



BNP PARIBAS
ASSET MANAGEMENT

2025 Sustainability Report
AXA Investment Managers UK

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1. Introduction

1.1 Scope and structure of the report

IMPORTANT INFORMATION: Following the integration of BNP Paribas Asset Management (BNPP AM) and AXA Investment Managers (AXA IM), we are currently working to develop a new sustainability approach. **This document applies to the eligible investment portfolios managed by AXA IM or AXA Investment Managers UK Limited in 2025 and before the integration. The next annual update of the document will incorporate the joint approach and policies being developed. For the latest applicable policies, please visit this page on our website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)**

For information on the application of any sustainability policy to a specific fund (including applicable methodology), please refer to the relevant product's legal documentation. These documents can be found on the relevant Funds pages available on our website.

The 2025 Sustainability Report ("Report") for AXA Investment Managers UK Limited ("AXA IM UK" or the "Company" or the "Firm") has been prepared in line with the recommended disclosures of the Task Force on Climate-related Financial Disclosures ("TCFD"), including the Supplemental Guidance for Asset Managers. The Report also meets AXA IM UK's requirement, as an entity regulated by the Financial Conduct Authority ("FCA"), to publish a sustainability entity report and TCFD entity report pursuant to the FCA's Environmental, Social and Governance ("ESG") Handbook¹. The Report covers the calendar year 2025.

During 2025, the Company was indirectly wholly owned by AXA Investment Managers SA, which was absorbed by BNP Paribas Asset Management Holding (BNPP AM) on 31 December 2025. For 2025, the last year before the merging of all disclosures within the BNPP AM umbrella, AXA IM has published an equivalent non-financial sustainability and climate-related entity-level report, the AXA IM 2025 TCFD – Article 29 Combined Report ("AXA IM 2025 Report") to address Article 29 of the French 2019 Energy & Climate Law and its implementation decree, and to meet TCFD recommendations². The AXA IM 2025 Report provides a comprehensive overview of AXA IM's approach to Sustainability and Responsible Investment ("RI") for the calendar year 2025. AXA IM had a globally ambitious and advanced RI strategy and investment philosophy and has put in place dedicated frameworks, policies and processes which are applicable across the organisation and all its four business lines and support functions in 2025:

- AXA IM Core ("Core"), managing traditional asset classes: listed corporates equity & debt, and sovereign debt;
- AXA IM Alts ("Alts"), managing alternative asset classes: real estate equity & debt, infrastructure equity & debt, other alternative credit (including private equity & debt, other private structured assets), and natural capital & impact investing assets;
- AXA IM Prime ("Prime"), managing private market assets: private equity, private debt, infrastructure, and hedge funds; and
- AXA IM Select ("Select"), a multi-manager of funds of funds & mandates, specialised in unit-linked related assets.

¹ See Appendix 2 and on the FCA website: [ESG 2.2 TCFD entity report - FCA Handbook](#); [ESG 5.6 Sustainability entity report - FCA Handbook](#)

² See AXA IM 2025 Report: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

AXA IM UK is fully aligned with the AXA IM RI strategies, policies and processes in respect of its in-scope business and its own operations. Therefore, where relevant, reference is made in this Report to AXA IM information provided in the AXA IM 2025 Report, as permitted in the FCA’s ESG Handbook³. Reference and links are also made in the Report to third-party information where relevant and in order to provide additional explanatory information. The structure of the Report is aligned to the four TCFD pillars, which cover the essential elements of how we operate: i) Governance, ii) Strategy, iii) Risk Management, and iv) Metrics and targets.

1.2 AXA IM 2025 review

2025 was marked by fast-changing geopolitical and macroeconomic landscapes, which provided key challenges for sustainability as a whole, as they became more and more intertwined. Throughout the year, and during the period of the acquisition of AXA IM by BNP Paribas, we remained committed to delivering on our legacy RI strategy and associated targets, with the objective of supporting the needs of our clients being our top priority. On the 31st of December 2025, BNPP AM activities (including AXA Investment Managers, BNP Paribas Real Estate Investment Management and BNPP AM) merged their main legal entities under a unified structure owned by BNP Paribas Cardif. They now operate under a single brand name – BNPP AM. This integration brings together complementary organisations with shared values and a long-term commitment to sustainability and constitutes a pivotal moment in our ongoing commitment to building a more sustainable & resilient future. A transition period started in the second half of 2025 and some policies and processes may still reflect the practices of legacy organisations at the time; however all teams have been working under a unified governance framework since the merger.

A high degree of alignment on ESG policies, methodologies and data between legacy BNPP AM and legacy AXA IM already existed in most areas, with both firms having invested significantly in sustainability resources and expertise over several years and relying on extensive datasets from external providers combined with internal research and expertise. Since the merger, we have closely reviewed the approaches developed historically by the two entities across asset classes to help define our target approaches for BNPP AM going forward. New engagement & voting policies applicable to the full new BNPP AM scope are applied since January 1st, 2026, and all other sustainability commitments, policies, frameworks and methodologies will be released and enter into force overall by end of 2026 / early 2027.

At the market level, the introduction of major sustainable finance regulations and policies in recent years has provided some implementation challenges. Ultimately, we are convinced the long-term goals of many of these regulations are aligned with AXA IM’s net zero commitment and can help facilitate the allocation of capital to support the decarbonisation of high-impact sectors, as well as innovations in the sustainable solutions which are necessary for the transition to take place, and shape our policy views. However, usability issues and the sequencing of regulations and guidance have led to significant costs and difficulties for both companies and investors in interpreting and implementing the various non-financial reporting legislations, including inter-operability challenges. We also believe that the policies should be accompanied by appropriate real economy policies to enable an effective real-world transition towards more sustainable practices, consistent with the goals of the Paris Agreement. This is why in 2025 we have continued to focus on identifying solutions to improve the usability of these policies so that they deliver their intended objectives, in particular on enhancing sustainability-related disclosures by investee companies.

³ See ESG 5.6.5 R of the FCA ESG Handbook: [ESG 5.6 Sustainability entity report - FCA Handbook](#)

More specifically in the UK, the implementation of the FCA’s new Sustainability Disclosure Requirements (“SDR”) and investment labels regime was a key project for the Firm in 2024 and 2025 and included consideration of the adoption of sustainability labels for several AXA IM Core funds. By the end of 2025, AXA IM had adopted sustainability labels for **7 AXA IM Core funds** within its UK-domiciled fund range (2 with an “Impact” label, 5 with an “Improvers” label), totalling over **£1.8bn in assets under management (“AuM”) as at end of 2025** and representing **c. 19% of the total AuM of the UK-domiciled fund range**⁴.

On climate commitments, AXA IM has significantly enlarged the scope of AuM covered by its net zero (“NZ”) targets⁵ over the past years. The scope, initially set in 2021 of c. 12%, had increased by the end of 2025 to c. 69% of AuM committed (including joint ventures) to be managed in line with net zero by 2050⁶. New NZ targets have also been implemented for AXA IM Alts Infrastructure Equity & Debt assets in 2025. Coverage of AXA IM UK’s AuM was c. 72% at the end of 2025 (compared to 70% at end-2024, 72% at end-2023 and 67% at end-2022⁷).

Stewardship remained another key element of AXA IM’s sustainability activities in 2025. Climate change mitigation continued as our main engagement theme. The increase seen in our biodiversity and natural capital and corporate governance-related engagement in 2024, also continued in 2025. We are also focusing our efforts on many other environmental and social topics, which are now addressed alongside governance-related topics, such as human rights, corporate governance, human capital and public health concerns. This reflects the trend towards integration of ESG across companies’ business activities and organisations as they pursue genuinely effective ESG strategies⁸.

AXA IM is committed to providing transparency on the integration of ESG criteria at fund level. We continue to work on the improvement of our existing ESG, Engagement and Voting reporting to our clients. In 2025, we published TCFD product reports for the third consecutive year, covering the calendar year 2024 for the in-scope funds managed by AXA IM UK, in compliance with the FCA’s requirements. For the first time, these reports included SDR sustainability product reporting requirements (i.e. SDR Consumer Facing Disclosures). Those product reports are available in the BNPP AM UK Fund Centre⁹.

1.3 Compliance Statement

AXA Investment Managers UK Limited’s 2025 Sustainability Report, along with references to the AXA IM 2025 Article 29 - TCFD Combined Report, the BNPP AM 2025 Sustainability & Stewardship Report and third-party information, meet the criteria for both a sustainability and TCFD entity report as set out in the FCA’s ESG Handbook, ESG 2.2 (“TCFD entity report”) and ESG 5.6 (“Sustainability entity report”)¹⁰. The Report is also aligned to the guidelines laid out by TCFD¹¹ for sharing standardised, reliable, and valuable information concerning the risks and opportunities associated with climate change.

⁴ All mutual funds domiciled in UK represented £9.6bn as at 31 December 2025.

⁵ [What we do - BNP Paribas Asset Management - Corporate English](#)

⁶ When excluding Joint Ventures, this coverage rate reached c. 77% at the end of 2025.

⁷ There are no Joint Ventures included in the Firm’s scope.

⁸ See BNPP AM Sustainability & Stewardship Report (including 2025 AXA IM stewardship activities) for more information: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

⁹ [AXA IM Fund Centre - AXA IM UK](#)

¹⁰ See ESG 2.2.7 R and ESG 5.6.8 R: [FCA Handbook - FCA Handbook](#)

¹¹ Which partly covers the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures: [IFRS - ISSB and TCFD](#)

2. Governance

2.1 AXA IM RI Governance structure

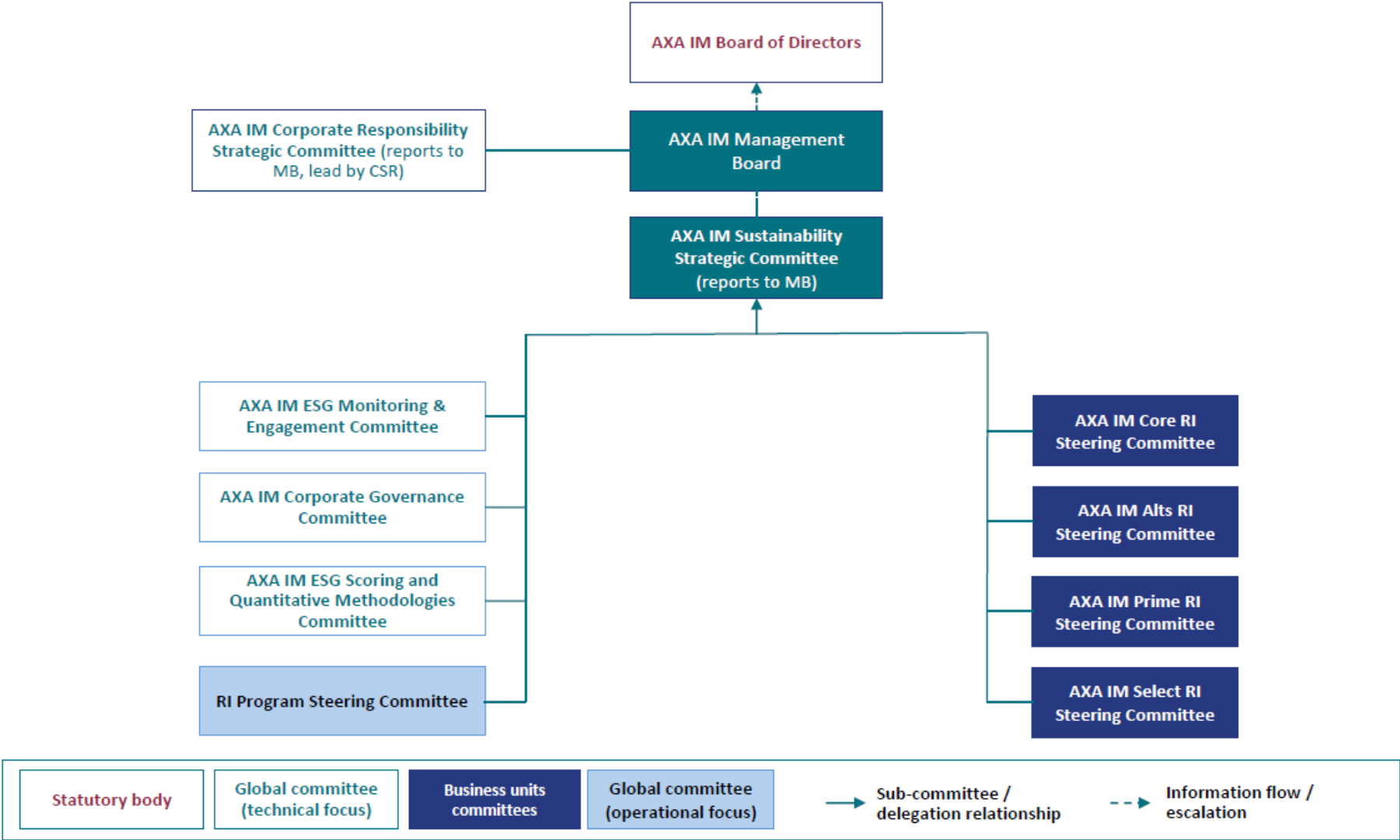
Since 2023, AXA IM's RI governance structure was integrated across all four AXA IM business lines, allowing AXA IM to strengthen its RI Strategy across all its asset management activities and to improve collaboration and synergies between the four main business units to better consider the specificities of each asset class and also ensure alignment with our own operations and practices through joint work with AXA IM Communication, CSR & ESG Development. This has helped AXA IM to ensure the integration of its sustainability risks into investment decisions, which are sufficiently robust and transparent both internally and for all its clients and external stakeholders.

The AXA IM RI governance structure is embedded within local entity governance, including AXA IM UK, and is applicable for all AXA IM UK's in-scope business for this Report. Several AXA IM UK executives, and AXA IM executives based in the UK, are members of the AXA IM RI Committees set out below¹².

Throughout 2025, following the acquisition of AXA IM by BNPP AM, 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 organizations. From 2026, we have successfully transitioned to a more formalized and unified governance structure for sustainability, which is detailed in the BNPP AM 2025 Sustainability & Stewardship report available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

¹² See also the RI organisational chart in the AXA IM 2025 Report for further information on the AXA IM Core, AXA IM Alts and AXA IM Prime RI professionals, and refer to sections 2.1 and 3.1 of the AXA IM 2025 Report.

