single-payer systems in 30 countries worldwide, where the company is negotiating reimbursement primarily for Type 2 diabetes indications.

**OUTCOMES:** Eli Lilly published an open letter regarding the use of Mounjaro and Zepbound, which details responsible use and potential safety risks of both drugs. The company confirmed a stable increase in indicators of on-label use, signalling reduced risk of misuse of its products and agreed to share the requested KPIs. In the face of the resolution of the shortage, Eli Lilly announced a price cut of US\$ 50/month (c. 9 – 10%) to its obesity drug to aid affordability. The company also obtained FDA approval for Zepbound for obstructive sleep apnoea indications, opening coverage routes via CMS for co-morbidities, and is actively pursuing indications for heart failure.



CASE STUDY

PUBLIC POLICY

# Tackling Antimicrobial Resistance (AMR) through policy advocacy

Both **BNPP AM** and **AXA IM** were among 86 investor signatories that signed the [Investor Action on AMR Public Investor Statement | Investor Action on Antimicrobial Resistance \(amrinvestoraction.org\)](#) developed by the Access To Medicine Foundation and FAIRR in the summer of 2024 and released to coincide with only the second-ever high-level meeting on AMR at the [UN General Assembly](#) on 26 September 2025.

With global economic costs associated with AMR likely to reach US\$100 trillion and lead to a 3.8% decrease in global GDP by 2050, the investor community is increasingly concerned about the negative impact that AMR could have on economic stability and long-term value generation. (See our 2024 article [here](#).) The WHO has declared AMR to be one of the top ten global threats to human health. Without access to effective antimicrobials, the foundation of modern medicine is under threat, with ten million people expected to die every year by 2050 as a result. AMR is driven by global overuse and misuse of antimicrobials in humans and animals, particularly industrial agriculture. The subsequent spread of antimicrobial residues into the environment means that AMR has become a systemic risk akin to climate change and nature loss.

The investor statement encouraged global policymakers to take faster and more coordinated action, including by developing science-based guidance and targets, taking a “One Health” approach (reductions in the

use of antibiotics in agriculture, adopting legislative initiatives to set maximum residue limits for antibiotics in wastewater), developing integrated surveillance for AMR and antibiotic use and providing funding for the development of new antimicrobials and global equitable access.

A year on from the statement, which asked for eleven distinct actions to be taken, it was encouraging to find that progress has been made on four:

- An independent panel on AMR, modelled on the Intergovernmental Panel on Climate Change (IPCC), to provide policymakers with regular scientific assessments on AMR, was promised by December 2025.
- A target has been set to reduce global deaths attributable to bacterial AMR by 10% by 2030.
- A commitment has been made to tackle a key driver of AMR — the use of antibiotics in animal agriculture — by reducing their use “meaningfully” by 2030.
- A globally integrated surveillance system will be set up to monitor AMR and antibiotic use that integrates data across humans, animals and the environment. It will build on existing quadripartite surveillance systems to identify patterns and respond accordingly.

Areas where progress has not yet been reported include establishing an international framework for AMR with a science-based target to guide sustained and cohesive action on AMR; adopting legislative measures to end the routine use of antibiotics for growth promotion and prophylaxis in agriculture or reduce their use more broadly; aligning legislation internationally on reporting of antibiotics in animal agriculture; reducing pollution caused by manufacturing and by pharmaceutical residues in the environment; promoting R&D for new antibiotics and alternatives, or; addressing the lack of equitable access to these critical medicines.

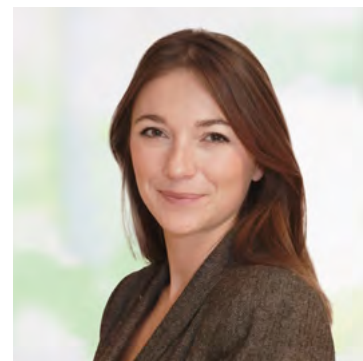
# 3 Engagement linked to issuers' ESG performance

## BNPP AM: Engagement with companies with the lowest ESG performance

As outlined in our [ESG Integration Guidelines](#), for active portfolios we avoid investing in companies with the lowest ESG performance on our internal [ESG scoring framework](#), without documenting the risks and/or engaging or planning to actively engage them within a specified time frame. Our investment teams and the Sustainability Centre work closely together to implement this process.

Our approach also involves escalation with companies that do not respond to our engagement and/or do not sufficiently improve their ESG performance over time. For equities holdings, we may escalate by voting against or abstaining on strategic resolutions at their AGMs, e.g., on Board re-elections or financial statements. For any type of holding, we can also address an inadequate response or action by reducing our holding in such companies or divesting completely.

**In 2025, we engaged with 20 companies.** Investment teams completed qualitative assessments for 15 companies, while a dialogue was initiated or conducted with five to address the principal weaknesses in their ESG disclosure and practices. Follow-up exchanges are expected to take place in 2026 and future revisions of ESG scores later that year will reveal whether our efforts contributed to improving their assessment.



**Paula Meissirel Marquot**  
Senior Stewardship Analyst, BNP Paribas Asset Management

*"Addressing companies' ESG performance against international standards and our own ESG scoring framework is crucial for managing our portfolios' risks and impacts. In 2025, we enhanced collaboration with investment teams, deployed new monitoring tools for smoother operations, and reinforced our escalation process in case of unsatisfactory outcomes. Looking forward, the aim is to intensify our engagement linked to ESG performance."*

	<b>CASE STUDY</b>
INDIVIDUAL ENGAGEMENT	
PROGRESS STATUS: ENGAGEMENT PROGRESS	

## AXA IM: Engagement with companies held in listed equity impact funds

AXA IM impact analysts use a proprietary impact research framework to assess the contributions of companies to environmental and/or social objectives and the UN SDGs. This framework is based on five pillars that are specific to impact investing and is used in our impact funds to identify companies contributing to funds' predefined targeted impact objectives. We seek to identify and focus on companies selling critically important goods and services and which generate significant additionality by leveraging technology, scale or innovation to make goods and services accessible and commercially viable in potentially underserved markets. In that context, research may be complemented with engagement to encourage portfolio companies to improve their impact KPI reporting, set or upgrade their targets for impact KPIs, increase the positive impact generated by their products or services, and minimise negative externalities.

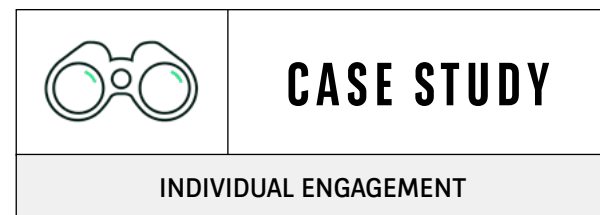
**CONTEXT: AECOM** is a U.S.-based infrastructure consulting firm with end markets including transportation, facilities, water and environment. Its main customers include national, state, regional and local governmental institutions. Its offerings support

developing mass public transportation systems, delivering critical water management services across the entire water value chain, and advancing waste management infrastructure and environmental restoration initiatives.

**OBJECTIVE:** to disclose impact KPIs (notably CO<sub>2</sub> emissions avoided) measuring and demonstrating the positive impact of the services it provides to its clients.

**ACTIVITIES:** three individual meetings since 2024, which were an opportunity to explain our need for impact KPI disclosure (as the company is held in some of our impact portfolios), understand the main challenges of impact KPI reporting, mostly stemming from data reliability, baseline definition, and correctly calculating what was delivered by the company. The company's representatives explained that they see advisory and programme management as opportunities to grow AECOM's role in removing or avoiding carbon emissions from customers' projects. We were therefore encouraged to hear that AECOM's growth areas were identified as providing tailwinds to grow positive impacts.