AXA IM RI Governance and Committees



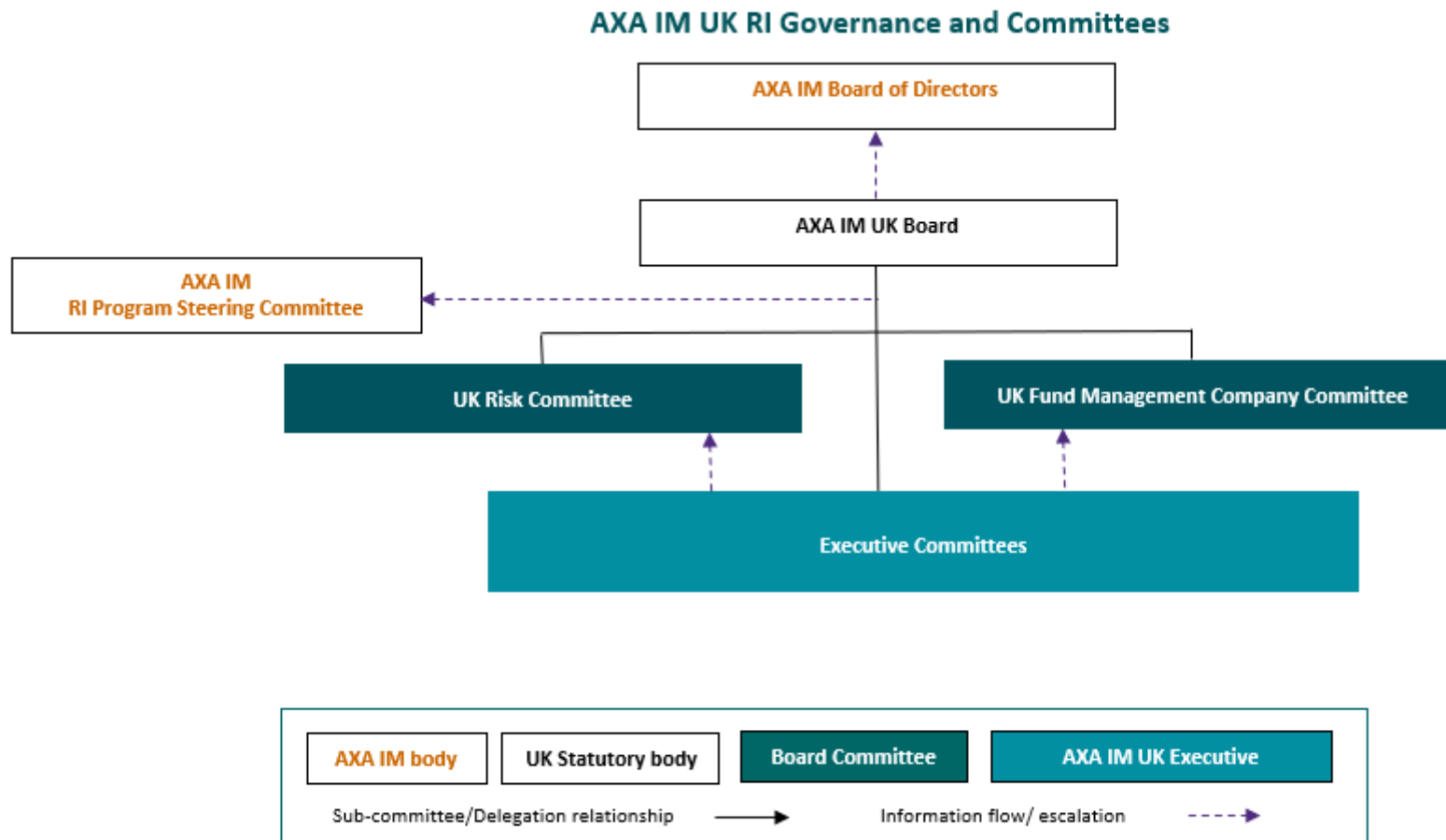
Source: AXA IM, 2025.

Main committees & frequency of meetings	Objectives
AXA IM Board of Directors <i>(At least five times a year)</i>	<ul style="list-style-type: none"> • Validates key components of AXA IM RI strategy at AXA IM Group level and regulates directly or through the sub-committees of the Board (Audit and Risk Committee / Remuneration and Nomination Committee), including entity-level sustainability regulatory reports and entity-wide commitments.
AXA IM Management Board <i>(Monthly)</i>	<ul style="list-style-type: none"> • Validates AXA IM RI strategy, as well as changes to RI policies (exclusion, voting, engagement), AXA IM-wide commitment, and sustainability regulatory reporting at the entity-level.
AXA IM Sustainability Strategic Committee <i>(Monthly)</i>	<ul style="list-style-type: none"> • Proposes AXA IM's RI strategy and monitors its delivery, including RI policies, AXA IM-wide commitments, and investment components of the Monitor and ESG-linked remuneration. • Validates: <ul style="list-style-type: none"> ○ Material quantitative methodologies (e.g., ESG scoring, the EU's Sustainable Finance Disclosure Regulation Sustainable Investment ("SFDR SI"), carbon footprint) and the choice of material ESG data providers, ○ RI product frameworks with a regulatory lens, ○ Shareholder Engagement priorities (themes, focus-list including climate laggards), ○ Positions on material sustainable finance consultations. • Consulted on Business Units' ("BU") RI product strategy from a business perspective. • In this context, it considers how AXA IM and AXA Group Sustainability strategies interact.
AXA IM ESG Scoring and Quant Methodologies Committee <i>(Bi-monthly)</i>	<ul style="list-style-type: none"> • Validates methodologies for less material quantitative methodologies, business specifications for ESG metrics (incl. carbon-related metrics), and the regular refresh of ESG scores and SFDR SI datasets. • Reviews annually the quality of service of ESG data providers.
AXA IM Corporate Governance Committee <i>(Three times a year)</i>	<ul style="list-style-type: none"> • Proposes AXA IM's corporate governance and voting policy. • Validates voting decisions on selected resolutions (for accounts which follow AXA IM's policy).
AXA IM ESG Monitoring & Engagement Committee <i>(Monthly)</i>	<ul style="list-style-type: none"> • Validates ban-lists updates. • Validates ESG-scores overrides. • Reviews progress on engagement activities.
Business Units RI steering Committees <i>(At least quarterly)</i>	<ul style="list-style-type: none"> • Validates BUs RI product strategy from a business perspective. • Recommends the RI product framework with a regulatory lens, as well as quantitative methodologies and metrics. • Consulted on other relevant topics ahead of the AXA IM Sustainability Strategic Committee.
RI Program steering committee <i>(Every 6 weeks)</i>	<ul style="list-style-type: none"> • Monitors progress of RI-related projects with an operational focus.
Global Risk Committee <i>(Weekly)</i>	<ul style="list-style-type: none"> • Consulted on the RI product framework and exclusion policies with an operational lens. • Informed on entity-level regulatory reporting.
Corporate Responsibility Strategic committee <i>(Quarterly)</i>	<ul style="list-style-type: none"> • Monitors progress on AXA IM's Corporate Responsibility roadmap and co-build commitments and actions for the future • Discuss deployment of Corporate Responsibility policies and initiatives

2.2 AXA IM UK RI Governance structure

AXA IM has a globally consistent RI strategy, framework, policies, and processes, including AXA IM’s RI governance, which is applicable across the organisation. The AXA IM UK RI governance structure is aligned to the AXA IM structure and embedded within its strategy, local governance and across all the Firm’s in-scope business covered in the Report. There is relevant UK representation by AXA IM UK executives, and AXA IM executives based in the UK, on the AXA IM RI Committees set out above.

As explained above, sustainability is embedded within AXA IM UK’s strategy. The Board delegates certain responsibilities to the Board Committees and to the Chief Executive Officer. AXA IM UK’s RI governance structure has been established as follows:



Source: AXA IM, 2025.

Main committees & frequency of meetings

Objectives and Activities

AXA IM UK Board

(At least quarterly)

- The Board is responsible for the oversight of AXA IM UK’s strategy. Sustainability underpins each of the UK strategic business priorities, as well as the inclusion of a CSR priority within our Responsibility strategic pillar.
- The Board recognised the importance of climate-related matters and considered Sustainability at the meetings of either the Board or the UK Fund Management Company Committee during 2025, including Company and business level strategy reviews, product development, sustainability reporting and regulatory developments and implementation of the FCA’s SDR and investment labels regime. The Board also receives updates on the Firm’s CSR activities. In 2023, the Board approved the inclusion of ESG-related key risk indicators (“KRIs”) in the Company’s Risk Appetite Statement.
- The Board has an annual Learning and Development programme in place to provide training and updates on key regulatory, governance, conduct, operational and business topics, including relevant sustainability matters.

UK Risk Committee

(At least five times a year)

- The Committee provides oversight and support to the AXA IM UK Board in relation to risk management and risk governance, including the embedding of climate and other sustainability related risks into the Company’s Enterprise Risk Management Framework and the consideration of sustainability-related risks and opportunities. As part of this oversight the Committee reviews Firm-wide KRI reports on a quarterly basis, many of which incorporate climate-related risks.

UK Fund Management Company Committee

(At least quarterly)

- The Committee provides oversight and support to the AXA IM UK Board in respect of its role as an authorised fund manager.
- During 2025, the Committee considered sustainability-related strategic and business matters and product development, ongoing enhancements to the incorporation of ESG criteria into the annual Assessment of Value process and sustainability-related regulatory requirements and implementation of the FCA’s SDR and investment labels regime, including the SDR independent assessment process.

Executive Committees:

UK Executive Committee (“ExCom”), Executive Risk Committee (“ERC”), Fund Governance Committee (“FGC”)

(Monthly for the ExCom; At least quarterly for the ERC and FGC)

- The UK Executive Committee has been established with delegated authority from the AXA IM UK Board in respect of certain mandated activities, including the implementation of the UK strategy in conjunction with the AXA IM UK Board.
- The Executive Risk Committee and Fund Governance Committee are sub-committees of the UK Executive Committee and support and report to the UK Risk Committee and UK Fund Management Company Committee, respectively.
- During 2025, the Committees reviewed and reported to the Board and Board Committees on the climate-related matters set out above.

Our employees are regularly trained on ESG and RI through internal and external training. We continue to invest significantly in upskilling on sustainability and climate related topics, demonstrating our commitment to make these topics an integral part of our culture rather than a specialist subject.

Overall, 98% of employees have engaged in at least one RI online course between 2020 and 2025, and 878 employees (32% of AXA IM's total workforce) participated in at least one live instructor-led course delivered by external providers or co-delivered with internal RI experts. Our employees also have access on-demand to many other ESG and sustainability trainings tailored to the asset management industry.

Since 2023, each employee has been required to undertake a personal ESG development goal. AXA IM's ESG offering includes the following:

- The AXA IM ESG Academy was launched in 2020 to increase access to ESG upskilling for all employees. In the same year, the major analysts' associations launched ESG certifications, including an ESG Certificate from the Chartered Financial Analyst ("CFA") Institute as well as a Certified ESG Analyst programme from the European Federation of Financial Analysts Societies, with 124 completions at the end of 2025 (c. 4.5% of AXA IM's total workforce). AXA IM provides widespread access to this external training and certification for its staff, with a particular focus on the participation of the Core investment and Core client group teams. This upskilling journey has been accelerated by live sessions, delivered in partnership with external training companies, as well as by encouraging investment, research and sales professionals to make progress towards achieving major industry qualifications, including the newly introduced CFA Certificate in Climate Investing;
- The 'AXA Climate Academy' programme was launched in October 2021 with the aim of supporting our collective effort to mitigate the effects of climate change. At the end of 2024, 99% of AXA IM employees have been certified under the AXA Climate Academy programme (module discontinued in 2025). Over several hours, employees learn why climate matters increasingly to our clients, the main risks associated with climate change, the impact along the value chain for insurance and investment companies, as well as how they can contribute to reducing the carbon footprint of the AXA Group through professional and personal practices. Since 2023, AXA IM has built on the AXA Climate Academy programme from the AXA Climate School, which helps employees to understand how sustainability impacts their jobs through role-specific content;
- A foundational ESG training with a dedicated real estate focus, developed uniquely for AXA IM by the training provider Hillbreak. Launched in 2022, the 3-hour course aims at developing the knowledge and understanding of this increasingly dynamic, rapidly evolving and critical agenda for real estate investment. As of end 2025, 360 employees completed the foundational real estate ESG course (c. 13% of AXA IM's total workforce);
- RI teams organise regular training on ESG issues for AXA IM staff. These sessions cover sustainable regulations and AXA IM's RI strategy (e.g. net zero commitment and methodologies, scoring methodologies, engagement and voting activities), e.g. on the EU Sustainable Finance Framework (SFDR) with 194 completions at end of 2025 (c. 7% of AXA IM's total workforce).
- Additionally, the ESG Development team hosts regular 'AXA IM Sustainability Talks' webinars. These sessions aim to enhance awareness across the company on ESG-related risks and opportunities, while facilitating knowledge sharing on the progress of business units on ESG topics. In 2025, topics covered included coastal nature-based solutions, stewardship, sustainable energy and food systems, healthcare, and carbon footprint.

2.3 Integration of ESG factors into remuneration policy

ESG and RI considerations are included in the appraisal process of various teams, including the dedicated RI teams. Since 2018, all heads of investment platforms at AXA IM have had ESG objectives included in the target letters that are cascaded to the relevant teams in their department. Since January 2021, individual and collective objectives for investment teams have also included elements related to the AXA IM sustainability risk framework, as well as to the updated investment processes which include monitoring of these risks. As such, the individual level of the variable portion of compensation will depend on the achievement of individual qualitative and quantitative sustainability-related objectives, as well as collective performance criteria. To instil a sense of responsibility in our employees, since 2023 each AXA IM employee has been required to undertake a personal ESG development goal (as explained above), including those working at AXA IM UK. For example, real estate equity asset management teams are assigned individual ESG objectives which target data collection coverage, asset certification and decarbonisation measures.

At AXA IM, we believe variable remuneration must take account of appropriate qualitative criteria, such as sound and effective risk management (including regulatory compliance) and client service which delivers fair, high-quality outcomes. AXA IM variable pay is potentially composed of cash and deferred variable pay and, since 2023, the deferred part of the variable pay has been indexed to an ESG performance index, aligned with AXA IM's net zero ambition framework. From 2023, the deferred compensation that started to be paid in 2024 included, alongside existing criteria, the ESG metrics relevant to the employee's business area and remit and is applicable to UK employees in scope:

- The weighted average carbon intensity ("WACI") to reach the target of 25% reduction in carbon intensity for the corporate portfolio by 2025 against a 2019 baseline: for the ESG part of the deferred compensation, this metric accounts for 75% for AXA IM Core and 37.5% for employees in support functions in scope;
- The target of having 50% of directly managed AuM from real estate portfolios aligned with the Carbon Risk Real Estate Monitor ("CRREM") trajectories by 2025: for the ESG part of the deferred compensation, this metric accounts for 75% for AXA IM Alts and 37.5% for employees in support functions in scope;
- The reduction of the corporate operational greenhouse gas ("GHG") emissions to reach the interim target to reduce them by 26% by 2025 against a 2019 baseline: for the ESG part of the deferred compensation, this metric accounts for 25% for all AXA IM Core, AXA IM Alts and employees in support functions in scope.

All principles related to remuneration are set out in the AXA IM Remuneration Policy, which takes into account AXA IM's business strategy, objectives, risk tolerance, and the long-term interests of AXA IM's clients, shareholders, and employees.

2.4 Sustainability financial products governance and process in the UK¹³

2.4.1 SDR-related governance and organisational arrangements

The SDR steering committee was established in late 2023 to oversee the implementation of SDR. The steering committee, chaired and under the sponsorship of the AXA IM UK CEO, is supported by a dedicated project manager and its members include representatives from various operational teams within AXA IM Core and the Global

¹³ As per ESG 5.6.4 R: [ESG 5.6 Sustainability entity report - FCA Handbook](#)

Chief Operating Officer (“COO”) function, as well as from the AXA IM RI Center and transversal functions, such as Legal, Compliance, and Risk Management. The steering committee continues to meet and in 2025 considered SDR-related matters, including ongoing implementation of anti-greenwashing¹⁴ and naming and marketing rules¹⁵, product classification¹⁶ and fund labelling applications, the independent assessment process, production of product and entity-level disclosures¹⁷, implementation of relevant processes and controls, and internal and external communications.