**OUTCOMES:** in its latest sustainability report, AECOM discloses the carbon emissions avoided from a selection of projects, in line with our request. AECOM is actively advancing impact measurement despite its associated challenges. In 2026, we look forward to enriched reporting and a strategic focus on high-impact value drivers, such as the Group's Advisory capabilities, its nature-based solutions, or its expertise in environmental restoration services, including through its PFAS remediation practice.



## BNPP AM and AXA IM: Engagement with companies held in funds that carry the French SRI Label

**CONTEXT:** a recent revision of the French SRI Label’s rulebook requires us to engage with selected companies in portfolios that carry the French SRI Label with a view to improving their ESG score, and to disclose any missing ESG indicators that funds have committed to outperform. As companies’ ESG performance is central to our investment process, improvements in practices and/or transparency can strengthen their ESG rating and thereby potentially increase both our ability to invest in such companies and better manage ESG risks across our portfolios.

We identified two sets of companies in relevant portfolios based on end-July data: for BNPP AM, 48 that do not disclose one or more critical metrics on their Principal Adverse Impacts (PAI) and 67 for AXA IM; for BNPP AM, 37 within the 30% of all holdings with the lowest ESG score and 51 for AXA IM. Companies that do not make enough improvements to their ESG score within three years will be divested from these portfolios.

**OBJECTIVE:** to improve companies’ ESG score (based on our proprietary ESG rating system) or disclosure on ESG indicators; as per the requirements of the French SRI Label.

**ACTIVITY:** by the end of the year, we had engaged with all of the selected companies to outline the improvements we would expect them to make.

**OUTCOMES:** we will report on progress next year.

## Engagement related to our Responsible Business Conduct (RBC) policy

We seek to ensure that companies we invest in:

- meet their fundamental obligations in the areas of human and labour rights, protecting the environment and ensuring anti-corruption safeguards, wherever they operate, in line with the UN Global Compact Principles and OECD MNE Guidelines;
- comply with a series of sector policies (e.g., coal policies), established to set out the conditions for investing in particularly sensitive sectors; and
- maintain strong ESG performance to mitigate ESG risks across portfolios.

These expectations are codified in our RBC policy, as outlined on page [27](#). As the RBC policy cannot be fully applied to passive holdings, we aim to address ESG risks through active corporate engagement and voting. As a last resort, for active portfolios, we may divest entities that do not respond to engagement and show no signs of improving.



## BNPP AM: Engagement related to the UN Global Compact

**CONTEXT:** we are a member of [the Investors Against Slavery and Trafficking APAC](#) (IAST APAC), an investor-led, multi-stakeholder initiative established to address modern slavery, labour exploitation and human trafficking risks in corporate operations and supply chains across the Asia-Pacific region.

Taiwan has been identified as a focus market given its significant reliance on migrant labour and the persistence of systemic risks related to labour recruitment. Migrant workers are disproportionately vulnerable to forced labour — they are three times more likely to be in forced labour than non-migrant workers according to the Global Slavery Index 2023.

The majority of Taiwan’s ~800,000 registered migrant workers are employed in manufacturing sectors where debt bondage is prevalent. Taiwan has broker-mediated recruitment models, often charging excessive recruitment fees to workers and workers are also charged legally permitted monthly service fees. Companies that use these practices are unlikely to be in compliance with UNGC’s Principle 4 on the elimination of all forms of forced and compulsory labour. For our portfolio companies, there are potential severe financial and reputational risks from controversies, as well as regulatory actions — such as the “withhold-release” order issued by U.S. Customs and Border Protection on a Taiwan-based company in 2025, halting all of its imports of products made in Taiwan to the U.S.

See the next page for related objectives, activities and outcomes.

Aligned BNPP AM company and public policy engagement related to the UN Global Compact

Company engagement	Policy engagement
<b>OBJECTIVES</b>	<b>OBJECTIVES</b>
To assess the issuer’s progress in addressing recruitment-related risks and encourage effective remediation and preventative measures.	To advocate for policy change that strengthens migrant worker protection and improves recruitment practices at a systemic level.
<b>ACTIVITIES</b>	<b>ACTIVITIES</b>
We continued to co-lead engagement with a focus company through IAST APAC collaborative meetings and bilateral follow-ups, building on the sustained dialogue of recent years. We addressed the governance of labour practices, recruitment fees, remediation and worker grievance mechanisms. Having shared investor expectations and global best practice, the company has now developed a clearer understanding of our expectations and started to implement changes. We continue to encourage the company to address remaining structural risks, in particular the monthly service fees charged to migrant workers, alongside broader recruitment-related costs.	Through IAST APAC’s policy advocacy workstream, we spearheaded investor <a href="#">letters</a> addressed to the Taiwanese government (specifically, the Ministry of Labour, the Ministry of Economic Affairs and the Workforce Development Agency).  We emphasised that as investors, we believe certain labour practices in Taiwan undermine the long-term sustainability of businesses that operate there and may deter future investments in Taiwanese companies. Business models and value chains that rely on practices such as forced labour and other forms of modern slavery drive unsustainable earnings. In the letter, we focused on recruitment fees and monthly broker fees.
<b>OUTCOMES</b>	<b>OUTCOMES</b>
Since last year, the company has made tangible progress by implementing a zero-recruitment fee policy for migrant workers and confirming it now covers recruitment-related costs, including monthly service fees. It has also shifted its stance on remediation, which was previously deemed too difficult, and has employed a credible third party to help expedite calculation and implementation of remediation. The company has also enhanced oversight of recruitment agencies and strengthened worker protection measures, reflecting closer alignment with investor expectations and international best practice.	Initial engagement with Taiwanese authorities was constructive, with government representatives expressing openness to the investor recommendations we shared on several topics and to further engagement. We have advocated for a multi-stakeholder engagement in 2026 to understand and tackle barriers to removing current systemic risks.
<b>OUTLOOK</b>	
While progress at the company level is encouraging, we will continue to monitor the remediation process, including its independent verification and progress. We will also continue to engage on improved governance and systems under IAST’s “find, fix and prevent” framework to ensure effective action against modern slavery, labour exploitation, and human trafficking in their value chains. We will monitor the ongoing due diligence of sites in Taiwan, and advocate for expansion of this scope to other jurisdictions. We will maintain engagement through IAST APAC at both company and policy levels, recognising that sustainable improvements in labour practices in Taiwan require coordinated action by companies, investors and policymakers.	

## Engagement with fixed income asset issuers

Both BNPP AM and AXA IM engage with corporate, national and multinational bond issuers. We speak to issuers during the assessment of all labelled bonds, and our frameworks for assessing Green, Social and Sustainability (GSS) bonds provide the basis for our engagement with issuers of those bonds.

### Engagement on Green, Social and Sustainability (GSS) Corporate bond issuances

We seek to engage with corporate issuers in both developed and emerging markets, as well as with multilateral agencies, through one-on-one meetings or by participating in roadshows where the issuer presents to multiple investors.

Engagement with thematic bond issuers takes place throughout the bond life cycle, beginning ahead of or at the time of issuance of GSS bonds, and continuing after issuance during the holding period. At pre-issuance, issuers typically seek investor feedback, and we discuss the alignment of the bond framework with our internal assessment criteria and advocate for the adoption of best practices. Post-issuance, we continue to discuss the expected timeline for impact reporting, the quality of impact metrics, and methodologies used to demonstrate outcomes generated through the use of proceeds (UoP). This is particularly crucial as investment teams produce annual impact reporting for thematic strategies such as dedicated green and social bond funds. Where a GSS bond does not meet our internal framework or reporting requirements, the issuer may be excluded from the investment universe of these strategies.