2.4.2 ESG data due diligence processes

For AXA IM Core traditional assets, a dedicated process regarding ESG data quality and controls is implemented and managed by the Sustainable Investments (SI) Solutions team within AXA IM Core. This includes direct engagement with ESG KPI providers and an annual review of the provider’s data quality and control process, data quality controls during the ingestion process within AXA IM Core’s internal data platform, and data quality checks in dedicated computation notebooks. Concretely, the annual critical review of data providers initiated by the SI Solutions team focuses on: i) what the provider is used for, ii) the rationale for provider selection, iii) the services provided, iv) key service enhancements/evolutions since previous review, and v) observations based on specific data testing/analysis undertaken. On carbon and other sustainability KPIs, the data quality controls are operated through a dedicated dashboard on a quarterly basis and the SI Solutions teams interact with the relevant data provider about anomalous values it returns. Lastly, as part of our engagement with some data providers to improve climate and sustainability data, a roadmap for improvement is requested from the providers, and monthly meetings are held to monitor the progress of each roadmap.

In addition, specific ESG-related investment guidelines are also implemented to monitor and control the proper implementation of any specific funds’ non-financial objectives and constraints (see 4.3.2 ‘Monitoring and Controls’).

This ensures a high standard of diligence in the selection of any ESG data used to inform investment decisions for our sustainability products and more widely all products disclosing ESG KPIs at product-level on an *ad hoc* or regular basis.

¹⁴ For all UK domiciled funds and funds distributed in UK.

¹⁵ For all UK domiciled funds only.

¹⁶ *Ibid.*

¹⁷ *Ibid.* for product-level disclosures, and AXA IM UK for entity-level disclosure.

3. Strategy

3.1 Introduction

At AXA IM, we believe the financial industry has a key role to play in the fight against climate change and the move to a sustainable economy, and this guides our Responsible Investment strategy and roadmap. The asset management industry is exposed to material sustainability risks. These risks, alongside the journey to a net zero and just transition, give rise to opportunities which are also considered in the strategic decisions taken by the Firm.

The Firm's targets are aligned with its parent entity, AXA Investment Managers SA, and the strategy discussed in this section is designed to support the wider AXA IM Group in achieving its sustainability objectives, including climate-related targets.

In this section we describe our sustainability strategies, including the key target of achieving net zero emissions across all our portfolios by 2050¹⁸, our approaches to exclusions and engagement, and product-level specific ESG approaches. In carrying out our strategy, we understand that we will face specific risks and opportunities, which have been detailed in section 3.3 below. These risks and opportunities are considered in the context of the AXA IM RI Framework, which is set out in section 3.4.1 below.

3.2 Net Zero Targets

AXA IM is committed to achieving net zero emissions across all its portfolios by 2050 or sooner, as well as playing a key role in helping clients better understand how climate change may impact their portfolios, and supporting them in adapting their investment decisions accordingly. As shareholders, it is our responsibility to engage with investee companies to allow us to actively monitor our investments and to ensure we maintain open channels that can enable change to the benefit of society and the planet.

As part of the integration of BNPP AM and AXA IM, new net zero targets will be set on the new BNPP AM scope (covering ex-BNPP AM and ex-AXA IM respective scopes) and disclosed in 2026.

¹⁸ As stated in the Net Zero Asset Manager initiative (NZAMI) commitment, we also acknowledge that the scope for asset managers to invest for net zero and to meet the commitments set forth above depends on the mandates agreed with clients and clients' and managers' regulatory environments. These commitments are made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of our legal duties to clients and unless otherwise prohibited by applicable law. For some asset classes, or for some investment strategies, agreed net zero methodologies do not yet exist. Where our ability to align our approach to investment with the goal of net zero emissions by 2050 is constrained today, we commit to embark with determination and ambition on a journey, and to challenge and seek to overcome the constraints we face.

AXA IM climate strategy is aligned with the frameworks proposed by the TCFD,¹⁹ the Institutional Investor Group on Climate Change (“IIGCC”),²⁰ and the Paris Aligned Investment Initiative (“PAII”)²¹, the latter is also coordinated by the IIGCC and evidenced by our active involvement in international initiatives such as Climate Action 100+ (“CA100+”)²² and the Climate Bonds Initiative.²³ It consists of:

Net zero targets²⁴:

- AXA IM published its first net zero targets in October 2021²⁵, which were subsequently revised in April 2022²⁶ to cover c. 65% of all AuM since the end of 2021 (see section 4.3 for more details);
- Specific net zero targets have been set for investments in Listed Corporates (Fixed Income and Listed Equity), Sovereigns, direct Real Estate Equity, and direct Infrastructure Equity & Debt asset classes which follow industry standards²⁷;
- Since 2023, to support the implementation of those targets, we rely on the AXA IM Climate Colour Framework, incorporating internal and external information to determine the net zero profile of assets, to help to inform investment decisions, which we have enhanced in late 2025 as disclosures and transition plans from companies continued to improve.

Stewardship²⁸:

- Engagement and continued dialogue with companies and clients are crucial to influencing their net zero trajectories. Climate topics represent a significant portion of our shareholder engagement activities and we have developed a “Three Strikes and You’re Out” engagement policy focused on companies which are lagging behind from a climate perspective²⁹. Using a focused list of companies, this means that, if we do not see progress from the companies on the specific objectives set at the beginning of the engagement, we will divest after three years;
- We may vote against the management, the Board Chairman and the CEO if companies in sectors exposed to climate issues do not have a net zero emissions strategy with short, medium and long-term carbon emissions reduction targets, as well as executive remuneration aligned to climate strategy objectives. Additionally, we assess the consistency of the transition plan of investee companies against their climate strategy and will ask them to report on the intermediate

¹⁹ [Task Force on Climate-related Financial Disclosures](#)

²⁰ [IIGCC - The Institutional Investors Group on Climate Change](#)

²¹ [Paris Aligned Investment Initiative](#)

²² [Climate Action 100+](#)

²³ [Climate Bonds Initiative](#)

²⁴ AXA IM has set an initial milestone of 25% reduction by 2025 compared to 2019 at the entity-level, and will soon set a 2030 climate target, in line with our 2050 net zero target: see sections 6.1 “Climate strategy” and 6.5 “Climate dashboard” of the 2024 AXA IM Climate report.

²⁵ See NZAM 2021 progress report, December 2021: [NZAM-Progress-Report.pdf \(netzeroassetmanagers.org\)](#)

²⁶ See NZAM Initial target disclosure report, May 2022: [NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf \(netzeroassetmanagers.org\)](#)

²⁷ The [TCFD recommendations on metrics and targets](#), the [IIGCC Net Zero Investment Framework](#), the [Carbon Risk Real Estate Monitor \(CRREM\) decarbonisation pathways](#) for real estate assets and the [Germanwatch Climate Change Performance Index \(CCPI\)](#) for sovereign assets.

²⁸ See AXA IM’s Stewardship & Engagement policies (applicable until December 31, 2025; new BNPP AM voting & engagement policies are implemented since January 1, 2026): [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

²⁹ Evidence of the « Three Strikes and You’re Out » policy is disclosed in BNPP AM 2025 Sustainability & Stewardship Report for more information: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

achievements of the objectives during Annual General Meetings. We focus our efforts where materiality is greatest, notably in the energy sector and the building materials industry. Companies engaged are selected based on their absolute emissions and on the exposure in the portfolios we manage for our clients;

- Discussions are also taking place with sovereign issuers on ESG topics during regular meetings with Treasuries, Central Banks and other government ministries and agencies, as well as part of discussions on specific green and social bond issuances. This provides an opportunity to undertake deep dives on sovereigns' sustainability public expenditure programmes and thus better understand the ESG risks of a country.

Exclusions:

- AXA IM excludes investment in companies which fail to meet certain climate change criteria, with a particular focus on thermal coal and unconventional oil & gas, and applying various revenue and/or product-based criteria³⁰. Our investment portfolios exclude thermal coal-based electric power generating utilities and thermal coal mining companies that do not credibly demonstrate a commitment to energy transition. This policy was expanded in 2023 by lowering the revenue share at which a company would be excluded, as well as by excluding all companies with new thermal coal mining or power generation plans. Since early 2022, we also excluded companies in the unconventional oil & gas sector with a focus on tar sands, fracking/shale and Arctic production. In 2023, we tightened our policy by lowering the threshold of absolute production for oil sand companies, depending on their market and production share. Lastly, AXA IM is committed to exiting all thermal coal investments in OECD countries by the end of this decade, and throughout the rest of the world by 2040. This commitment will be implemented over time with the help of exclusion and engagement.

In developing our net zero strategy, we faced several issues related to accessing reliable and tangible raw data and metrics. Although initiatives to encourage companies to report in a more homogeneous, transparent, and usable manner are multiplying, ESG data remains diverse and therefore complicated to use when investing and reporting. We are dependent on companies reporting on environmental data, methodologies developed by external data providers, and the frequency with which this data is updated. As the interest in ESG grows among clients and regulators across geographies, the need for common, clear, and usable standards has become a top priority for the financial industry. This forms an important area for our public policy engagement and we actively participate in industry bodies and interact with regulators.

In addition, at the product development stage, we also consider the operational implementation of the strategy to ensure our commitments are monitored in a robust and efficient manner.

As well as being part of the IIGCC working group on Net Zero Investment Framework ("NZIF"), AXA IM also continues to work closely with its parent company AXA in the Net Zero Asset Owner Alliance ("NZAOA"),³¹ with the aim of defining how investment strategies will support the shift of the economy to a pathway consistent with the objectives of the Paris Agreement.

³⁰ More details on AXA IM Climate risks policy exclusion criteria are disclosed on the policy available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

³¹ See the United Nation (UN)'s Environment Programme Finance Initiative dedicated [website](#).

AXA IM UK is aligned in its activities in supporting AXA IM to meet its over-arching net zero targets. AXA IM's net zero targets are aligned to the UK Government's commitments to ensure the UK achieves net zero GHG emission by 2050. For more information on the implementation of our net zero targets across AXA IM's business lines, AXA IM Core and AXA IM Alts, refer to section 6.4 in the AXA IM 2025 Report.

3.3 Sustainability Risks and Opportunities

In this section, we provide information on the key climate and other sustainability related risks and opportunities to which AXA IM UK is or could become exposed, the potential impact on the Firm and the applicable timeframes over which we assess they may materialise.

Sustainability risks and opportunities are considered across the following time horizons:

- Short term: the impact of these risks and opportunities would be observed over a timeframe of 0 to 5 years;
- Medium term: the impact of these risks and opportunities would be observed over a timeframe of 5 to 10 years;
- Long term: the impact of these risks and opportunities would be observed over a timeframe from 10 years up to 2050, which is the target for the AXA IM Group to achieve net zero.

It should be noted that the severity of the impact of each of the sustainability and climate risks will also differ depending on the underlying cause of the risk.

3.3.1 Sustainability Risks

Further information regarding how we identify, assess and manage climate-related and other sustainability risks can be found in section 4 on Risk Management below. The key sustainability risks that we face as a business are shown in the table below. Whilst sustainability risks form an important element within our overall assessment of the risks facing our business, they mainly influence our assessment of pre-existing risks within our risk taxonomy rather than create entirely new ones. Pre-existing risks within our taxonomy are tested via severe yet plausible scenarios applied to our business model (*e.g.* severe economic conditions or loss of clients) or on our operational risks (*e.g.* denial of important business services), for which sustainability risks may be a causal factor amongst others. Given that sustainability risks tend to be mixed in with a number of other causal factors that affect our business, we do not apply standalone scenarios, believing that applying such elements would be over-simplistic and may give rise to misleading conclusions.

Climate Taxonomy	Description	Timeframe	Impact on the Firm
Transition / Market	Secular downturn in markets due to climate concerns. This relates to the value of assets that the Firm manages on behalf of its clients. If investee companies' business models are not adapted sufficiently to climate change, then this can have a negative impact on their share prices and on the credit and liquidity risk of the debt that they issue. A similar issue may arise for holdings in real estate and infrastructure assets. The symptoms of climate change are numerous and will vary from sector to sector.	Long	Downturn in markets leading to lower AuM which in turn results in lower fee income.
	Inflationary pressures as result of climate change increasing costs along the supply chain.	Medium	Increased business costs.
	Inadequate integration of sustainability risks into the investment process, resulting in overweight positions to sustainability affected assets within client portfolios and consequent poor performance against fund objectives.	Medium	Client withdrawals leading to lower AuM which in turn results in lower fee income.
	Failure to meet consumer demand for products with sustainability related goals results in lost opportunities to gain assets and/or attrition of current book of assets.	Short	Client withdrawals leading to lower AuM which in turn results in lower fee income.
Transition / Reputational	Risk that RI related product disclosure misleads clients, or that failures in the processes underpinning these policies result in the occurrence of operational errors (e.g., incorrect reporting, incorrect investment decisions).	Short	Reputational damage suffered by the Firm could result in clients leaving, in turn reducing the AuM base and therefore fee income. The Firm may need to make client redress payments, incur remediation costs and/or incur regulatory sanction.
Transition / Policy-Legal	Failure of the Firm to adequately meet the requirements of changing sustainability regulations (at entity and/or product level)	Short	As above for transition/reputational.
Physical / Acute	Business disruption caused by extreme climate events (either at the Firm or its critical service providers) leads to interruption in ability to provide vital business services for our clients.	Short	As above for transition/reputational.

3.3.2 Sustainability Opportunities

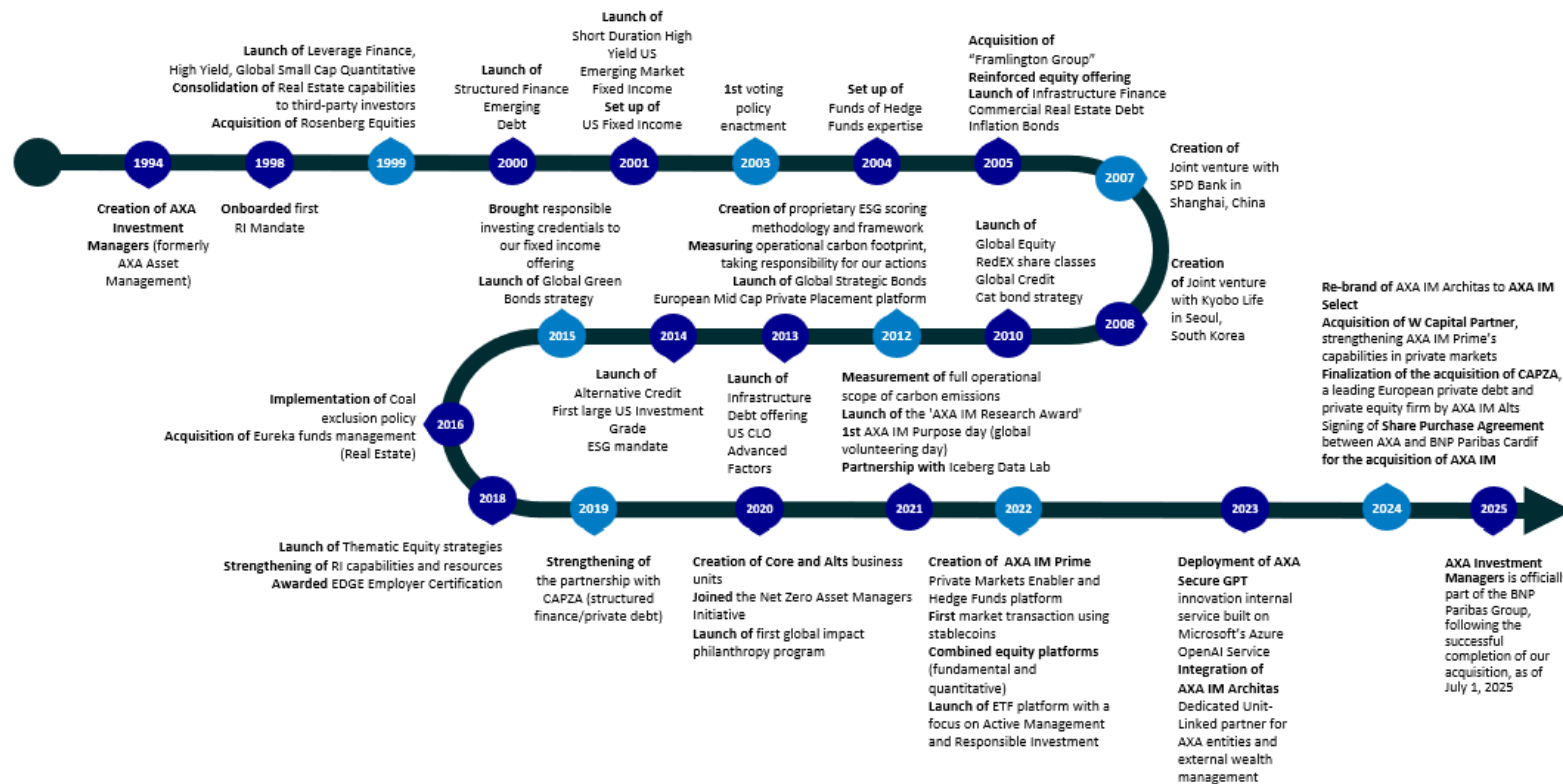
The journey to net zero does provide the Firm with opportunities in both the products that it manages and also as a corporate entity. Being part of a global group allows the Firm to be innovative and able to meet the requirements of its diverse client base.