Overall, during 2025, **BNPP AM sustainable Fixed Income analysts had 34 interactions in relation to all**

**types of thematic bond issuances. Of those, 29 were within developed markets**, and five were within emerging markets. With respect to corporate thematic bond issuances only, our bond specialists within the ESG research team had 15 interactions, of which all were with developed markets issuers.

AXA IM Fixed Income **sustainable analysts had 87 interactions in relation to green, social or sustainability-linked bonds to discuss their GSSB framework. Of those, 68 were within developed markets, and 19 within emerging markets.**

Despite the challenging environment for ESG investments, 2025 GSS bond issuances demonstrated resilience with the main growth in Europe, where the EU Green Bond Standard (EuGBS), a new voluntary standard, was introduced to enhance the transparency and credibility of green bond markets within the EU. The first deals came out at the start of 2025 and while limited to a few issuers, they received a strong market reception and garnered a high degree of investor interest.

#### Our engagement typically focuses on:

- **Information discovery** — gathering information that is not expressed in documentation that can help us form a more complete assessment of the proposed thematic bond, particularly around the issuer’s ESG profile (climate ambition, social commitments, etc.);
- **Encouraging improvements** in the structure of the thematic bond that could lead to “greener” assets selected, or “less desirable” assets dropped from the eligible portfolio (promotion of established standards such as the Climate Bonds Initiative (CBI) or the EU Taxonomy), in line with ICMA Green Bond Principles and Social Bond Principles; and
- **Pressing Sovereign, SSA and corporate issuers to be transparent** about the use of proceeds and positive impacts generated by the bonds.



## BNPP AM: Engagement with a corporate thematic bond issuer

In 2025, labelled debt markets for corporate issuers were marked by volatility at the beginning of the year. Issuances in this segment have remained largely green, and our engagement has focused on framework alignment with best market practices and the robustness of sustainability commitments, particularly around climate ambition.

### French state-owned railway (Developed markets)

We discussed future issuances and areas of focus. The issuer outlined its position as a 100% “green issuer” since the beginning of 2025. Over the next two years, issuances will focus on electrifying infrastructure rather than replenishing or adding to rolling stock as under the current framework. Beyond that, the issuer is considering updating its green bond framework to include electrified, zero-tailpipe emissions road transport, such as electric buses, as well as green buildings. We highlighted the portfolio-level carbon footprint data the issuer provides in its Impact reports and asked whether there were any plans to provide carbon footprint data on a bond-by-bond basis. The issuer said that due to a lack of interest from other investors it did not plan to do so.



**Kenza Bernoussi**  
Sustainability Analyst,  
Fixed Income,  
AXA Investment Managers

*“In 2025, we sought to challenge issuers and provide feedback on the robustness of GSS frameworks, use of proceeds and reporting practices, contributing to higher standards, greater transparency and stronger alignment with market best practices and investor expectations.”*



## AXA IM: Engagement with a corporate thematic bond issuer

### UK-listed global utility company (Developed markets)

We aimed to clarify the company’s coal exit plans, confirm its target coal exit date (2027) and understand the social impact of the exit. We also wanted to understand why it proposed to include gas in its green bond framework. We met the Chief Sustainability Officer, who confirmed that even though gas is an eligible category, the issuer has committed not to allocate funds to gas generation under future green bond issuances. We queried the robustness of the company’s climate governance and the inclusion of climate-related KPIs in the CEO’s variable remuneration. We gained clarity and reassurance on the exact coal exit date, the proposed updates to the green bond framework regarding gas activities, and the company’s climate governance.

## Engagement with sovereign and sub-sovereign issuers and agencies

We also engage with sovereign, sub-sovereign bond issuers and agencies about the terms of their bonds and on the national policies and frameworks that govern their GSS bond issuances. During 2025, the sustainable finance market saw some sovereign issuers update their thematic bond frameworks and introduce more coherent projects aligned with sovereign physical climate risks, as well as issue inaugural Sovereign EU Green Bond Standard-aligned bonds.

During 2025, BNPP AM ESG research team bond specialists had 19 interactions in relation to sovereign, sub-sovereign and supranational thematic bond issuances. Of those, 14 were within developed markets, and five were within emerging markets. AXA IM fixed income sustainability analysts had 14 interactions with sovereigns and sovereign agencies, including five within developed markets and nine within emerging markets.



### BNPP AM engagement with Sovereign Issuer

We were joined by two emerging markets portfolio managers at an in-person investor presentation by Benin’s Ministry of Economy. Their presentation outlined the Republic’s inaugural green financing framework covering use of proceeds, project evaluation, and selection and reporting practices, and the alignment of proceeds with Benin’s Nationally Determined Contributions. Our goal was to understand Benin’s commitment to issuing green bonds and being open to discourse on their first framework. Benin demonstrated a well-revised framework aligned with the ICMA’s green bond principles and committed to prioritising new financing over refinancing. It also outlined a solid project evaluation and selection process supported by a dedicated steering committee and a technical evaluation unit, with additional expertise provided by the Global Green Growth Institute (GGGI)’s technical advisory.

We asked questions about the UoP for Green Buildings to identify whether projects were solely commercial or also residential and to understand which certification benchmark would be used. The issuer said projects would be solely commercial, and BREEAM and LEED certified. We then asked how the green bond framework linked with Benin’s renewed NDCs; the issuer noted that the UoP directly feeds into the NDC’s objectives and that they view bond issuances as a way of making progress towards their NDC. When asked to elaborate on their project selection process and how the steering committee assesses impact and makes sure projects adhere to the Do No Significant Harm principle, Benin’s representatives explained that the framework and the committee follow the EU Taxonomy guidance and use technical assistance provided by the GGGI where needed to assess harm.



### AXA IM engagement with development finance issuer

We met with a Nordic development finance institution to discuss its approach to biodiversity and green bond financing. Across all lending, the institution applies biodiversity exclusions and restrictions, such as two-tier ESG assessment at both counterparty and project levels.

Sensitive environments (primary forest, wetlands, etc.) are subject to additional safeguards. Under its green bond framework, projects are assessed for alignment with the EU Taxonomy technical criteria and Do No Significant Harm principles. We inquired about the financing of large hydropower projects, and the issuer confirmed that the focus is on maintaining and upgrading existing turbines while preserving natural ecosystems. New greenfield developments are rarely financed due to extensive river use. Biodiversity due diligence is systematic, including impact assessments and mitigation measures, and non-compliant projects, such as certain dredging works, are excluded. In addition, the institution engages counterparties on nature-related targets, with discussions on achieving positive net gains just beginning. A new nature and biodiversity strategy is under development, leveraging Taskforce on Nature-related Financial Disclosures, ENCORE and Science Based Targets Network tools to set sector-specific priorities and targets.

## Collaborative sovereign engagement

This year we continued to expand our engagement with sovereign issuers through collaborative initiatives. This form of engagement is designed to complement engagement on specific sovereign issuances to create national or regional policy environments on a range of sustainability issues. This is critical not only to set countries on a path to being sustainable and equitable economies, but also critical to creating an enabling environment in which companies operate. Since 2022, BNPP AM has participated in the PRI Collaborative Sovereign Engagement Initiative with Australia as a member of the Advisory Committee and one of the lead investors in the Federal Working Group. Having joined the Investor Policy Dialogue on Deforestation (IPDD) in 2023, as outlined last year, BNPP AM continued engaging with Brazil and Indonesia, and joined the Consumer Countries Working Group. We present a summary of our extensive engagement with several ministries and departments of the Indonesian governments on page [69](#), in the section on our nature-related engagement. AXA IM belongs to the Emerging Markets Investor Alliance (EMIA), through which it conducts some of its collaborative engagements with EM sovereigns. EMIA's mission is to promote good governance and stronger ESG practices in emerging markets, with working groups for collective engagement among investors, governments and policy experts on fiscal governance, climate action, and social issues. AXA IM has been particularly involved in EMIA's working groups dedicated to SLB standards and to human rights and gender equality.



**Malika Takhtayeva**  
Sustainable Fixed Income Lead,  
BNP Paribas Asset Management

*"Investors are increasingly considering not just the return potential of their investments but also what kind of world their money is helping to build. One way to align financial goals and positive outcomes for people and the planet is by investing in climate solutions such as Sovereign and Corporate Labelled bonds supported by issuer and bond-level engagement."*



## AXA IM: The Republic of Côte d'Ivoire

**CONTEXT:** we have engaged with Ivory Coast's representatives since 2023, first individually, and since 2024, collaboratively within the EMIA, as it is one of the few African countries with sustainability-linked financing. The objective was to ensure that the Republic of Côte d'Ivoire's SLBs are in line with our framework and encourage the inclusion of specific social KPIs in its framework.

**ACTIVITIES:** we first met with representatives of the country's treasury in 2023 when the country was contemplating issuing its inaugural SLB, in order to provide our feedback on the country's proposed framework. We reviewed the selected KPIs, questioned the stringency of certain targets and urged them to externally verify the targets. We met again in 2024 ahead of the SLB issuance to review the final framework. Hence, in 2025, in the context of EMIA, we wrote to the government to request the inclusion of specific gender-focused KPIs in an updated sustainable finance framework.

**OUTCOMES:** this led to a meeting with the country's General Director of the General Directorate of Financing, who was receptive to the idea, though no commitment has been confirmed.

# SUSTAINABLE FINANCE POLICY ADVOCACY

Both firms actively engage with policymakers, regulators and standard setters around the world to advocate for measures that shape the markets in which we invest and operate and the rules that guide and govern company behaviour in pursuit of more sustainable outcomes. Our focus has been on promoting decision-useful, practical and articulated policy frameworks that allow for a better understanding and management of systemic risks, with sufficient predictability and clarity in requirements. In our view, such frameworks are essential for investors and investees to effectively factor sustainability-related risks and opportunities into decision-making, supporting more sustainable practices, and providing transparency and comparability across the sustainable finance value chain.

In this section, we focus on priorities for advocacy on sustainable finance policies and provide a selection of case studies. An effective policy environment requires well-articulated and clear policies applicable to the real economy, as well as a well-functioning investment stewardship. We've outlined in the thematic sections how we have engaged with policymakers and standard setters to further facilitate the achievement of specific thematic outcomes.

## Enhancing sustainability-related disclosures from investee companies to support sustainable corporate transformation.



**CONTEXT:** a key challenge when integrating ESG into investment decision-making and engaging with companies comes from the absence of comparable, high-quality data points reported by investee companies across geographies, to help understand how investees assess sustainability-related risks and opportunities that may impact them, and factor them when setting their strategy and organising their operations. Such disclosures are essential to assess the credibility of transition plans.

Policymakers and standard setters have proposed frameworks to address this challenge, including the EU with the Corporate Sustainability Reporting Directive — which requires companies in scope to disclose what they assess to be the risks and opportunities arising from social and environmental issues for their own business, and the impact of their activities on people and the environment; and the standards developed by the International Sustainability Standards Board (ISSB) — with a primary focus on financial materiality. 2025 was a turning point as companies in scope started to report under the CSRD — while in parallel the European policymaker launched a review of its Sustainable Finance framework (the “Omnibus”<sup>1</sup>, the Corporate Sustainability Due Diligence Directive and some of the EU Taxonomy delegated acts) with the objective of reducing reporting burden and costs in order to improve competitiveness.

**OBJECTIVES:** in 2025, in a context marked by the Omnibus at the EU level, we have conducted multiple direct engagements with policymakers at the EU and

French levels, and have collaborated with industry groups including the AFG, IIGCC, European and Fund Asset Management Association (EFAMA) and PRI, including with AXA IM contributing to a collaborative investor statement on the Omnibus released early in 2025. Our priorities were the following:

- Asking for a large enough scope in terms of companies subject to reporting requirements, with a proportionality principle for smaller companies. As an investor active in private markets, having access to sustainability data from smaller companies is key for an effective ESG integration. A too significant reduction in the scope of reporting was a key concern for us — and a barrier for SME financing.
- Asking for quality, comparable, decision-useful reported data. A key focus of the EU Omnibus was on reducing the number of data points reported by companies. We advocated for a balanced approach, asking for key sustainability issues to be covered with a sufficient level of detail for climate transition plans, social and biodiversity related issues. At the same time, we agreed with the necessity to reduce the level of complexity to allow investees’ senior management and investors to make the best use of the disclosed information to support sustainable corporate transformation. We also emphasised the need for consistency between ESRS and Voluntary Small and Mid-size Enterprises (VSME) reporting framework, as well as effective and sufficient interoperability between the ESRS and ISSB standards. We contributed to the development of a French proposal of simplified ESRS, which was used as key input by EFRAG’s simplification proposal.
- Enhancing the quality of ESG data: as investors, we largely rely on data vendors to access “raw” ESG data reported by companies, as well as to provide ESG ratings. Over the past years, we have been actively participating within industry groups, as well as directly engaging with policymakers and supervisors to share

our expectations and help influence the EU ESG ratings regulation, as well as Codes of Conduct development at the IOSCO level and in the UK. While we have been satisfied by developments including in the UK, we remain disappointed by the slow progress at the EU level, and in 2025 we continued to advocate for a wider framework at the EU level, in line with requirements already in place at the EU level for the rest of the sustainable finance value chain, as well as requested at a worldwide level by IOSCO. Moreover, following the publication of the text proposal for SFDR 2.0 in November 2025, we are concerned that it introduces disproportionate expectations from financial market participants when developing estimation methodologies — with no similar expectations applying to ESG data vendors. While we support the call for robustness and transparency in methodologies developed by FMP, the apparent difference of treatment does not align with the objectives of reducing complexity or supporting competitiveness of EU players.

- We acknowledge the benefits of having a single classification framework to identify “green” revenues or CapEx. AXA IM contributed to the EU Platform of Sustainable Finance from March 2023 to March 2025<sup>2</sup> to propose practical ways to help simplify some of the metrics to make them more useful for decision-making and reduce the number of data points by focusing on the most meaningful ones while preserving the integrity of the framework. This aimed to make the EU Taxonomy “simpler” for all stakeholders across the sustainable finance value chain.

1 - [Omnibus package - European Commission](#).

2 - This work was supported by AXA IM — now part of BNP Paribas and integrated within BNPP AM, which at the time was representing AXA Group within the EU PSF.

**OUTCOMES:** we were pleased that many of the simplification proposals developed by the EU PSF in relation to the EU Taxonomy were retained by the EU Commission as part of the Omnibus — helping to preserve the integrity while simplifying the tool. We are also globally supportive of most proposals made by EFRAG to simplify the content and the structure of the ESRS, while maintaining the double materiality concept. We however consider that the significant reduction of the scope of the CSRD and its implication in terms of data availability must be reflected in other sustainable finance legislation and that liability on quality of ESG data should be with ESG data providers.