Climate Taxonomy	Description	Timeframe	Impact on the Firm
Transition / Market	Superior analysis of sustainability risks in the investment process may enable the Firm to rebalance client portfolios into those investments that are more resilient to sustainability risks or actively gain from these characteristics, thus boosting long term financial returns. Examples include investing in assets with the technology and infrastructure needed to transition away from carbon emissions, renewable energy technologies, electrification of transport, investing in real estate assets with high levels of climate resilience, or investing in companies aiming to provide important services to underserved populations	Medium	Superior financial performance could attract new clients and hence increase fee income.
	If new sustainability focused product ranges are innovative enough, potential to gain market share as the Firm would be able to attract and retain clients by aligning their investment needs with the products that we offer.	Short	Innovative products could attract new clients, resulting in higher AuM and therefore increased fee income.
	New reporting tools provide clients with enhanced data regarding their sustainability investments, allowing them to ensure that they are able to meet any commitments that they may have made.	Medium	Having reporting tools that provide more clear and concise data could attract clients from competitors, leading to greater fee income.
Resource efficiency / Cost savings	Climate efficiency measures, such as in relation to energy (such as low-carbon properties) or business travel policy may save costs.	Short	Efficiency initiatives could result in ongoing cost savings.

3.4 Our approach to responsible and sustainable investments

AXA IM, including AXA IM UK, has been involved in responsible investment for more than 20 years. We are actively engaged in progressively incorporating ESG factors into each area of management expertise and in the development of a range of responsible and impact investment products.

Our RI capabilities are embedded within each of AXA IM's four business units: AXA IM Core for traditional asset classes, AXA IM Alts for alternative asset classes, AXA IM Prime for private market assets, and AXA IM Select mainly for unit-linked related assets. RI is now embraced by all investment teams which perform RI-related activities as part of their day-to-day work. The business units work collaboratively in the implementation of AXA IM's RI Strategy described in this report, notably to achieve AXA IM's ambition to reach net zero GHG emissions by 2050 across all assets under management.



Source: AXA IM, 2026.

We believe that ESG factors can influence not just the management of investment portfolios across all asset classes, sectors, companies, and regions, but also a range of interests affecting clients and other stakeholders.

Our investment philosophy is based on the conviction that sustainable development issues are currently, and will continue to be, a major concern. We believe that combining fundamental 'non-financial factors' with traditional financial criteria will help us build more stable portfolios that perform better over the long term. The non-financial approach has become a necessity in multiple ways:

- It is instrumental in removing companies and investments from portfolios when they cause exposure to high levels of ESG risk, which would ultimately affect financial performance;
- It focuses on companies and investments that have implemented best practice in managing their environmental impacts, governance and social practices, and whose responsible practices leave them better prepared, to meet the major challenges of the future;
- It may support improved performance by means of active dialogue with companies on managing ESG concerns around investments and limiting our clients' exposure to reputational risk.

AXA IM's RI framework, policies and processes are built to consider both impacts, at varying degrees depending on the level of integration of our products.



Source: AXA IM, 2025.

More information on ESG integration by investment platform and asset class is available in a dedicated document available on the BNPP AM website³².

3.4.1 AXA IM's Responsible Investment Framework

AXA IM is a long-term, responsible investor who aims to deliver sustainable returns for clients through in-depth research, data analysis, and the construction of portfolios seeking to optimise both financial and non-financial factors. Our investment process reflects the core belief that a focus on sustainability can help deliver robust economic and financial performance over the long term.

AXA IM's RI Framework is organised around three pillars:

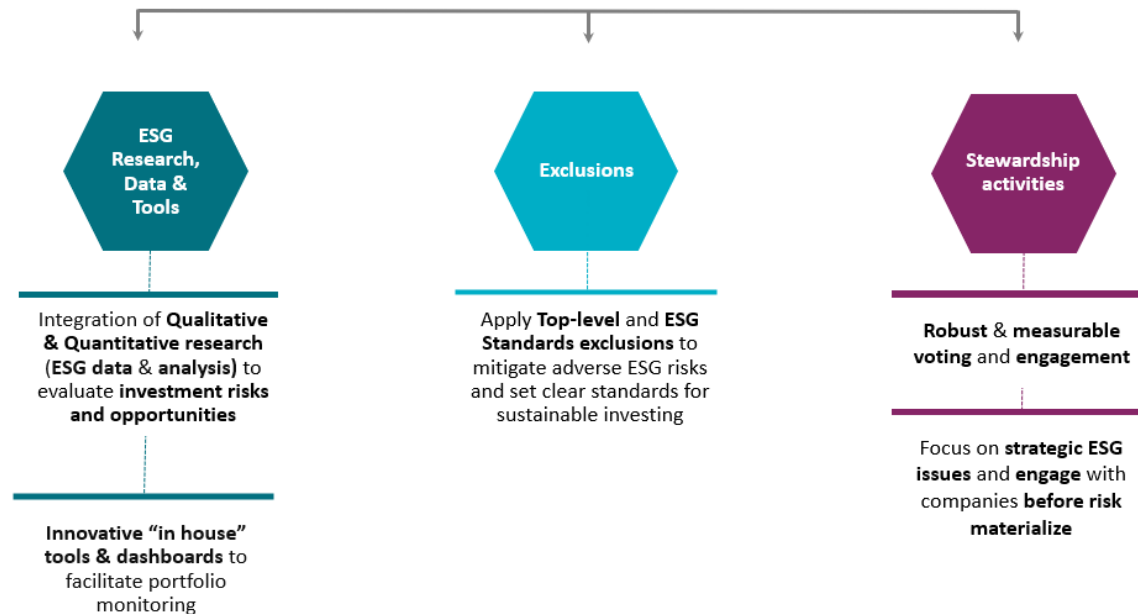
1. **ESG quantitative and qualitative research;**
2. **Normative and sectorial exclusion policies;**
3. **Stewardship strategy.**

Our ESG quantitative and qualitative research is designed to help us better understand the materiality of ESG challenges for sectors, companies, and countries. This research feeds our integration and exclusion strategies by identifying where assets might be exposed to ESG risks with a potential detrimental and irreversible effect on

³² See AXA IM ESG Methodologies Handbook, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

the performance of our portfolios, as well as on long-term global sustainability. Our normative and sectoral exclusions define our red lines and send a clear message to companies and sovereigns on what we consider unacceptable from an ESG-perspective. For assets where we remain exposed, we apply our voting and engagement strategies so that we can support issuers in their transition journey. In applying our stewardship strategy, specifically for engagement with objectives, we aim to set out meaningful objectives and clearly communicate those to the management of the issuer. We then hold meetings with issuers to verify and evaluate progress on ESG issues. When necessary, we vote with conviction or pursue other escalation techniques which may lead to divestment in the most problematic cases, or when commitments agreed by investee companies (or progress agreed upon) have not been fulfilled.

More detailed information on the AXA IM RI Framework can be found in section 1.2 of the AXA IM 2025 Report.



Source: AXA IM, 2025. For illustrative purposes only.

3.4.2 AXA IM Traditional investments in the UK

Recent years have seen growing interest in Paris-aligned/net zero investing on traditional asset classes and listed markets. New initiatives and frameworks have emerged to provide a foundation for new climate-compatible investment approaches, and the industry has voiced greater commitment to incorporating these objectives into their investment decision processes. We are optimistic in the ability of our industry to benefit from the abundance of tools and data. We are committed to assessing and integrating climate models, but also in engaging with data providers and industry groups to refine these methodologies. Investment managers are beginning to move from commitment to action and are making important decisions about what tools to use and how to deploy them. At AXA IM, we propose to start from a set of principles

in guiding our decision-making and framing the selection of tools and KPIs to achieve portfolio alignment. We believe that by following these principles we can most effectively navigate the evolving landscape and constructively tackle the challenge of aligning our strategies with the Paris Agreement.

Further information can be found on AXA IM Core's specific approaches, product offering, internal resources and ESG capacity building at section 1.3 "Sustainable family of funds" of the AXA IM 2025 Report.

AXA IM has invested significant resources into recruiting RI experts and analysts who work with our investment teams to integrate ESG issues into their investment processes. Their range of backgrounds includes fund management, sell-side research, quantitative analysis, strategy and project management, in addition to relevant RI experience, with the aim of ensuring that RI issues are integrated using an investment-relevant approach. In total, twenty-three employees in AXA IM Core are dedicated full-time to RI / ESG activities. There are also other professionals whose ESG work is embedded in their day-to-day activities. More specifically, since the last AXA IM RI governance review in 2023, RI capabilities within AXA IM Core are organised among:

- The Sustainability team integrates RI & ESG into all AXA IM Core investment processes and portfolio construction, ensures coordination of investment-related RI initiatives, and also performs the analyses of AXA IM Core's Green, Social and Sustainability Bonds (GSSB) offering;
- The Sustainability, Products and Client teams develop AXA IM Core's strategy regarding their RI product offering;
- The Sustainable Investment (SI) Solutions team works on the quantitative side of ESG integration at AXA IM Core, by developing and implementing the necessary methodologies and leading operational processes. Using these methodologies, the SI teams integrate RI guidelines and ESG considerations into the investment processes and portfolio construction;
- Lastly, the ESG and Impact Research team adds onto these efforts by performing ESG and impact research and analysis on investee companies and engaging with them on material ESG and impact issues.

In addition, certain employees from operational functions within AXA IM Core and within the Global COO department are fully dedicated to ESG development to ensure the adaptation of our operational and IT framework to reflect ESG integration and the proper level of oversight from control functions.

Additional information on AXA IM Core can be found in section 2.1 of the AXA IM 2025 Report and information on the technical resources, in particular ESG data, used by AXA IM Core's SI Solutions team can be found in the AXA IM 2025 Report section 2.3.

3.4.3 AXA IM Alternative investments in the UK

As one of the world's largest real assets managers, we believe that the decisions we make when investing can do much more than generate financial returns. We can contribute to a sustainable future by minimising the environmental impact of our assets, protecting them against the effects of climate change and working collaboratively to unleash the transformative potential of our ingenuity.

The built environment contributes significantly to the world's annual carbon emissions, giving us the opportunity to make an important contribution to decarbonisation. We are actively investing towards a low carbon future, be it through the creation of infrastructure for renewable energy, developing best-in-class real estate, or regenerating and transforming existing building stock worthy of a place in the low carbon future.

At AXA IM Alts we see growing interest in solutions which invest in innovation, from natural capital and nature-based solutions to clean energy generation and usage, to reducing reliance on carbon intensive sources of energy that are damaging to the environment.

Further information can be found on AXA IM Alts' specific approaches and product offering in the AXA IM 2025 Report and cover:

- Internal programme to accelerate our contribution to decarbonisation, including approach, asset level modelling, output and review, and key learnings and implications for our decarbonisation strategy and next steps (see section 6.4 of the AXA IM 2025 Report for more detail);
- Impact investing in private markets, including healthcare and natural capital strategies and impact performance framework (see section 1.3 of the AXA IM 2025 Report for more detail);
- Real estate direct and other property certification schemes (see section 1.3 of the AXA IM 2025 Report for more detail).

In addition to the breadth of RI experts embedded within the asset management business to provide thematic research, coordination and governance, AXA IM Alts has a dedicated central RI team of seven experts to support the ESG integration of the Real Estate and Infrastructure business through specific research and analysis of portfolio ESG performance, climate related risk assessment and reporting, in addition to day-to-day support for all investment teams.

For Real Estate Equity, the RI teams coordinate a network of ESG leads, ESG experts within the Asset Management team, who are in charge of the operational deployment of our ESG strategy within real estate assets. Local ESG leads oversee the integration of ESG across real estate assets in their geographies by leading sustainability related projects, including the UK.

Lastly, dedicated ESG resources are servicing the Natural Capital and Alternative Credit business line, including a dedicated Impact Investing team in the UK.

3.4.4 AXA IM Private Markets investments in the UK

Established in 2022, AXA IM Prime is a fully integrated provider of investment solutions across private markets, including private equity, private debt, infrastructure and hedge funds. It is an advanced ESG investor that aims to create sustainable value by encouraging best practices in private markets. Its goal is to promote sustainable ambition in the sector, a philosophy which is directly rooted in AXA IM's strategy to act for human progress by investing for what matters.

A dedicated ESG team of five full-time employees supports AXA IM Prime's investment teams in the implementation of their ESG strategy. The Prime ESG Team supports AXA IM Prime's investment teams in the implementation of the overall ESG strategy, in close cooperation with the ESG Champions within each investment team and support and control function teams, with each being responsible for promoting the implementation of the ESG Strategy in their teams' daily work. The ESG team provides them with subject-matter expertise as well as training and guidance on key ESG issues and best practices, so enabling the ESG Champions to work optimally. The ESG Champions meet on a monthly basis to discuss operational matters related to ESG integration at AXA IM Prime. Finally, a RI Steering Committee oversees all aspects of AXA IM Prime's ESG strategy and implementation.

Additional information can be found in the AXA IM 2025 Report section 2.1.

3.4.5 AXA IM Impact Philanthropy Mechanism

AXA IM’s responsibility also extends to ensuring we contribute meaningfully to tackle key societal challenges through our philanthropy programme ‘Empowering Sustainable Futures’. This programme brings together our global donations, volunteering and philanthropic research into one place, across Europe, Asia and the US.

Since 2020, AXA IM has developed a philanthropy mechanism allowing the allocation of up to 5% of selected impact funds’ management fees to positively impact both society and the planet through philanthropic projects.

Each year, we dedicate significant resources to support a wide range of social, educational, mentorship and environmental causes. The Empowering Sustainable Futures programme enables AXA IM to support organisations committed to developing tomorrow’s leaders through education and supporting areas of our communities and the environment most impacted by climate change. The projects remain aligned with our impact objectives and with selected United Nations Sustainable Development Goals (“UN SDGs”) such as:

- SDG 3 – Good Health and Well-Being
- SDG 4 – Quality Education
- SDG 11 – Sustainable Cities and Communities
- SDG 13 – Climate Action
- SDG 15 – Life on Land

In 2025, AXA IM employees globally took part in several volunteering initiatives with local charity partners – with 909 unique volunteers (accounting for 31% of our global workforce) contributing 2,820 volunteering hours with philanthropy partners.

3.4.6 Climate scenario analysis

At entity level

AXA IM has explored forward-looking metrics over the past years. In 2024, and through its collaboration with MSCI, Beyond Ratings and Iceberg Data Lab (“IDL”), AXA IM has continued to investigate innovative forward-looking metrics to measure the exposure of our investments to transition and physical risks and the global warming potential of our investments.

To test for the sensitivity of our business models to climate change, AXA IM uses the MSCI/Carbon Delta’s Climate Value-at-Risk (“CVaR”) methodology, which uses the Network for Greening the Financial System (“NGFS”) scenarios, widely recognised by the market³³. CVaR represents an estimation of how the value of AXA IM’s investment

³³ The Network for Greening the Financial System (NGFS) is a network of 145 central banks and financial supervisors over 90 countries created in 2017 that aims to accelerate the scaling up of green finance and develop recommendations for central banks’ role for climate change. Its climate scenarios, presented in June 2020, have gained significance in the recent years, making them a notable reference in the field. The scenarios are based on the three integrated assessment models REMIND-MAgPIE (Potsdam Institute for Climate Impact Research), GCAM (University of Maryland) and MESSAGEix-GLOBIOM (International Institute for Applied Systems Analysis). Their results were fed into the NiGEM model (National Institute of Economic and Social Research) to conduct further macroeconomic analyses on inflation or unemployment. In addition, climate data provided by Climate Analytics and the ETH Zurich are published.

portfolios of corporate bonds, listed equity and commercial real estate (“CRE”) debt could be impacted (up or down) by climate policy risk, technology transition opportunities and extreme weather events. This model is currently applicable only to corporate and real estate assets (it is not applicable to sovereign assets) on which global future potential costs or benefits within three given climate scenarios (1.5°C, 2°C or 3°C scenario) are assessed for three types of risks: policy risks (*i.e.* transition risks), technology opportunities and physical risks are assessed separately, and also combined into a single CVaR metric.

In addition, to assess the global warming potential of its investments, AXA IM has used the MSCI “Implied Temperature Rise” (“ITR”) metric since 2021 to assess how AXA IM’s investment portfolios of corporate bonds and listed equities align with global temperature targets. The ITR model estimates the global temperature increase by 2100 if the entire economy were to exceed or fall short of its carbon budget in the same way as a specific company or portfolio. The metric, expressed in °C, is therefore forward-looking, based on climate scenario analysis. For sovereign assets, AXA IM measures the same metric by leveraging the Climate Liabilities Assessment Integrated Methodology (“CLAIM”) model developed by Beyond Ratings.

Both metrics provide insights on the assets most impacted and at risk from climate change effects, and how AXA IM manages these risks year-over-year. However, the underlying assumptions of these methodologies are complex (*e.g.* merging climate science and hypothetical forward-looking macroeconomic scenarios). Therefore, these indicators should be taken as orders of magnitude over long time horizons and are difficult to use in day-to-day investment decisions. Other than some specific uses at a fund-level, see below, the metrics are not used for the purpose of setting investment objectives at an entity or product level. Nevertheless, we regularly discuss the enrichment of the underlying assumptions of the methodologies with our data providers in order to improve the quality of the information for use in our investment processes. More information on the CVaR and ITR methodologies are available in section 6.5 of the AXA IM 2025 Report.

AXA IM Alts utilises a suite of external modelling capabilities to assess various climate scenarios used for investment decision-making, in particular in respect of physical risks:

- For real estate investment in the UK:
 - AXA IM Alts has integrated decarbonisation modelling and capex planning into its financial planning solution (“Anaplan”) and from this point onwards we are progressively rolling this out across the real estate equity portfolio. As soon as ESG Capex are uploaded into Anaplan, the CRREM curve is automatically recalibrated to reflect the latest information. This level of automation enhances efficiency, ensures data consistency, and enables more dynamic and accurate modelling of ESG CapEx budgets and simulation of various capital expenditure scenarios and impact on decarbonization with high precision, allowing us to compare our assets against industry benchmarks and competitors. This detailed modelling helps us optimize investment decisions, prioritise capital allocation, and improve financial performance across the portfolio.
 - We are in the process of transitioning our physical climate risk assessment workflows to Swiss Re’s Risk Data Solutions (RDS) platform. Swiss Re was selected following a comprehensive market review of physical risk screening tools for its advanced capabilities, including increased hazard coverage, forward-looking modeling, and integrated financial loss projections. This allows us to better understand the physical risk exposure related to coastal and river flooding, sea level rise, earthquakes, hail and wind-storms. This gives us visibility on the current and historical level of risk for any asset. Our belief is that where events currently exist, they are likely to increase in regularity and intensity in the future. The level of risk identified is determined by three components: hazard (defined by severity and frequency), exposure (characterized by the physical properties of the building), and vulnerability (defined by destruction rates, based

on hazard and exposure). Where significant risks are identified, we may undertake more detailed due diligence based on forward-looking scenarios to provide further information on which to base our decisions and to inform asset-level adaptation plans to mitigate some of these identified physical risks;

- For infrastructure investments, AXA IM Alts assesses climate-related physical risks using AXA Climate as its primary provider for physical risk and climate scenario analysis. These assessments support an understanding of exposure to acute and chronic climate hazards across underlying assets. AXA IM continues to review and assess alternative external providers to further strengthen and complement its physical risk analysis capabilities over time. IDL is used on a limited basis solely for the calculation of selected Principal Adverse Impact indicators (PAIs 4 to 9) and is no longer used for greenhouse gas emissions or transition-related analysis. Different tools therefore address distinct analytical purposes and are not intended to be directly comparable. AXA IM recognises that variations in data availability and consistency across asset classes may affect the comparability of results. Outputs are interpreted with appropriate caution and are used to inform risk awareness and engagement rather than as standalone decision-making inputs.

At product level

For example, following a reshaping of the AXA Sterling Buy & Maintain Credit Fund in June 2022 into the AXA Carbon Transition Sterling Buy & Maintain Credit Fund, the fund now pursues an objective based on forward-looking commitments to reduce its carbon intensity. It aims to keep its WACI lower than its carbon emissions benchmark (*i.e.* the marker for the WACI calculated relative to its index's WACI, the ICE BofA ML Sterling Non-Gilt index), calculated initially as a 30% reduction of the WACI of the index as of 31 December 2021 and, thereafter, as a further 7% reduction of the WACI of the carbon emissions benchmark per year, based on the WACI of the Emissions Benchmark from the previous year.

In addition, for some products specifically, and following the FCA ESG Handbook' section ESG 2.3 "Product-level reporting", we also report on:

- how climate change is likely to impact our assets under 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios using the CVaR methodology, and,
- the global warming potential of the products using the ITR metric.

The CVaR is assessed on all listed corporate assets under these three climate scenarios on both policy risks, technology opportunities and physical risks, and we also identify the five issuers with the highest CVaR for each type of risk separately. As mentioned above, the CVaR metric is not used directly for the purpose of setting investment objectives at product-level, but only for information purposes.

3.5 Our own operations – UK Corporate Responsibility strategy

At AXA IM, we recognise the critical importance of aligning our actions with our principles of responsible investment. Therefore, our CSR strategy is structured around the same three pillars of ESG considerations that guide our investment decisions. Within the Environmental pillar, we have set an objective to contribute to net zero by 2050 or sooner, reflecting our commitment to enabling a more sustainable future. To achieve this goal, we have implemented a comprehensive three-step programme for our emissions: Measure, Reduce, and Contribute to Net Zero. This programme encompasses all our operations, including those in the UK, ensuring that we

systematically assess our emissions, implement measures to reduce them and contribute to Net Zero by accounting for remaining emissions through verified carbon credit projects.

Measure

Since 2012, AXA IM has measured its environmental footprint in the UK across scope 1, 2 and business travel emissions. In 2021, we expanded this approach to cover all global locations and all emission scopes – including Scope 3, where we account for indirect emissions from our supply chain and the goods and services we purchase.

To support this comprehensive assessment, we conduct our annual GHG Emissions Measurement Study in collaboration with the environmental reporting company ClimateSeed using the GHG Protocol Corporate Standard methodology. This expanded measurement enables us not only to track our emissions, but also to take meaningful action to reduce our environmental impact. As part of this effort, we remain committed to continuously enhancing the quality and methodology of our data each year. This initiative also reinforces our expectations for transparency and accountability from the companies we invest in, aligning with our commitment to responsible investment practices.

Reduce

AXA IM had set specific targets to reduce emissions and consumption by end of 2025 in the UK. The targets, set against a baseline of 2019, are aimed at delivering tangible results, with progress measured and reported externally on an annual basis.

In addition to enhancing our reduction capabilities, we continue to engage with ClimatePartner, an environmental consultancy, to implement our net zero roadmap, address Scope 3 supply chain emissions, and engage employees more effectively in our journey.

In 2025, we continued to implement sustainability standards for our operations in the UK such as the Sustainable Events and Corporate Gifts Standards. Our Sustainable Events Standard is designed to reduce the environmental impact associated with event management, planning, and attendance. Our Corporate Gifts Standard discontinues the distribution of corporate gifts to minimise the environmental impact from manufacturing, distribution, and end-of-life processes. Instead, funds are redirected towards charitable donations, aligning with our commitment to social responsibility. In 2025, money was donated to Habitat et Humanisme in lieu of corporate gifts.

Contribute to Net Zero

As a final stage, we contribute to net zero through verified carbon projects. While carbon offsetting is not viewed as a standalone solution, we acknowledge that certain emissions may be unavoidable in running our business. In 2025, AXA IM continued its commitment to contribute to net zero by purchasing carbon credits to address emissions generated throughout our operations during the previous year. These credits supported a REDD+ Conservation project in Colombia. By investing in this high-quality carbon project, we aim to mitigate the environmental impact of our operations while actively working towards reducing our overall carbon footprint.

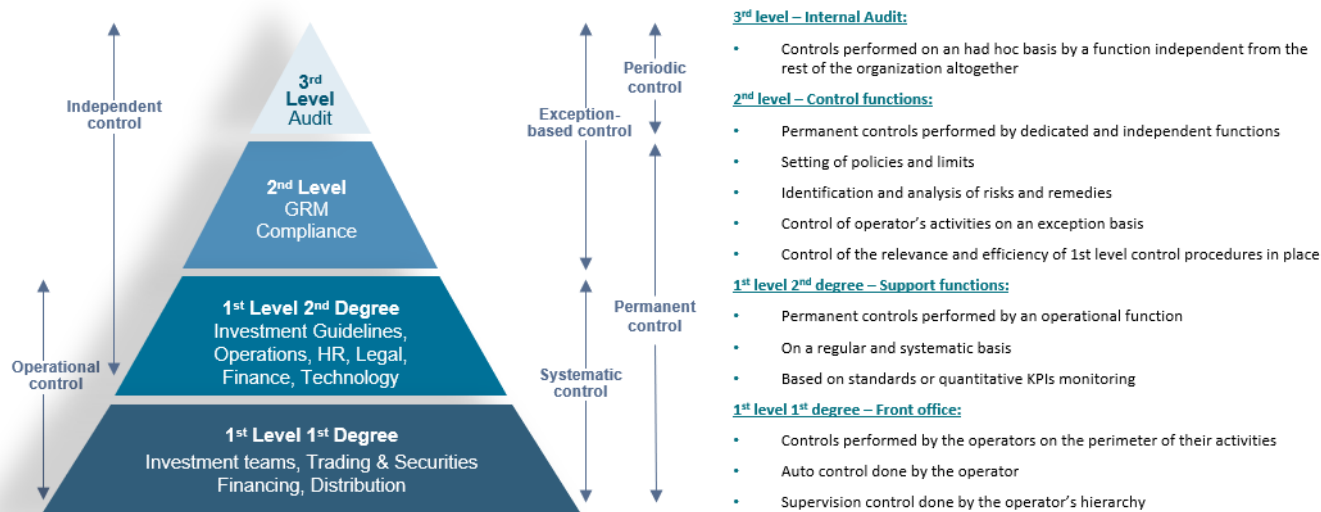
4. Risk Management

4.1 Introduction

Throughout 2025, and as an asset management company, sustainability-related risks can affect us not just as a firm (our 'entity' assessment) but also our clients through the investments we make on their behalf (risks at the 'product' level). Whilst in practice there may be some overlap/spillover effects between the two, it is important for us to explain our assessment and processes around them through two separate prisms: 'entity' and 'product'.

AXA IM UK adopts a model based on three lines of defence to manage our risks, whether at entity or product level:

- The first line of defence (front office business units) is directly accountable for pre-trade controls (incl. e.g. the monitoring of ban lists and/or eligible investment universe updates), overall risk acceptance of investment decision-making and the implementation and management of appropriate controls;
- The second line (independent control functions such as Risk and Compliance teams) is responsible for overseeing and challenging the effectiveness of risk decisions taken by the business units; and
- The third line of defence is the independent assurance provided to the Firm by the Internal Audit Team according to an annual risk-based audit plan approved and monitored by the relevant governance bodies.



Source: AXA IM, 2025.

On climate change, when assessing climate risks, we distinguish between physical and transition risks. Physical risks result from climate events that are either acute – such as the immediate disruption of physical assets caused by storms and floods – or chronic – such as the potential effect of rising sea levels, temperature changes and the disruption of ecosystems on our business model or that of our investments. Transition risks arise from the process of adjustment towards a low-carbon economy. The impact may be seen in the potential costs of changing business models to adapt to the emergence of disruptive technologies, in the costs and penalties imposed by climate developments in policy and regulation, or in changing patterns within consumer demand (*e.g.*, a growing appetite amongst investors for products that incorporate varying degrees of responsible investment, including products that meet investors’ climate-related objectives).

4.2 Entity Level Sustainability Risks

Our approach to identifying, assessing, and managing sustainability-related risks

The Firm’s Board is ultimately responsible for the identification, assessment and management of all risks facing the Company, including the repercussions of sustainability adverse impacts on our risks and opportunities. Sustainability Risk Assessment and Management is integrated within our Enterprise Risk Management Framework.

Risks are assessed regularly via the combination of a top-down process led by the Board and a bottom-up process guided by interviews with business heads and risk owners. The results are combined into a principal risk register which is then approved by the UK Risk Committee and Board. This process also incorporates consideration of sustainability risks. Risks are considered according to the time frame over which they are observed, with 0-5 years being short term risks, 5-10 years being medium term risks, and 10+ years being long term risks. The assessment of the materiality of each risk is made using a combination of the standard probability/impact matrix integrated within our Enterprise Risk Management framework and qualitative views.

Following the identification and materiality assessment, net risks are then compared to the risk tolerance of the Firm, and action plans implemented to address the risks that are outside the stated tolerance. The Risk Department helps identify and monitor key risk indicators to track the progression of risks, which are reported to the UK Risk Committee in regular reporting. The assessment of risks and associated controls also helps the Risk Department to develop its Controls Assurance Programme and for the Firm to calculate appropriate capital required to cover residual risks.