In 2026, we will remain vigilant and will continue to highlight our concerns and expectations in line with the above. We will also continue to call for proper capacity building and clearer expectations with regards to the assurance of sustainability disclosures to ensure robustness of data, as well as comparability.

**Improving ESG product categorisation frameworks to support clients’ needs and help channel capital flows into sustainable investment.**



**CONTEXT:** a key challenge to the more effective channelling of capital flows into sustainable investments relates to multiple frameworks for defining which products can qualify as sustainable. While the introduction of SFDR at the EU level, the AMF Doctrine 2020-03 in France or Sustainable Disclosure Regulation in the UK have permitted a greater integration of sustainability in financial products, they have also created significant burden and uncertainty for financial market participants, without succeeding to provide sufficient clarity, in particular to retail investors or in sufficiently channelling capital flows to cover the investment gap to fund the EU transition to Net Zero.

**OBJECTIVES:** in 2025, as the European Commission worked on the SFDR 2.0 proposal released in November 2025<sup>1</sup>, we conducted multiple direct engagements with policymakers and supervisors at the EU and France levels, and have collaborated with industry groups including the AFG, IIGCC and EFAMA. Additionally, AXA IM had contributed to the drafting of the EU PSF SFDR categorisation report. While we supported SFDR’s overarching objective of providing increased transparency and comparability to our clients, we advocated for the following:

- Introduce a product category focused on investments made with the objective of supporting the transition of investee companies towards more sustainable practices. We support the introduction of engagement-related criteria for this category, asking for sufficient

clarity in expectations and appropriate transparency — an issue which we articulated with prior advocacy on stewardship-related standards at the EU level, including in the context of SRD II revision;

- Define clearer and common criteria to qualify within each category, and to facilitate practical implementation, limit the risk of heterogeneous supervision and provide clarity to end clients. Considering the materiality of Sovereign-issued bonds, and the key role of countries in the transition to more sustainable practices, we advocate for sovereigns issuances to be eligible to the new categories, including for general purpose sovereign bonds, provided that transparent and robust methodologies are in place, at least in the ESG basics and transition categories.
- Facilitate the use of SFDR categories by Private Markets asset classes — those asset classes experience significant growth and have a key role to play in the transition, for example to decarbonise real estate, or to support SMEs’ transition, but still face major issues in terms of sustainability data availability. SFDR 2.0 needs to support the momentum towards a greater ESG integration for those asset classes, providing clarity and trust to end investors while acknowledging specificities of such asset classes.
- Simplify pre-contractual and periodic reporting templates — to reduce reporting burden and make them more decision-useful for investors. We advocated for a minimum set of common indicators to be reported across Article 7, 8 and 9 products to provide comparability to end investors. This set of indicators should be limited, meaningful from an end-investor perspective and based on datapoints reported under the new ESRS and VSME.
- Ensure an effective articulation between SFDR 2.0 and the sustainability preferences framework in MIFID and IDD introduced in the EU’s Markets in Financial Instruments (MiF) regulation in August 2022.

**OUTCOMES:** we were pleased that a number of the proposals developed by the EU PSF in the SFDR categorisation report were retained by the European Commission in the SFDR 2.0 proposal published in November 2025. We believe the proposal could better reach the overarching objectives of ensuring trust and clarity for end-investors, to ultimately contribute to channeling flows into a more sustainable economy. SFDR 2.0 is still under negotiation in 2026, and we will continue to advocate following the objectives listed above.



**Laurence Caron-Habib**  
Head of Public and Regulatory Affairs, BNP Paribas Asset Management

*“We strongly support simplifying product-level disclosure requirements, prioritising key information that is clear and understandable for end-investors. Additionally, we favour publishing a standard, limited set of indicators for all products to promote harmonisation and comparability.”*

1 - [https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

# PEOPLE, CULTURE AND CSR

2025  
SUSTAINABILITY  
REPORT

---

EDITORIAL

---

ABOUT  
THIS REPORT

---

INTRODUCTION

---

OUR STRATEGY

---

OUR THEMATIC  
PRIORITIES

---

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

---

VOTING AND  
ENGAGEMENT

---

**PEOPLE, CULTURE  
AND CSR**

---

STEWARDSHIP  
CODES

---

# PEOPLE, CULTURE AND CSR

**Walking the talk is critical to maintaining legitimacy and building credibility. As a sustainable asset manager, our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest. We continue to focus on promoting a sustainable workplace and culture that enables employees to drive positive impacts in our business, communities and the wider society.**

By embedding sustainability into our culture and employer practices, we not only reinforce our credibility with clients, but also strengthen our appeal to current employees and future talent — who increasingly seek purpose-driven organisations.

As we work towards combining our two organisations, we have developed a new CSR framework to help us embed sustainability within the operations of our organisation and drive change. It is based on three pillars and will include action plans for each.

- Act with transparency and accountability;
- Maximise the positive impact within our operations and the communities in which we operate;
- Embed sustainability into our culture to drive action.

## BNPP AM: Embedding sustainability into our culture

To deliver on our purpose and strategy, we need a workforce that understands our goals and embraces them. We also believe that creating a work environment that is consistent with our investment philosophy will help keep sustainability top of mind for our employees, and enable them to more authentically incorporate sustainability principles into their day-to-day activities.

We include questions about our culture and strategy in our employee engagement surveys, and we ask these questions annually in order to track our progress. In our most recent employee engagement survey, the responses continued to be overwhelmingly positive, with 83% of respondents saying it is important to them that we become a fully sustainable asset manager and 71% of respondents saying they could see how their role supports our commitment to sustainability.

We believe that these results speak to the effectiveness of our approach, but we know we must remain vigilant in this area, as it is a vital component of maintaining our leading position on sustainability. We plan on updating our Global Sustainability Strategy in 2026 and it will continue to include a pillar on corporate social responsibility and operational sustainability, as we see them and our people as important differentiators in our recruitment strategy and for achieving our business objectives.



**Chris Ouellette**  
Global Head of Corporate Social Responsibility, BNP Paribas Asset Management

*"We believe that through our objective to embed sustainability in all we do — our investments, our people, our processes, our operations and other aspects of our business — we can build a culture of sustainability that will help us to deliver our business strategy more effectively."*

## Conflicts of interest and acting with integrity

We have fiduciary duties to our clients and beneficiaries, and we believe that by putting our clients' interests above ours or our employees', we can assure stakeholders of our integrity. BNP Paribas has made a culture of responsibility and integrity a cornerstone of its operating model. Learn more about how we implement this value at BNPP AM and AXA IM. [BNPP AM Sustainability Report 2024](#) [AXA IM Stewardship Report 2024](#)

## Sustainability Academy @AM

We have invested significantly in ensuring that our employees have the most current knowledge on sustainability issues. This is primarily done through our Sustainability Academy @AM, our in-house sustainability education platform.

Every employee is assigned a specific training path depending on the level of sustainability knowledge they require in their roles. In addition to this, certain employee populations need to complete external sustainability certifications.

Our approach is outlined in our [Sustainable Education Handbook](#), which we published this year to share insights, practical tools and expert advice to help other organisations develop their own tailored sustainability training plan.

In 2026, our primary focus will be on launching a sustainability upskilling stream that will provide comprehensive training to all of our employees on our new sustainability methodologies and approaches.