4.3 Risk management monitoring framework of sustainability risks (including climate) for our products

4.3.1 Identification and Mitigation of Sustainability Risks in our Products

With respect to the financial products that it manages, as well as investment advice it provides, AXA IM manages the sustainability risks of its financial products and investment advice using an approach derived from the integration of ESG criteria, and has implemented a framework to integrate sustainability risks in investment

decisions based on sustainability factors, thereby notably relying on our sectorial and normative exclusion policies on the one hand and our proprietary ESG scoring methodologies on the other. The Firm is fully integrated within AXA IM's overall approach which is applied to our research and investment processes and relies on our sectorial and normative exclusion policies and our proprietary ESG scoring methodologies, as described below.

We believe that these policies contribute to the management of sustainability risks in two complementary ways. Exclusion policies aim to exclude assets exposed to the most severe sustainability risks identified in the course of our investment decision-making process (e.g. for climate, our AXA IM Climate Risks Policy). The use of ESG scores in the investment decision process enables AXA IM to seek lower sustainability risks. It also helps us decide whether to seek lower sustainability risks by focusing on assets with an overall better ESG performance, or to focus on improving the current level of ESG performance of our assets and improve it over time.

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

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

The framework is complemented by:

- In-house ESG research on key themes, including climate change, biodiversity, gender diversity and human capital management, responsible technology, and corporate governance, which is supported by broker research, as well as regular meetings with companies, participation in conferences and industry events. This research helps us to better understand the materiality of these ESG challenges on sectors, companies, asset types and countries;
- Internal qualitative ESG and impact analysis at the company, asset, and country-level;
- ESG KPIs: investment teams have access to a wide range of extra-financial data and analysis on ESG factors across asset classes. More specifically, for traditional asset classes, a package of Environmental KPIs is available in an internal Front Office tool to allow the understanding and analysis at issuer level. This leverages our relationship with providers such as MSCI, S&P Global Trucost, and Beyond Ratings. For some alternatives asset classes related to direct project financing, such as real estate and infrastructure, ESG indicators are sought from the underlying investment or asset through due diligence questionnaires and annual reviews via sector-specific proprietary ESG scoring methodologies;
- Stewardship strategy: we adopt an active and impactful approach to stewardship (engagement and voting) by using our weight as a global investment manager to influence companies, key stakeholders and market practices. In doing so, we strive to reduce investment risk and enhance returns, as well as to generate a positive impact on our society and the environment. These are key to achieving sustainable long-term value creation for our clients.

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

4.3.2 Monitoring and Controls

ESG-related investment guidelines consist of the implementation of our exclusion policies, as well as of eligibility criteria and, where relevant, of rules specific to funds' non-financial objectives. Within the three lines of defence framework outlined in Section 4.1 above, they are monitored in the following ways:

- Through the integration of a wide range of ESG KPIs into our Front Office tools available for traditional asset classes, investment teams can regularly analyse and monitor each individual holding and the portfolio positioning on ESG factors and ESG related metrics;
- Pre-trade controls are performed by the business teams themselves. The COO ensures that fund managers divest all investments in restricted companies and do not invest in restricted companies as long as they are restricted or absent new instruction;
- Our independent Investment Guidelines team monitors the correct application of the exclusion lists with pre-trade and post-trade monitoring systems. Following the update of the eligible universe, the portfolio manager divests from assets by considering both the client's and the fund's best interest. These exclusion lists are integrated into our Front Office tools;
- The Compliance and Risk Management teams are part of the RI governance committees. They oversee the adherence to regulatory requirements and management of risks related to these topics through control plans which cover RI-related processes. The Compliance department oversees the monitoring of regulatory changes and works closely with investment teams, as well as with the RI professionals and the Risk Management department;
- In addition, AXA IM has launched several working groups that are responsible for monitoring regulatory changes related to RI, defining our position, and setting up action plans to address and adapting our commercial offering, as necessary. In addition, we participate and share our views with industry bodies and regulators.

5. Metrics and Targets

5.1 Introduction

AXA IM considers several emission-based metrics and targets in order to measure and assess our journey in meeting the commitments we have made to address climate change and to move to sustainable economies. Using these metrics allows us to judge whether, by the actions we are taking under our RI strategy and framework, we are responding appropriately to climate-related risks and opportunities. Within this section, we include metrics for both the investment decisions made by the Company, as well as our own corporate emissions.

5.2 Our investment GHG emissions

Following AXA IM's commitment to reduce the WACI of all our corporate investments by 25% by end of 2025, and as requested by the FCA, we are disclosing our carbon intensity and absolute emissions for AXA IM UK at the end of 2024 and 2025 on our main traditional asset classes (*i.e.* listed equity, corporate and sovereign bonds) managed by AXA IM Core, our main alternative asset classes (real estate, infrastructure) managed by AXA IM Alts, and other private market assets (funds of hedge funds managed by AXA IM Prime). We are also comparing our current climate performance with certain global benchmarks.

End of 2025 data (Scope 1 + 2 + 3)

	AuM	Weighted average carbon intensity (WACI)				Absolute emissions – Scope 1 + 2 + 3	
		Scope 1 + 2		Scope 1 + 2 + 3			
	£M	tCO ₂ e / £M revenues or GDP	Coverage (%)	tCO ₂ e / £M revenues or GDP	Coverage (%)	MtCO ₂ e	Coverage (%)
AXA IM UK	72 458						
- Equities	27 387	71	98%	1 479	98%	25.28	98%
- Corporate bonds	23 338	107	83%	1 607	83%	17.30	67%
- Sovereign bonds	6 128	153	96%	n/a ³⁴	n/a	n/a	n/a
- Real estate	853	n/a	n/a	232 ³⁵	91%	0.01	91%
- Infrastructure	9 627	n/a	n/a	889 ³⁶	74% ³⁷	0.98	80%
- Alternative credit (incl. impact funds)	1 443	50	82%	769	87%	0.63	90%
- Funds of hedge funds ³⁸	3 682	83	84%	n/a ³⁹	n/a	0.23 ⁴⁰	84%
Global benchmarks							
- MSCI All Country World Index (ACWI)		142	99%	1 597	99%		
- ICE BofA Global Broad Market Index		251	94%	1 989	94%		
- JP Morgan GBI Global Govies		221	100%	n/a	n/a		

Source: AXA IM based on S&P Trucost, MSCI, World Bank, Iceberg Data Lab, Octus FinDox, ClimateSeed, 2026.

³⁴ World Bank data is not covering Scope 3 sovereign GHG emissions to date.

³⁵ The approach to compute the WACI in 2025 has been adjusted to better reflect the carbon intensity by revenue of the invested assets, in line with the TCFD and SFDR computation rules.

³⁶ *Idem*.

³⁷ For infrastructure equity assets, 2025 ESG data has been used. For infrastructure debt assets, for the 2025 reporting cycle, ESG disclosures are calculated using an N-1 ESG dataset (i.e. ESG data collected in 2024 and referring to the portfolio perimeter as at end of 2024) Consequently, assets acquired during 2025 were not part of the 2024 data collection perimeter and do not have ESG data available for the 2025 reporting cycle. As the reporting perimeter is defined on a year-end basis while the underlying dataset remains N-1, this results in a structural coverage limitation under the N-1 approach (i.e. assets acquired during the year will systematically have no data in the current cycle). In addition, no proxy estimates have been used for GHG emissions related KPIs: therefore, where data is unavailable, the indicator is left unreported for the relevant assets.

³⁸ For funds of hedge funds, following the IIGCC's specific guidance for derivatives and hedge funds, we account only for funds of hedge funds' financed emissions (i.e. attributed emissions from companies directly owned by the investor, whether acquired through primary or secondary markets) and long associated emissions (i.e. emissions associated with companies where long exposure is gained via prime brokers or derivatives, including the leverage multiplier where applicable), but not for short associated emissions (i.e. emissions associated with companies where short exposure is gained via prime brokers or derivatives) in order to avoid this long and short 'netting' effect in such portfolios' carbon footprint.

³⁹ Scope 3 emissions data is not yet available with a sufficiently high data coverage and sufficient data quality on funds of hedge funds managed by AXA IM Prime to date.

⁴⁰ Scope 1 and 2 only.

For listed corporates assets (equities & bonds), we observe a significant increase of Scope 3 emissions compared to 2024 (which was already increasing in 2024 vs 2023): this is the result of a significant increase in data coverage of downstream GHG emissions available in S&P Trucost datasets and in the AXA IM UK investment universe over the past reported three years⁴¹. This increase is due to the enrichment of data collected by S&P Trucost of corporate GHG emissions that eventually appear in other companies' Scope 3 emissions, in particular on the downstream side, when relying on the S&P Trucost proprietary environmentally extended input-output (EEIO) model⁴². This is particularly noticeable on the Financial⁴³ and IT sectors where reported Scope 3 downstream emissions have increased significantly over the past two reported years. Although we expect these large changes in Scope 3 emissions to stabilise over the years as companies strengthen their reporting in this area and the data becomes more robust, it does illustrate the difficulty of interpreting trends in Scope 3 emissions at portfolio or asset manager level at this stage. On the other hand, it should be noted that the level of confidence we have in Scope 1+2 emissions is now sufficiently high to allow further interpretation or even make investment decisions. Moreover, we note the significant decrease in data coverage for absolute emissions at the end of 2025 compared to the end of 2024, and therefore the significant decrease in reported absolute emissions at the Company level, following the migration of our ESG KPI database to our third-party partner WeeFin in January 2025. We will address this data issue over the next reporting periods.

Looking only at Scope 1+2 emissions, it should first be noted that, at AXA IM level, the WACI has already been reduced by more than 51% at the end of 2024, compared to end of 2019, and had since increase a bit to reach 71 tCO₂eq/€M invested as at end of 2025 against 63 at end of 2024: this is notably due to exchange rates effects over the past years. At the Firm level, the WACI of listed corporates' assets remained significantly below their global benchmarks in 2025 for Scope 1 + 2 emissions only (c. 50% below), similar to 2022, 2023 and 2024. Finally, as Scope 3 emissions are not available for sovereign bonds, the WACI Scope 1+2 also remained well below the JP Morgan GBI Global Govies index at the end of 2025, as it was in 2023 and 2024 (c. 31% below at the end of 2025, compared to 30% below at the end of 2024 and 34% below at the end of 2023).

As for real assets which are managed by AXA IM Alts, we have improved our reporting coverage by also collecting Scope 3 operational data⁴⁴, while systematically using emission attribution factors to accurately reflect our share in investments' GHG emissions. Assessing and interpreting WACI for private real estate and infrastructure remains however a highly nuanced exercise especially given the lack of well-established benchmarks:

- For direct real estate assets, Scope 1 and 2 emissions are capturing emissions controlled by the landlord of each asset, while Scope 3 captures emissions controlled by the tenants. To be included in the reported coverage, assets must have greater than 90% coverage (in surface area and months of data) of all utilities in scope for the asset. While this reduces the perceived coverage of the indicator, it ensures greater quality and reliability of the reported data. It should however be noted that

⁴¹ *i.e.* between FY2021 and FY2024, which are the last years used to consolidate our portfolio-level carbon footprint in 2025.

⁴² To collect upstream Scope 3 emissions, S&P Trucost uses its proprietary environmentally extended input-output (EEIO) model. This model uses input-output tables that detail how goods and services produced by each sector are used as inputs by other sectors to produce additional goods and services. By combining these extended tables with industry-specific environmental intensity factors, S&P Trucost can assess the environmental impacts of companies not only on their own operations but on their entire supply chains. This allows for the coverage of all upstream Scope 3 categories. To collect downstream Scope 3 emissions, S&P Trucost uses data provided by companies themselves as much as possible. This data is used without modification if it has been verified by a third party and if all relevant categories have been calculated. Otherwise, S&P Trucost fills in relevant and yet-to-be calculated categories as well as empty categories using a specific sector intensity, which is determined using the company's own data as well as external reference data. This approach allows S&P Trucost to limit data errors by excluding unverified data and using external reference data to fill in the gaps. More details on S&P Trucost GHG emissions accounting methodology can be found in AXA IM ESG Methodologies Handbook, available on BNP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

⁴³ For the financial sector specifically, Scope 3 downstream emissions also includes portfolios'/financed GHG emissions which is naturally the bulk of the GHG emissions for a financial company (Scope 3 category 15 under the GHG Protocol carbon accounting framework), and this category has been significantly increased in the past years due to more robust GHG emissions reporting by financial institutions themselves.

⁴⁴ For infrastructure debt assets scope 3 includes upstream and downstream carbon emissions, whenever available.

obtaining whole building operational data is a key challenge, especially for full repairing and insuring (FRI) leases, and long leases that are covered by the entity, since we depend on the willingness of the tenant to share their data;

- For CRE debt, GHG emissions are calculated on the proportion of the outstanding value of the loan to the initial investment value. Estimates of GHG emissions for underlying assets are provided by third-party data providers, derived from typology and location-based benchmarks, and applied over the floor area of an asset;
- For infrastructure equity and debt, following enhancements to our ESG data collection and analysis processes initiated in 2023, we have progressively improved access to reported GHG emissions data (Scope 1, 2 and 3) from investee companies and borrowers. In 2024, the automation of ESG data collection further strengthened the consistency and auditability of our carbon dataset.

Building on these improvements, and in light of the increased availability and quality of reported data, we have discontinued the use of proxy estimates for GHG emissions from the 2025 reporting cycle. Emissions indicators now rely exclusively on data reported by investee companies and borrowers. This change reflects a reduced reliance on modelled data and a preference for directly reported figures. While it enhances the robustness and transparency of reported emissions, it has led to a reduction in data coverage compared to prior years, as assets without reported data are no longer supplemented with estimates.

We also revised our Scope 2 methodology in 2025. While previously location-based emissions were prioritised, we now prioritise market-based emissions where available, using location-based data only when market-based figures are not reported. This approach better reflects companies' efforts towards green electricity procurement and aligns with prevailing market practices.

As a result, total reported Scope 1 + 2 + 3 absolute emissions amount to c.0.98 MtCO₂e as of December 2025, compared to c.4.3 MtCO₂e in 2024. This evolution reflects a combination of factors, including the discontinuation of proxy data and the associated reduction in coverage, portfolio changes, as well as underlying emissions reductions across parts of the portfolio. The reported figures for Alternative credit, Natural Capital & Impact assets, managed by AXA IM Alts, also show an improvement in both coverage on all 3 scopes of GHG emissions, which is also due to more qualitative GHG reporting by issuers and benefits from an enhanced data collection process from our data provider ClimateSeed, as well as their specific expertise for the Natural Capital & Impact scope. Similar to the S&P Trucost data used for traditional assets, we observed a significant increase in Scope 3 emissions in the past year, especially for collateralised loan obligations (CLOs), for the same reasons as for listed corporate assets, as explained above. Lastly, changes versus last year are also explained by exchange rates effect, leading to a decrease of Scope 1+2 emissions while the Scope 3 emissions have kept increasing due seemingly to more reported & collected emissions from issuers on this scope.

For funds of hedge funds, managed by AXA IM Prime, the investment teams are consolidating their ESG reporting journey, with robust GHG emissions data only currently available for Scope 1 + 2, but already with a relatively high data coverage. Work is ongoing to extend the carbon footprinting exercise for funds of hedge funds to include Scope 3 emissions in future reporting cycles, noting however that providing high quality Scope 3 data on derivatives and hedge funds might remain challenging in the short and medium term. In particular, because the current volatility of Scope 3 data would be amplified by the leverage effects on long positions included in the carbon footprint of these portfolios.