Some highlights from the Sustainability Academy @AM in 2025 include:

- Launched an all-employee training programme as a refresher to our Global Sustainability Strategy.
- Rolled out sustainability e-learning on BNP Paribas Investment and Protection Services (IPS). With our counterparts in the different IPS entities, we co-built an interactive course to support employee training on the sustainability strategy of the division and its business lines.
- Held a 1-hour live training session on ESG Integration for our Investments Specialists.
- Hosted two Net-Zero Tracking Investment Forums for investment teams. These forums focus on the latest updates from the Inevitable Policy Response (IPR) Quarterly Forecast Tracker, including a deep dive into

a specific theme. The aim of the forums is to identify key investment risks and opportunities arising from net-zero-related policy changes anticipated by the forecast. The PRI presents us with recent updates from the Quarterly Forecast Tracker, which are then discussed and debated by an internal panel of investors.

- Facilitated a number of *fresques* on climate change and other environmental topics and 3-hour participative workshops, which one-quarter of our employees have completed.
- Rolled out sustainability training to a number of BNPP AM operating company Board members.
- 653 of our employees in 2025 have participated in sustainability training, either through e-learning, in-person workshops or by taking an external certification.
- Since 2019, 746 employees have received an external sustainable finance certification such as Certification AMF Durable, CFA Certificate in ESG Investing or Certificate in Climate and Investing, EFFAS Certified ESG Analyst, or one of the certificates offered by the PRI.
- Of the employees with external certifications, 31 completed a certification programme developed by BNP Paribas Group with the University of Cambridge's Institute for Sustainable Leadership (CISL). The CISL Positive Impact Business Certified Training is a 7.5-day course, delivered online and in person, over a three-month period and tailored to sustainability and finance. On completion, graduates became Positive Impact Pioneers, a community of internal sustainability experts who develop projects that drive positive impact within the organisation.

In our most recent employee engagement survey, 73% of employees said they had the correct level of sustainability-related training to perform their role. We believe we have developed an effective strategy for ensuring that our employees have the skills and knowledge they need to help us deliver our strategy over the long term. However, sustainability is evolving rapidly

and we plan on continuing introducing new topics and to dive deeper into existing topics in 2026 to continue to keep them current.

# 746

employees have received a sustainable finance external certification

# 1,064

participants in environmentally themed workshops (*fresques*) since 2019

# 73%

of employees said they had the correct level of sustainability-related training to perform their role



**Élise Broussous**  
ESG Specialist Lead  
Sustainable Education,  
BNP Paribas Asset  
Management

*"Employees are essential to driving sustainability transformation, and achieving meaningful progress requires robust upskilling beyond policies and commitments. Expertise in sustainability must reach every department, not just dedicated teams."*

2025  
SUSTAINABILITY  
REPORT

EDITORIAL

ABOUT  
THIS REPORT

INTRODUCTION

OUR STRATEGY

OUR THEMATIC  
PRIORITIES

SUSTAINABILITY  
INTEGRATION  
IN OUR INVESTMENTS

VOTING AND  
ENGAGEMENT

**PEOPLE, CULTURE  
AND CSR**

STEWARDSHIP  
CODES

## Maximising our positive impact in the community

Many of our employees not only want to have an impact through their day-to-day work, but also in the communities in which they live and work. Our goal is to support them in their efforts to give back through paid time off to volunteer, corporate matching for disaster relief efforts, team volunteer activities and providing them with longer-term mentoring opportunities.

### Our commitment to mentoring young people

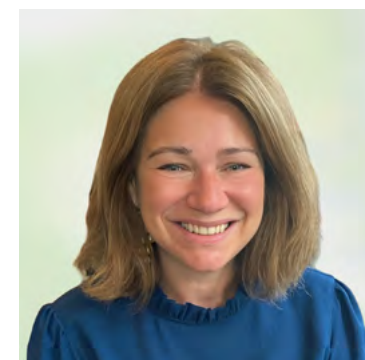
Our goal is to help young people facing systemic barriers to success. Concretely, that means helping them gain confidence through mentorships and enabling them to acquire the vital job experience they need through internships. While our volunteer efforts are wide-ranging, we focus many of them on helping young people.

- We leveraged BNP Paribas' many partnerships with mentoring organisations in France to encourage employees to participate in mentoring with Article 1, NQT, P-Tech, Telemaque, Working Out and *L'Institut de l'Engagement*.
- We had a total of 12 employee mentors in France at the end of 2025, meeting the objective BNP Paribas set in their Ambition 1000 Mentors initiative.

## AXA IM: Empowering Sustainable Futures

AXA IM's philanthropy programme "Empowering Sustainable Futures" brings together our global donations, volunteering and philanthropic research into one place, across Europe, Asia and the U.S. Each year, we dedicate significant resources to support a wide range of social, educational, mentorship and environmental causes. This reflects our conviction that businesses have a role to play in addressing societal challenges and that impact is maximised when our employees are actively involved — and fully reflects our strategic pillar of focusing on maximising impact.

In 2025, we onboarded ten new charities working on three main thematics — climate resilience and inclusion for communities, educating future generations and biodiversity.



**Fiona Swallow**  
Global Head of Corporate Responsibility and ESG Development, AXA Investment Managers

*"Empowering Sustainable Futures creates a stronger connection between our philanthropic activities, our investment activities and our employees, resulting in a more enriching and impactful programme."*

## Volunteering

Volunteering is not only a great way to give back to the community, but also a way for our employees to learn new skills and spend meaningful time with each other outside of the work environment. Some of our initiatives related to volunteering include:

- As part of the Group's 1MillionHours2Help initiative, we encourage our employees to volunteer at least two days a year during working hours; in some countries, it can be more.
- In 2025, we held our third annual global employee volunteer event, Community Impact Week. Over the course of two weeks in May, nearly 750 employees in 16 countries contributed over 3,325 hours of their time to causes that were near and dear to their hearts. In total, 68 charitable organisations were helped with activities that ranged from beach and park clean-ups, helping at food banks or community homes, to working with young people.

## AXA IM: Volunteering

In 2025, AXA IM employees globally took part in several volunteering initiatives with local charity partners — with 909 volunteers contributing 2,820 volunteering hours with philanthropy partners including the Wildfowl and Wetlands Trust, *L'Envol France*, The EPIC Felix Project UK, Good Planet Belgium, Green Power and *Habitat & Humanisme*.

**6,851** hours

volunteered by BNPP AM and AXA IM employees in 2025

## Reducing the environmental impact of our operations

Our goal is to align our operational emissions with the objectives of the Paris Agreement. This commitment has also been included as one of the ten commitments we have made in our Net-Zero Roadmap.

The BNP Paribas Group has established a target for greenhouse gas emissions within its operational scope (Scopes 1 and 2 plus business travel) of 1.85 tCO<sub>2</sub>e/FTE in 2025. The Group decided to set a new target for this metric: by the end of 2026, emissions within its operational scope must be lower than or equal to 1.75 tCO<sub>2</sub>e/FTE, which was surpassed in 2025.

We use three approaches to achieve this goal, in order of priority:

### Increase the efficiency of our operations

- Nearly all our office spaces are in green-certified buildings.
- The Group's data centres in France are all ISO 50001-certified.

### Buy green or low-carbon electricity

- The majority of our employees work from offices that are powered by green or low-carbon electricity.
- BNP Paribas entered into a 10-year Corporate Power Purchase Agreement, allowing it to source 25% of its annual electricity needs in France from 12 photovoltaic farms in *EDF Renouvelables'* power portfolio.