Refer to Appendix 6.4 for description of ESG KPI methodologies.

End of 2024 data (Scope 1 + 2 + 3)

	AuM	Weighted average carbon intensity (WACI)				Absolute emissions – Scope 1 + 2 + 3	
		Scope 1 + 2		Scope 1 + 2 + 3		2 + 3	
	£M	tCO ₂ e / £M revenues or GDP	Coverage (%)	tCO ₂ e / £M revenues or GDP	Coverage (%)	MtCO ₂ e	Coverage (%)
AXA IM UK	69,263						
- Equities	26,894	63	99%	1 117	99%	24.78	99%
- Corporate bonds	21,905	124	83%	1 032	83%	41.47	83%
- Sovereign bonds	5,899	155	97%	n/a ⁴⁵	n/a	n/a	n/a
- Real estate	958	n/a	n/a	226 ⁴⁶	83%	0.01	82%
- Infrastructure	9,573	n/a	n/a	4 090 ⁴⁷	100%	4.3	100%
- Alternative credit (incl. impact funds)	1,201	66	73%	670	88%	0.51	88%
- Funds of hedge funds ⁴⁸	2,833	241	80%	n/a ⁴⁹	n/a	0.47 ⁵⁰	80%
Global benchmarks							
- MSCI All Country World Index (ACWI)		142	99%	1 261	99%		
- ICE BofA Global Broad Market Index		237	92%	1 240	92%		
- JP Morgan GBI Global Govies		220	100%	n/a	n/a		

Source: AXA IM based on S&P Trucost, MSCI, World Bank, Iceberg Data Lab, Octus FinDox, ClimateSeed, 2025.

⁴⁵ World Bank data is not covering Scope 3 sovereign GHG emissions to date.

⁴⁶ The approach to compute the WACI in 2024 has been adjusted to better reflect the carbon intensity by revenue of the invested assets, in line with the TCFD and SFDR computation rules.

⁴⁷ *Idem*.

⁴⁸ For funds of hedge funds, following the IIGCC's specific guidance for derivatives and hedge funds, we account only for funds of hedge funds' financed emissions (*i.e.* attributed emissions from companies directly owned by the investor, whether acquired through primary or secondary markets) and long associated emissions (*i.e.* emissions associated with companies where long exposure is gained via prime brokers or derivatives, including the leverage multiplier where applicable), but not for short associated emissions (*i.e.* emissions associated with companies where short exposure is gained via prime brokers or derivatives) in order to avoid this long and short 'netting' effect in such portfolios' carbon footprint.

⁴⁹ Scope 3 emissions data is not yet available with a sufficiently high data coverage and sufficient data quality on funds of hedge funds managed by AXA IM Prime to date.

⁵⁰ Scope 1 and 2 only.

5.3 Our investment emissions targets

The scope of AuM covered by AXA IM's NZ targets (*i.e.* managed in line with a net zero by 2050 pathway)⁵¹ continued to increase from 68% of AuM at the end of 2024, to 69% at the end of 2025 (including joint ventures)⁵². This target encompasses all corporate (fixed income and listed equity) assets and sovereign bonds, most of our direct real estate equity and direct infrastructure equity & debt assets. AXA IM has defined specific asset class-level targets based on industry standards⁵³, which are available in the second NZAM report and in the AXA IM 2025 Report, with progress measured on some targets in the latter.

AXA IM is committed to reporting regular progress on these targets within the AXA IM 2025 Report, but also as part of the AXA IM for Progress Monitor (see above).

While a NZ target has not been set for AXA IM UK on its scope, AXA IM UK is aligned to, and part of, the AXA IM net zero journey. For the Firm, coverage was 72% at the end of 2025 (compared to 70% and 71% at the end of 2024 and 2023, respectively) and includes all listed corporate and sovereign assets and direct real estate equity assets managed by the Firm (not direct infrastructure debt & equity in-scope of net zero targets are managed by the Firm).

5.4 Our operations emissions (Scope 1, 2 and 3)

To accurately report on our carbon emissions, we partner with ClimateSeed and adhere to the GHG Protocol Corporate Standard methodology. Widely recognised as the leading international GHG accounting tool, the GHG Protocol is instrumental for governments and businesses in comprehensively understanding, quantifying, and managing GHG emissions. It serves as the foundation for numerous GHG standards and programmes globally and is used by many companies worldwide in the preparation of GHG inventories.

The GHG Protocol Corporate Standard categorises emissions into three scopes, each with sub-categories. This approach provides clarity and consistency in assessing emissions across our operations. For further details on our emissions reporting methodology, please refer to section 6.1.

- Scope 1 - Direct GHG emissions: emissions from fixed and mobile sources (heating, company vehicle fleet) from industrial processes, from biomass, fugitive emissions;
- Scope 2 - Indirect GHG emissions related to energy: emissions associated with the purchase of electricity, heat, or steam;

⁵¹ [Sustainability at AXA IM | AXA IM Corporate](#)

⁵² When excluding JVs, this coverage rate reached c. 77% at end of 2025.

⁵³ The [TCFD recommendations on metrics and targets](#), the [IIGC Net Zero Investment Framework](#), the [Carbon Risk Real Estate Monitor \(CRREM\) decarbonisation pathways](#) for real estate assets and the [Germanwatch's Climate Change Performance Index \(CCPI\)](#) for sovereign assets.

- Scope 3 – Other indirect GHG emissions: other indirect emissions indirectly produced by the activities of an organisation that are not included in Scope 2 but are related to the value chain of the company. For instance, purchase of raw materials, services, transport of employees, inbound and outbound freight, waste directly generated by the organisation, use phase and end-of-life of sold products.

For the detailed descriptions of emission categories, refer to Appendix 6.1.

5.5 Our own operations targets

The UK, in partnership with the Corporate Responsibility team, has established fair and ambitious targets. These targets are reinforced by recommended actions to be undertaken and resources for effective communication to teams.

The targets for AXA IM UK’s own operations by end of 2025 against a 2019 baseline:

Metrics	Power (tCO ₂ e)	Business Travel (tCO ₂ e)	Marketing paper (kg/FTE)	Office paper (kg/FTE)	Water (m ³ /FTE)	Unsorted waste (kg/FTE)
2025 % reduction	36%	25%	20%	20%	10%	10%

Source: AXA IM based on ClimateSeed, 2026.

We track performance and progress against the 2025 targets we have set in the UK for all the environmental metrics above.

2025 GHG Inventory for AXA IM London office – GHG Protocol format

Following AXA IM’s commitment to reduce carbon emissions in the areas of energy, car fleet and business travel, and to reduce our consumption of paper, water and generated waste, we have disclosed our carbon footprint for the AXA IM London office for 2025. This GHG inventory was prepared using the GHG Protocol Corporate Standard, the most widely used international accounting tool to understand, quantify and manage GHG emissions.

For greater transparency and consistency, we are adopting a dual reporting approach, wherein we report emissions using both location-based and market-based methods. This dual reporting strategy ensures comprehensive disclosure and enables stakeholders to assess our environmental performance from multiple perspectives. By providing information through both methods, we aim to meet the diverse expectations of stakeholders, while upholding our commitment to transparency in emissions reporting.

For 2025, ClimateSeed calculated AXA IM London office emissions to be **5,585tCO₂e** using a location-based approach, and **5,498tCO₂e** using a market-based approach.

Categories of emissions	Sub-category	Emission sources	Total GHG emissions (tCO ₂ e)
Scope 1	1-1	Direct emissions from stationary combustion sources	6
	1-4	Direct fugitive emissions	35
Scope 2	2-1 (location-based)	Indirect emissions from electricity consumption	67
	2-1 (market-based)	Indirect emissions from electricity consumption	0
Scope 3	3-1	Purchased goods or services	3,606
	3-2	Capital goods	20
	3-3 (location-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	27
	3-3 (market-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	8
	3-5	Waste generated in operations	11
	3-6	Business travel	1,768
	3-7	Employee commuting	43
TOTAL (location-based approach)			5,585
TOTAL (market-based approach)			5,498

Source: AXA IM based on ClimateSeed, 2026.

6. Appendix

6.1 Mapping to FCA sustainability & TCFD entity-level disclosures

FCA Sustainability & TCFD entity report rules	FCA's ESG Handbook references & disclosure requirements (excl. guidance)	Section(s) the disclosures are included in
TCFD entity report – <i>Content of a TCFD entity report</i>	<p>ESG 2.2.1 R – Include in the TCFD entity report climate-related financial disclosures regarding the overall assets managed or administered by the firm in relation to the TCFD in-scope business; Explain where its approach to a particular investment strategy, asset class or product is materially different to its overall entity level approach to governance, strategy or risk management under the TCFD Recommendations and Recommended Disclosures; Explain how TCFD integration under has influenced the decision-making and process.</p>	<ul style="list-style-type: none"> 3. Strategy (see pages 15-29)
TCFD entity report – <i>Approach to climate-related scenario analysis</i>	<p>ESG 2.2.3 R – Explain (a) its approach to climate-related scenario analysis; and (b) how the firm applies climate-related scenario analysis in its investment and risk decision making process; Where reasonably practicable, provide quantitative examples to demonstrate its approach to climate-related scenario analysis.</p>	<ul style="list-style-type: none"> 3.4.6 Climate scenario analysis (see pages 26-28)
TCFD entity report – <i>Approach to targets and key performance indicators (KPIs)</i>	<p>ESG 2.2.4 R – Describe any targets it has set to manage climate-related risks and opportunities, including the KPIs it uses to measure progress against these targets, in a manner consistent with the TCFD Recommendations and Recommended Disclosures; Where not yet set such targets, explain why in its TCFD entity report.</p>	<ul style="list-style-type: none"> 3.2 Net Zero Targets (see pages 15-18)
TCFD entity report – <i>Approach to relevant climate-related financial disclosures contained in other reports at an entity-level</i>	<p>ESG 2.2.5 R – If relying on disclosures made by its group or a member of its group when producing its TCFD entity report, ensure that the TCFD entity report: (a) includes cross-references, including hyperlinks, to any climate-related financial disclosure contained within the group or group member's report that relate to assets managed or administered by the firm in relation to its TCFD in-scope business on which the firm is relying to meet its disclosure obligations under this section; and (b) sets out the rationale for relying on the disclosure made by its group or a member of its group and why the disclosure is relevant to the assets managed or administered by the firm in relation to its TCFD in-scope business; Ensure that any material deviations between its TCFD approach and the one contained within the group report are clearly explained.</p>	<ul style="list-style-type: none"> n/a (cross-sectional)

FCA Sustainability & TCFD entity report rules	FCA's ESG Handbook references & disclosure requirements (excl. guidance)	Section(s) the disclosures are included in
TCFD entity report – Compliance statement	ESG 2.2.7 R – Compliance statement signed by a member of senior management of the firm.	<ul style="list-style-type: none"> ▪ 1.3 Compliance statement (see page 5)
Preparation of sustainability report	ESG 5.4.2 R – Manager with sustainability products to prepare a sustainability entity report (regardless the use of a sustainability label or sustainability-related terms).	<ul style="list-style-type: none"> ▪ n/a (cross-sectional)
	ESG 5.4.3 R – Produce and publish a sustainability entity report annually, covering a reporting period of 12 months; make the most recent edition of the entity report available in a prominent place on their main business website.	<ul style="list-style-type: none"> ▪ n/a (cross-sectional)
	ESG 5.4.5 R – Include the contents of the TCFD entity report (or a hyperlink to it) in the sustainability entity report.	<ul style="list-style-type: none"> ▪ n/a (cross-sectional)
Preparation of sustainability report – Data considerations when preparing sustainability report)	ESG 5.4.7 R – Use the most up to date information available.	<ul style="list-style-type: none"> ▪ 5. Metrics (see pages 34-41)
	ESG 5.4.8 R – Select from within the 12-month reporting period the most recent calculation date for which up-to-date information is available.	<ul style="list-style-type: none"> ▪ 5. Metrics (see pages 34-41)
	ESG 5.4.9 R – Not disclose metrics where there are gaps in underlying data or methodological challenges or which cannot be addressed using proxy data or assumptions without the resulting disclosure being misleading.	<ul style="list-style-type: none"> ▪ 5. Metrics (see pages 34-41)
	ESG 5.4.10 R – Ensure that a sustainability entity report include an adequate explanation of: <ul style="list-style-type: none"> (1) any gaps in the underlying data relied upon to make sustainability-related disclosures; (2) how the manager has addressed these gaps, for example, by using proxy data or assumptions and briefly setting out any methodologies used in doing so, providing relevant contextual information and explaining any limitations of the approach; (3) any metrics that the manager has not been able to disclose; and (a) the gaps in underlying data or methodological challenges that have resulted in the manager being unable to make the relevant disclosure; (b) why the manager has not been able to address those gaps or challenges using proxy data or assumptions; and (c) what steps the manager will take to address those gaps or challenges in the future.	<ul style="list-style-type: none"> ▪ 5. Metrics (see pages 34-41)

FCA Sustainability & TCFD entity report rules	FCA's ESG Handbook references & disclosure requirements (excl. guidance)	Section(s) the disclosures are included in
Preparation of sustainability report – <i>Cross-referencing third-party sustainability-related disclosures</i>	<p>ESG 5.4.13 R – Include hyperlinks and cross-references to relevant sustainability-related disclosures contained in a third party's sustainability reporting where such information enables the manager to prepare a sustainability entity report.</p>	<ul style="list-style-type: none"> ▪ n/a
	<p>ESG 5.4.14 R – Set out the rationale for relying on any third-party sustainability disclosures, and any deviations between the third party's approach and that of the manager.</p>	<ul style="list-style-type: none"> ▪ n/a
	<p>ESG 5.4.15 R – Draw links and refer to Part B of public product-level sustainability report from sustainability entity report and vice versa.</p>	<ul style="list-style-type: none"> ▪ n/a
Sustainability entity report – <i>Content of a sustainability entity report</i>	<p>ESG 5.6.1 R – In relation to the overall assets managed within its sustainability in-scope business:</p> <ol style="list-style-type: none"> (1) set out the following information relating to: (a) the manager's approach to governance, with respect to managing sustainability risks and opportunities; (b) the actual and potential impacts of any material sustainability-related risks and opportunities on the manager's businesses, strategy and financial planning; (c) how the manager identifies, assesses and manages sustainability-related risks; and (d) the metrics and targets used by the manager to assess and manage relevant material sustainability-related risks; (2) explain, either in its sustainability entity report or in a cross-referenced public product-level sustainability report, where its approach to a particular investment strategy, asset class or product is materially different to its overall entity-level approach to governance, strategy, risk management or targets and metrics; and <p>where relevant, briefly explain in its sustainability entity report how the manager's strategy has influenced the decision-making and process by which it delegates functions, selects delegates, and relies on services, strategies or products offered or employed by third parties, including delegates.</p>	<ul style="list-style-type: none"> ▪ 2. Governance + 3. Strategy + 4. Risk management (see pages 6-33)
	<p>ESG 5.6.2 R – Considers the following documents relevant in relation to a manager determining the content of disclosures under ESG 5.6.1R(1): (1) the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information with respect to the manager's disclosures on sustainability-related risks and opportunities; (2) the Sustainability Accounting Standards Board standards with respect to relevant sector-specific matters; and (3) the Global Reporting Initiative Standards with respect to disclosing the impacts of the manager on the environment and/or society.</p>	<ul style="list-style-type: none"> ▪ n/a (except for TCFD recommendations)