### Offset any residual emissions

BNP Paribas has been purchasing voluntary carbon credits annually for an amount equivalent to the residual greenhouse gas emissions emitted the previous year on its operational scope (emissions related to its Scopes 1 and 2 and to business travel). In 2025, the Group purchased the equivalent of 192,431 tCO<sub>2</sub>e,

a 10% decrease compared to last year, with the emissions amount for the year 2024 using a market-based approach. The voluntary carbon credits purchased in 2025 come from four projects outside the Group's value chain:

- **The Kasigau project in Kenya**, supported by the Group since 2017, is a programme to protect and restore 200,000 hectares of forest. Led by the NGO Wildlife Works, it also finances access to healthcare, water and education for local populations.
- **In India**, the project is based on a ten-year voluntary carbon offset programme as part of a partnership between BNP Paribas and the GoodPlanet Foundation, through the construction of 13,000 biodigesters. They provide four hours of gas daily, thus avoiding wood-burning and deforestation, and improving the living conditions of nearly 70,000 people.
- **In Guatemala**, hundreds of landowners, including local communities, have come together to protect nearly 60,000 hectares of forest by developing sustainable livelihoods that restore rather than degrade the forest and create better living conditions for its inhabitants.
- **In Peru**, Nii Kaniti is a collaborative project with indigenous communities aimed at developing productive economic activities based on the sustainable use of forest resources in the Amazon.

The calculation of the projects' carbon credits has been certified by Verra (Verified Carbon Standard). After several years of continuous decrease thanks to sobriety and investment plans deployed across the world, this year, the Group stabilised its energy consumption while absorbing the growth in energy needs related to data centres.

## AXA IM: Supplier engagement programme

We recognise that Scope 3 emissions are the largest source of carbon emissions at AXA IM. In 2025, we worked with ClimatePartner and our procurement teams to design and launch a supplier engagement pilot programme focused on our key suppliers. This aimed to better assess suppliers' maturity in managing their own emissions and to influence positive change across our value chain with targeted training to help suppliers develop and implement credible net-zero strategies.

## BNPP AM: Sustainable Digital

The Sustainable Digital programme has defined ten principles that apply to the entire IT function worldwide. Various levers are exploited:

- Implementing a methodology for calculating IT environmental footprint according to the latest international standards in force;
- Rationalising the equipment aiming for energy efficiency on the one hand, and sobriety on the other hand, through the pooling of equipment and infrastructure; and
- Raising awareness and training IT teams on environmental issues.

48.5%

of the Group's total energy consumption from renewables

1.19 tCO<sub>2</sub>e

greenhouse gas emissions per BNPP employee

# DIVERSITY, EQUITY AND INCLUSION

**We believe that Diversity, Equity and Inclusion (DE&I) are our collective responsibility every day. These principles are levers to unlock our full potential, to contribute to a high-performance work culture, and to differentiate us as an outstanding asset manager. We strive for a work ethic based on the principle of opportunity and translate this belief into concrete policies and initiatives that are central to our success and to driving change, both internally and externally.**

## A solid foundation in Diversity, Equity and Inclusion

As an international asset manager with locations in 32 countries, diversity is part of our DNA. This is reflected in our people, who come from a wide range of backgrounds and cultures and represent 71 nationalities as at the end of 2025. Their countless perspectives and experiences make us stronger and fuel our shared commitment to a better future. This is not only in our workforce and the communities we are present in, but also through the clients we serve, the end beneficiaries they may serve, and the many other stakeholders we interact with on an ongoing basis.

Through our Code of Conduct, including the “Respect for Colleagues” section, we are committed to providing a safe and respectful workplace. A global BNP Paribas Group workers’ agreement, signed in 2018 and aligned with local laws of the countries we operate in, established a common framework for addressing social issues across our workforce. In November 2024, BNP Paribas and UNI Global Union, an international trade union federation, signed [an agreement](#) that reinforces employees’ fundamental rights and raises the standards for social issues. It builds on the positive practices observed since the original agreement and addresses new challenges facing the financial services sector and society.

Our commitment to diversity, equity and inclusion is reflected in a comprehensive range of actions and initiatives implemented across our business and alongside external stakeholders. These include:

- At the end of 2024, we launched tailored DE&I training for all employees covering five pillars: Belonging; Disability and Health at Work; Gender Equity; Multiculturalism; and Intergenerational. To date, 90% of staff have completed it.

- We continued to raise awareness and educate employees on DE&I through conferences on a range of topics. Quarterly events were held in both English and French, with sessions covering topics such as: “Thriving in a Multicultural Workplace”, “Intergenerational Interactions at Work”, “Neurodiversity in the Workplace”, (including a UK session focused on Understanding Autism in the Workplace), “Awareness and Prevention on AI from Reinforcing Stereotypes in the Workplace”, and “Understanding, Identifying and Preventing Domestic Violence at Work”.
- All members of the BNPP AM Executive Committee had a DE&I ambition formalised in their 2025 objectives.
- We celebrated the strength and richness of our multicultural teams through a series of four short, inspiring videos featuring colleagues whose experiences highlight the diverse perspectives, talents and benefits that multiculturalism brings to our company.
- We supported numerous professional networks that play an active role in promoting DE&I within the Group, such as All Abroad, Afrinity, CulturALL, Pride@AM, WeGenerations and WeLevelUp. In addition, we sponsored WE@AM, a community of executive women in BNPP AM France and the UK, created to support self-development and promote female leadership within the firm.
- Our employee network groups play an important role in developing an inclusive workplace. These networks provide opportunities for colleagues to connect, share experiences and raise awareness of key diversity and inclusion topics. They help build understanding, encourage allyship and bring people together across the company.
- We supported initiatives that strengthen our communities and help diversify the future talent pipeline within the asset management industry:

- In the UK, we have participated in the 10,000 Black Interns programme since its launch in 2021, and more recently we have also taken part in the 10,000 Able Interns programme
- In France, we supported the “*Maison des Femmes de l’AP-HP*” in its ongoing work with women victims of violence, providing financial support to the foundation since it was created.

Also, some of our employees ran workshops to help women return to employment after experiencing violence, assisting with CV updates and mock interviews.

- We also participated in the [CFA Young Women in Investment Program](#), offering six-month internships in our London offices. During the internship, participants worked on specific projects, gained real-world experience and developed professional skills while exploring their interests. The programme provided on-the-job training in investment management, helping them acquire the skills and experience needed for career advancement.
- We engaged with external industry-led initiatives such as The Diversity Project UK and Investment20/20, which share our focus on driving meaningful, long-term change.



**Marion Azuelos**  
Global Head of Human Resources, BNP Paribas Asset Management

*“Inclusion is part of our DNA. As we transform our business, it shapes how we collaborate, innovate and move forward together.”*

## Our commitment to women in the asset management industry

We operate in a highly competitive market and the demand for talent — specifically mid-level and senior women in fund management positions — is high and increasing.

BNP Paribas Asset Management was recognised by Citywire for Best Female Representation (100+ fund managers) at the 2025 Gender Diversity Awards.

This recognition reflects our collective commitment and efforts over recent years to ensure greater representation of female talent in our industry.

In 2025, we had 26% of fund management roles occupied by women, versus an industry average of 12.9%, according to CityWire Alpha Female Report 2025.

- We monitor the number of women we hire, and in 2025, among employees who joined BNPP AM, 36% were women.
- We offer leadership development programmes open to all and partly tailored to women to support their career growth, stretch themselves and develop their competencies and abilities so that they can reach senior leadership roles in our company. These include:
  - “Authentic leading women”;
  - “AMbition to lead” for emerging women talent; and
  - “AMazing leaders” for senior managers and experts.
- These programmes are complemented by external seminar opportunities and online content via My Learning.
- We pay particular attention to gender pay gaps, and in jurisdictions where permitted, we conduct detailed studies and put action plans in place.
- We put in place various initiatives to support new parents when they return from parental leave.