FCA Sustainability & TCFD entity report rules	FCA's ESG Handbook references & disclosure requirements (excl. guidance)	Section(s) the disclosures are included in
Sustainability entity report – <i>Content of a sustainability entity report</i>	<p>ESG 5.6.3 R – (1) Consider disclosing sustainability-related topics that it has prioritised in its governance, strategy and risk management, and the rationale for doing so; (2) Consider disclosing the impact of the manager on the environment and/or society, having regard to the Global Reporting Initiative Standards; and (3) Refer to part 4, section D of the TCFD Annex, entitled ‘Asset managers’ in determining how to make disclosures required under ESG 5.6.1R(1) with respect to assets managed on behalf of clients.</p>	<ul style="list-style-type: none"> 2. Governance (see pages 6-14) and 4. Risk management (see pages 30-33)
	<p>ESG 5.6.4 R – Where a manager uses either a sustainability label or sustainability-related terms in relation to a sustainability product, include in a clear and accessible way in a sustainability entity report: (1) a description of the resources, governance and organisational arrangements the manager has in place, commensurate with the achievement of the product’s sustainability objective and/or the manager’s investment policy and strategy for the product; and (2) a description of the processes in place to ensure that there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the sustainability product.</p>	<ul style="list-style-type: none"> 2.4 Sustainability financial products governance & process (see pages 13-14)
Sustainability entity report – <i>Approach to relevant sustainability-related disclosures contained in other reports at an entity-level</i>	<p>ESG 5.6.5 R – Where relevant, rely on disclosures consistent with those of the group or a member of its group when producing a sustainability entity report, but only to the extent that those group disclosures are relevant to the manager and cover the assets the manager manages as part of its sustainability in-scope business; if so, ensure that the sustainability entity report: (a) includes cross-references, including hyperlinks, to any disclosures contained within the group’s report that relate to assets managed by the manager in relation to its sustainability in-scope business; and (b) sets out the rationale for relying on the disclosure made by its group and why the disclosure is relevant to the assets managed by the manager in relation to its sustainability in-scope business.</p>	<ul style="list-style-type: none"> n/a (cross-sectional)
	<p>ESG 5.6.6 R – Ensure that any material deviations between its approach to governance, strategy, risk management or targets and metrics disclosed under ESG 5.6.1R(1) and the disclosures contained within the group report are clearly explained.</p>	<ul style="list-style-type: none"> n/a
	<p>ESG 5.6.7 R – Where relevant, cross-refer to other financial or non-financial disclosures in its sustainability entity report where this information is relevant to clients or a person who is an investor in an unauthorised UK AIF managed by a full-scope UK AIFM or a small authorised UK AIFM, including hyperlinks to where the relevant disclosures are available; Explain in its sustainability entity report the rationale for relying on the disclosures in the supplementary document and how such disclosures are relevant.</p>	<ul style="list-style-type: none"> n/a
Sustainability entity report – <i>Compliance statement</i>	<p>ESG 5.6.8 R – Compliance statement for the purposes of a manager’s sustainability entity report</p>	<ul style="list-style-type: none"> 1.3 Compliance statement (see page 5)

6.2 Mapping to TCFD recommended disclosures

TCFD Pillar	TCFD recommended disclosures	Section the disclosures are included in
Governance Disclose the organisation's governance around climate-related issues and opportunities	a. Describe the board's oversight of climate related risks and opportunities	<ul style="list-style-type: none"> ▪ 2.2 AXA IM RI Governance structure (see pages 9-12)
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	<ul style="list-style-type: none"> ▪ 3.3 Sustainability Risks and opportunities (see pages 18-20)
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> ▪ 3.3 Sustainability Risks and opportunities (see pages 18-20) ▪ 3.5 Our own operations – UK corporate responsibility strategy (see pages 28-29)
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> ▪ 3.4.6 Climate scenario analysis (see pages 26-28)

TCFD Pillar	TCFD recommended disclosures	Section the disclosures are included in
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks	a. Describe the organisation’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> ▪ 4. Risk management (see pages 30-33) ▪ 4.3 Risk management monitoring framework of sustainability risks (including climate for our products) (see pages 31-33)
	b. Describe the organisation’s processes for managing climate-related risks	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> ▪ 5. Metrics & targets (see pages 34-41)
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

6.3 Description of emission categories – GHG Protocol Standard

Scope 1

1-1 - Direct combustion from fixed sources: Emissions from combustion of fuels in stationary equipment such as boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares, etc.

1-2 - Direct emissions from mobile sources: Emissions from combustion of fuels in transportation devices (owned or leased) such as automobiles, trucks, buses, trains, airplanes, boats, ships, barges, vessels, etc.

1-3 - Direct emissions from processes: Emissions from physical or chemical processes such as CO₂ from the calcination step in cement manufacturing, CO₂ from catalytic cracking in petrochemical processing, PFC emissions from aluminium smelting, etc.

1-4 - Direct fugitive emissions: Emissions from intentional and unintentional releases such as equipment leaks from joints, seals, packing, gaskets, as well as fugitive emissions from coal piles, wastewater treatment, pits, cooling towers, gas processing facilities, etc.

Scope 2

2-1 - Indirect emissions linked to electricity consumption: Emissions associated with the generation of purchased or acquired electricity (*e.g.*, exploration, drilling, flaring, transportation).

2-2 - Indirect emissions linked to the consumption of steam, heating or refrigeration: Emissions associated with the generation of purchased or acquired steam, heating, or cooling.

Scope 3

3-1 - Purchased goods and services: All upstream (*i.e.* cradle-to-gate) emissions from the production (extraction, transformation, transportation) of goods and services purchased or acquired in the reporting year, not otherwise included in previous categories.

3-2 - Capital goods: All upstream (*i.e.* cradle-to-gate) emissions from the production (extraction, transformation, transportation) of capital goods purchased or acquired in the reporting year. Capital goods are final products that have an extended life and are used by the company to manufacture a product; provide a service; or sell, store, and deliver merchandise.

3-3 - Fuel and energy-related activities not included in scope 1 or scope 2: Emissions related to the production of fuels and energy purchased and consumed in the reporting year that are not included in scope 1 or scope 2. This category includes emissions from four activities:

- Upstream emissions of purchased fuels (Extraction, production and transportation of fuels);
- Upstream emissions of purchased electricity (Extraction, production, and transportation of fuels consumed in the generation of electricity, steam, heating, and cooling that is consumed by the reporting company);
- Transmission and Distribution (TD) losses;
- Generation of purchased electricity that is sold to end users (Utility companies and energy retailers).

3-4 - Upstream transportation and distribution: Emissions from:

- Transportation and distribution of products purchased in the reporting year, between your tier 1 suppliers and your own operations, in vehicles not owned or operated by you;
- Third-party transportation and distribution services purchased in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (*e.g.*, of sold products), and third-party transportation and distribution between a company's own facilities.

3-5 - Waste generated in operations: Emissions from third-party disposal and treatment of waste generated by owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.

3-6 - Business travel: Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.

3-7 - Employee commuting: Emissions from the transportation of employees between their homes and their worksites. It may include emissions from teleworking (*i.e.* employees working remotely).

3-8 - Upstream leased assets: Emissions from the operation of assets that are leased by your company in the reporting year (and not already included in your scope 1 or scope 2). This category is applicable only to companies that operate leased assets (*i.e.* lessees).

3-9 - Downstream transportation and distribution: Emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by your company. This category also includes emissions from retail and storage. Category 9 includes only emissions from transportation and distribution of products after the point of sale.

3-10 - Processing of sold products: Emissions from processing of sold intermediate products by third parties (*e.g.*, manufacturers) subsequent to sale by your company. Intermediate products are products that require further processing, transformation, or inclusion in another product before use, and therefore result in emissions from processing subsequent to sale by the reporting company and before use by the end consumer.

3-11 - Use of sold products: Emissions from the use of goods and services sold by your company in the reporting year. End users include both consumers and business customers that use final products.

3-12 - End-of-life treatment of sold products: Emissions from the waste disposal and treatment of products sold by your company in the reporting year, at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.

3-13 - Downstream leased assets: Emissions from the operation of assets that you possess (acting as lessor) and lease to other entities in the reporting year that are not already included in scope 1 or scope 2. This category is applicable to lessors (*i.e.* companies that receive payments from lessees).

3-14 - Franchises: Emissions from the operation of franchises not included in scope 1 or scope 2. A franchise is a business operating under a license to sell or distribute another company's goods or services within a certain location. This category is applicable to franchisors (*i.e.* companies that grant licenses to other entities to sell or distribute its goods or services in return for payments, such as royalties for the use of trademarks and other services). Franchisors should account for emissions that occur from the operation of franchises (*i.e.* the scope 1 and scope 2 emissions of franchisees) in this category.

3-15 - Investments: Emissions associated with your investments in the reporting year, not already included in scope 1 or scope 2. This category is applicable to investors (*i.e.* companies that make an investment with the objective of making a profit) and companies that provide financial services. This category also applies to investors that are not profit driven (*e.g.*, multilateral development banks). Investments are categorised as a downstream scope 3 category because providing capital or financing is a service provided by the reporting company.

6.4 Definition of key metrics included in operational targets

Power (tCO₂e): total CO₂ emissions resulting from energy consumption (tCO₂e).

Marketing paper (kg/FTE): This covers the total direct (printed internally) and indirect (printed externally / outsourcing) amount of paper ordered/ printed for distribution and marketing activities focused on employees, customers and potential customers whatever its environmental quality.

Office paper (kg/FTE): This covers the total amount of office paper consumed, whatever its environmental quality. We estimate that the amount consumed = the amount purchased.

Water (m³/FTE): Consumption of water per person.

Unsorted waste (kg/FTE): This concerns unsorted waste primarily from offices. Unsorted waste comprises mixed office and maintenance waste, small-scale expendable office equipment, excluding electronic and IT equipment, plastics.

Business Travel (CO₂e/FTE): CO₂ emissions resulting from business travel by airplane and train for a year.

6.5 Description of ESG KPI methodologies

Absolute emissions:

For the absolute GHG emissions, we rely on S&P Trucost for listed corporate assets, MSCI for CRE debt, and FinDox for alternative credit, for the volume of GHG emissions released into the atmosphere mostly in 2023 or 2024 (depending on the date of collected data). It is expressed as the sum in tons of CO₂ equivalent of the Scope 1 + 2 + 3 GHG emissions of each investee company and calculated on the share of our holding in each company based on their market value (*i.e.* whether using Total Enterprise Value (“TVE”) or the Enterprise Value Including Cash (“EVIC”)), as follows:

$$\text{Absolute emissions} = \sum_i \frac{AuM_i}{EVIC_i \text{ or } TEV_i} \times \text{GHG emissions}_i^{\text{Scope 1 + 2 + 3}}$$

Carbon Intensity by revenues:

For the carbon intensity by revenues, we rely on S&P Trucost for listed corporate assets, MSCI for CRE debt, and FinDox for alternative credit, for the amount of GHG emissions released into the atmosphere mostly in 2023 or 2024 (depending on the date of collected data) in proportion to each investee company’s revenue. It is expressed in tons of CO₂ equivalent per £ million of revenues of the Scope 1 + 2 + 3 GHG emissions of each investee company and weighted as set out below:

$$\text{Carbon intensity by revenues} = \sum_i \omega_i \times \frac{\text{GHG emissions}_i^{\text{Scope 1 + 2 + 3}}}{\text{Revenue}_i}$$

where $\omega_i = \frac{AuM_i}{\sum_{i \in I} AuM_i}$ ω_i is the weight of each individual invested instrument as a proportion of *I*, the subset of the universe of invested instruments belonging to a particular asset class (*e.g.*, listed equities) where data is available on numerical carbon intensity.

For direct real estate assets, Scope 1 and 2 emissions are capturing emissions attributable to the landlord of each asset (*e.g.*, common area of the building), while scope 3 captures emissions attributable to the tenants. To be included in the reported coverage, assets must have greater than 90% coverage (in surface area and months of data) of all utilities in scope for the asset. While this reduces the perceived coverage of the indicator, it ensures greater quality and reliability of the reported data. Furthermore, in accordance with the 'precautionary principle' described in PCAF (Partnership for Carbon Accounting Financials) 2023 guidance, where there is no metered allocation of emissions to a tenant, (*e.g.*, for heating of an asset) the resultant emissions are reflected in landlord-related scope 1 and 2 emissions. This approach may overstate the total reported Scope 1 and 2 emissions and accordingly AXA IM may re-allocate these emissions, where appropriate allocation can be made in the future. As a result, the reported metrics reflect limited coverage for real estate assets in absolute values.

For CRE debt, emissions are calculated on the proportion of the outstanding value of the loan to the initial investment value. GHG emissions estimates for underlying assets are provided by third-party data providers, derived from typology and location-based benchmarks and applied over the floor area of an asset.

For infrastructure, the emissions are based on directly disclosed data collected from the borrower or investee companies. As of the 2025 reporting, modelled data is not used for regulatory reporting purposes, unless it’s reported by the borrower or investee companies.

As these data are initially calculated in €, with i) n-1 investees' revenue data relying on yearly average exchange rates between € and £ 0.84662 GBP/EUR in FY2024 for 2025 results and 0.86979 GBP/EUR in FY2023 for 2024 results⁵⁴) and ii) n-0 end-of-year AuM data relying on end-of-year exchange rates (0.8731 GBP/EUR in 2025 and 0.82918 GBP/EUR in 2024⁵⁵).

Carbon intensity by GDP (for sovereign investments only)

For the carbon intensity of sovereign assets, we rely on World Bank data, which accounts for GHG emissions produced during consumption of solid, liquid, and gas fuels and gas flaring. It is expressed in tons of CO₂ equivalent per £ million of GDP PPP (Purchasing Power Parity) and weighted by the share of our holdings in all countries, as follows:

$$\text{Carbon Intensity by GDP} = \sum_i \omega'_i \times \frac{\text{GHG Emissions}^{\text{Cement+Foss Fuel}}}{\text{Purchasing Power Parity - Adjusted GDP}}$$

where $\omega'_i = \text{AuM}_i / \sum_{i \in S} \text{AuM}_i$ ω_j is the weight of each individual invested instrument as a proportion of S , the subset of instruments belonging to the sovereign universe.

As these data are initially calculated in €, with i) n-1 investees' revenue data relying on yearly average exchange rates between € and £ 0.84662 GBP/EUR in FY2024 for 2025 results and 0.86979 GBP/EUR in FY2023 for 2024 results⁵⁶) and ii) n-0 end-of-year AuM data relying on end-of-year exchange rates (0.8731 GBP/EUR in 2025 and 0.82918 GBP/EUR in 2024⁵⁷).

⁵⁴ Source: ECB, 2026: [Euro foreign exchange reference rates \(europa.eu\)](https://www.ecb.europa.eu/press/pr/date/2026/html/ecb.pr260101.en.html)

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

This document is for informational purposes only pursuant to the requirements of the FCA's Environmental, Social and Governance (ESG) Handbook relating to the disclosure of climate-related financial information, consistent with TCFD Recommendations and Recommended Disclosures and sustainability-related information as per the Sustainability Disclosure Requirements (SDR) and investment labels regime, and does not constitute investment research or financial analysis relating to transactions in financial instruments as defined in MIF Directive (2014/65/EU) as transposed and implemented in the UK (i.e. the "[UK MiFID framework](#)"), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities.

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