### Women in senior management positions



### AXA IM: Diversity, Equity and Inclusion in action

Inclusion and diversity topics have been on AXA IM's strategic agenda for many years. We place sustainability at the centre of our priorities, to enhance our role in society as an investor, an employer and as a business. We want to provide our employees with the opportunity they need to grow their potential, shape the way they work through flexible ways of working, and thrive within a diverse community where differing ideas, backgrounds and viewpoints are encouraged. In 2025, we have taken meaningful steps to create a more diverse and inclusive workplace, both internally and externally, and have:

- Continued internal and external engagement by our employee resource groups, sponsored by management Board members to make progress on diversity and inclusion around gender, ethnicity, social mobility, age and sexual orientation.
- Introduced a partnership with Beck Fitzgerald, providing our employees in the UK access to bespoke legal advice in cases of domestic/intra-familial and sexual violence.
- Introduced a partnership with Omena, granting our employees in France free access to the Omena app, which provides useful information and personalised support for people experiencing menopausal or peri-menopausal symptoms.

### Women on internal Boards



- Supported flexible ways of working to help remove barriers and be more adaptable and responsive to everyone's circumstances.
- Maintained a development goal for all employees linked to inclusion and diversity to reinforce our expectation that every employee actively promotes and fosters a culture of inclusion — through deliberate, positive and mindful efforts.
- Offered development journeys focused on inclusive leadership skills and behaviours through our Managers Academy and Leadership Programmes, which help our leaders increase their impact, enable diverse teams and create community.
- Introduced development journeys on resilience, change management and mental health and well-being to support our employees in times of organisational change.
- Launched a Reverse Mentoring pilot focused on Inclusion and Diversity, to encourage intergenerational conversations about DEI and to foster appreciation and understanding for various experiences.
- Applied our diversity voting policy to challenge other companies on their actions.

We play an active role in cross-industry initiatives to jointly address some of the intrinsic challenges in making the corporate world more generally, and the financial industry more specifically, a truly

### Women in talent programmes (leadership pipeline)



diverse and inclusive environment. Here are four examples of external initiatives we supported or have continued to support in 2025:

- After having participated in the 10,000 Able Interns Program in the UK for three consecutive years, we are supporting and participating in the 10,000 Black Interns program and welcomed interns from this program in the summer of 2025.
- Sponsoring the Catalyst Education Program, a program aimed at providing students from low socioeconomic backgrounds in the UK with the aspiration, belief and tools to develop a career in the investment and savings industry.
- Continued partnership and engagement with cross-company initiatives in the financial services sector including Diversity Project UK, Diversity Project Europe, Diversity Project North America, 100 Women in Finance, Women in ETFs, LGBT Great, Fondsfrauen in Germany, and The Women's Foundation in Hong Kong.
- Continued partnership and engagement with *Culture Prioritaire* in France and Investment20/20 in the UK to introduce our company to a diverse pool of graduates, school and college leavers who are more reflective of the people and communities we serve.

# MAPPING TO KEY STEWARDSHIP CODES

The purpose of this table is to help readers find the content related to key elements from varying stewardship codes in this document.

## UK Stewardship Code

BNPP AM has been a signatory of the 2020 Stewardship Code of the UK Financial Reporting Council (FRC) since 2022 and AXA IM since 2021. Having adopted the updated 2026 Code in early 2026, the FRC is treating reporting for 2025 as a transition year.

As per the 2026 Code, we have provided both the “Policies and Context” and “Activities and Outcomes” elements in this report or linking back to prior year reports. Given the acquisition by BNPP AM of AXA IM at the end of 2025, the table below sets out:

1) where to find information about the respective entities’ policies and context that were relevant during 2025, either within this report, previous reports or on our respective websites; and

2) material within this report that illustrates how we have met the six Principles of the Activities and Outcomes section of the Code.

We plan to publish a full combined Policy and Context Disclosure in April 2027 that will present the combined entities’ new policies and context, along with our activities and outcomes operating as one entity.

CONTENT	UK (2026)	EFAMA (2018)	ICGN (2024)	HONG KONG (2016)	MALAYSIA (2022)	JAPAN (2017)	PAGE NUMBERS IN THIS REPORT	PAGE NUMBERS IN BNPP AM 2024 REPORT	PAGE NUMBERS IN AXA IM 2024 REPORT	LINKS TO BNPP AM CORPORATE WEBSITE
<b>Policy &amp; Context Disclosure</b>										
Organisation, investment beliefs and stewardship approach	A	1	1	-	-	1,2	<a href="#">5-14</a> , <a href="#">41-42</a>			<a href="#">Our investment philosophy</a>
Governance and resources	B	1	1, 2	1	-	1,5,7	<a href="#">15-16</a> , <a href="#">44</a> , <a href="#">89-90</a>	<a href="#">18</a>	<a href="#">92</a>	<a href="#">Who we are</a>
Policies, processes and review	C	1	1	1,3,4	1,6	1,3,7,5	<a href="#">18</a> , <a href="#">41</a> , <a href="#">42</a> , <a href="#">44</a>	<a href="#">19</a>	<a href="#">98</a>	<a href="#">Our sustainability policies and reports</a>
Conflicts of interest	D	1,5	2	7	4	2	<a href="#">89</a>	<a href="#">19</a>	<a href="#">53</a>	
Dialogue with clients and/or beneficiaries	E	6	1	6	-	5,6	<a href="#">13</a>	<a href="#">21</a>	<a href="#">95</a>	
<b>Activities &amp; Outcomes</b>										
Integrating stewardship and investment	1	1	1, 2, 3	-	5	3,7	<a href="#">27-39</a> , <a href="#">81-85</a>			
Promoting well-functioning markets	2	-	5	-	-	-	<a href="#">43</a> , <a href="#">59</a> , <a href="#">61</a> , <a href="#">69</a> , <a href="#">85-87</a>			
Engagement	3	1,2,3,4	3	1,2, 3, 5	2,3,7	3,4	<a href="#">51-85</a>			
Exercising rights and responsibilities	4	1,5,6	4	1,4	1,6	5,6	<a href="#">44-50</a>			
Selection and oversight of managers	5	6	3	-	-	1,5	<a href="#">30</a>	<a href="#">46</a>	<a href="#">93</a>	
Monitoring stewardship service providers	6	6	3	-	-	1,5	<a href="#">30</a>	<a href="#">46</a>	<a href="#">93</a>	

BNP PARIBAS ASSET MANAGEMENT Europe, “the investment management company”, is a simplified joint stock company with its registered office at 1 boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832, registered with the “Autorité des marchés financiers” under number GP 96002.

This material is issued and has been prepared by the investment management company.

This material is produced for information purposes only and does not constitute:

1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever; or
2. investment advice.

Opinions included in this material constitute the judgement of the investment management company at the time specified and may be subject to change without notice. The investment management company is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees

of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor’s investment portfolio.

Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by, among other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to the financial instruments may have a significant effect on the results portrayed in this material. All information referred to in the present document is available on [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

April 2026 – BNP Paribas Asset Management – Brand & Communication Department, Sustainability Centre / Design and conception: bearideas / All rights reserved / Photos: AdobeStock, BNP Paribas Asset Management. / Copyright: Cade Martin, Thibault Stipal, Michael Blann, Bruno Cohen, Studio Cohen-Photographies, Mathieu Polo, Eric Avenel, AXA Investment Managers.