



June 2026

AXA INVESTMENT MANAGERS

# TCFD / Art.29 LEC 2025 Report



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## Explanation of the report structure

***IMPORTANT INFORMATION:*** Following the combination 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 before the combination of entities (i.e., “historical assets” as indicated below over the document; also referred to as “legacy”). 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 this policy to a specific fund (including applicable methodology), please refer to the product’s legal documentation. These documents can be found on the relevant Funds pages available on our website.*

This report aims to address the Article 29 of the French 2019 Energy & Climate Law and its implementation decree<sup>1</sup>, fulfil the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and provide a comprehensive overview of AXA IM’s approach to Sustainability and Responsible Investment (RI), prior integration.

In addition, the report addresses some of the requirements of the Securities and Futures Commission (SFC) of Hong Kong on the management and disclosure of climate-related risks by fund managers. As for the recent climate-related reporting requirements of the Financial Conduct Authority (FCA) in UK, although the report covers part of the disclosure requirements, a dedicated disclosure is available on BNPP AM UK website<sup>2</sup>.

The report follows the structure of the implementation decree of the Article 29 of the French law, as requested by the French financial market authority (*Autorité des marchés financiers* – AMF), as follows:

1. The entity's general approach to the consideration of environmental, social and governance criteria;
2. Internal resources and actions deployed by the entity dedicated to the integration of ESG criteria in the investment strategy;
3. Consideration of ESG criteria at the entity’s governance level;
4. Engagement strategy of the entity with issuers or management companies;
5. Share of assets in sustainable and fossil fuel sectors and activities;
6. Climate strategy and alignment with long term climate goals as defined by the UNFCCC Paris Agreement;
7. Biodiversity strategy and alignment with long term biodiversity goals defined by the UN CDB;
8. Integration of ESG criteria into risk management;
9. List of financial products referred as Article 8 or 9 under the SFDR.

The French regulatory requirements, acting as a complementary set of disclosure requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) in France, are among the most advanced non-financial disclosure requirements on Environmental, Social and Governance (ESG)

<sup>1</sup> See more on Legifrance (French only): [Décret n° 2021-663 du 27 mai 2021 pris en application de l'article L. 533-22-1 du code monétaire et financier - Légifrance \(legifrance.gouv.fr\)](#)

<sup>2</sup> See more on BNPP AM UK website: [Investing sustainably - BNP Paribas Asset Management UK](#)

criteria. Beyond covering the main features of the TCFD recommendations with regards to climate change reporting, the French regulation also covers disclosure on various other ESG issues, notably on biodiversity impacts, risks & opportunities, engagement and stewardship policies, and the integration of ESG criteria into governance practices.

All reported ESG key performance indicators (KPIs) in the report are based on worldwide holdings<sup>3</sup> at end of 2024 and 2025 managed by **three ex-AXA IM entities now integrated to BNPP AM:**

- **AXA IM Paris (absorbed by BNP Paribas Asset Management Europe on December 31, 2025),**
- **AXA REIM SGP (absorbed by BNP Paribas Real Estate Investment Management France S.A. on December 31, 2025), and**
- **AXA IM Prime (renamed BNP Paribas Asset Management Prime on April 1, 2026).**

Asset management activities from these three entities are covering three of the four AXA IM business units, AXA IM Core, AXA IM Alts and AXA IM Prime (see graph below for more details on ex-AXA IM's business units), split by main asset class, with the exceptions of i) the progress measured on ex-AXA IM net zero (NZ) targets, ii) our exposures to fossil fuel in alternative and other private market assets that are both measured across all AXA IM entities and iii) all other AXA IM Alts Alternative Credit reported KPIs (ESG scores & weighted average carbon intensity – WACI – in addition to the fossil fuel exposure). It encompasses open-ended funds as well as dedicated funds and mandates under the management of the respective AXA IM entities:

- AXA REIM SGP: AXA IM's investments in real assets, whose figures correspond almost entirely to those reported on the Real Estate and Infrastructure assets further down in this report;
- AXA IM Prime: AXA IM's investments in private and alternative assets, whose figures correspond to those reported on Private Assets;
- AXA IM Paris: A more heterogenous set of AXA IM's investments, encompassing:
  - Traditional assets managed by AXA IM Core;
  - Real assets and alternative credit managed by AXA IM Alts, including some listed real estate assets and natural capital & impact investments.

This report covers AXA IM Paris, AXA REIM SGP and AXA IM Prime as one organisation. Approaches defined within AXA IM aim at being consistent and harmonized, when possible, across all business units while considering the specificities of each entity and asset classes.

As for the reported year 2025, both AXA IM Select France<sup>4</sup> and CAPZA disclose standalone Art.29 reports that are available on their respective websites.

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<sup>3</sup> Unless otherwise specified.

<sup>4</sup> AXA IM Select, AXA IM's fourth business unit, is AXA IM's specialist investment multi-manager, which encompasses AXA IM Select France – a 100% subsidiary of AXA France – serving all AXA Group retail customers through active open-ended funds, as well as offering structured finance and dedicated funds and financial advisory.

1994

Founded

€867bn<sup>1,2</sup>

of assets under management

~ 3,000

Employees

29

Offices

AXA IM Core €504bn AUM	AXA IM Alts €192bn AUM	AXA IM Prime €48bn AUM	AXA IM Select €34bn AUM
<p><b>Fixed Income</b> High Yield IG Credit Inflation Emerging Markets Govt bonds Money Markets</p> <p><b>Equities</b> Global, Regional &amp; Country Thematic Sustainable &amp; Impact</p> <p><b>Multi-Asset</b> Targeted outcome (Capital growth, capital preservation, income generation, inflation, impact, ETFs, index management)</p>	<p><b>Real Estate</b> Real Estate Equity CRE Debt Real Estate Private Equity</p> <p><b>Alternative Credit</b> Secured and Structured Finance Bank Capital Solutions and Specialty Finance Broadly Syndicated Loans Direct Lending</p> <p><b>Infrastructure</b> Infrastructure Equity Infrastructure Debt</p> <p><b>Private Equity LBO</b> Mid-market Private Equity</p> <p><b>Natural Capital &amp; Impact Investing</b> Impact Private Equity Natural Capital</p>	<p><b>Private Assets</b> Private equity, Infrastructure equity Private debt Nav financing GP stake</p> <p><b>Liquid Alternative Strategies</b> Hedge Funds</p> <p><b>Solutions</b> Outsourced CIO Multi private assets mandate</p>	<p><b>Multi Manager</b> Funds of Funds Investment Advisory Discretionary Portfolio Management Individualised Protected Solutions UL Oversight</p>

Source: AXA IM, data as at end of 2025. AuM figures subjected to rounding. (1) Joint ventures and related entities account for €88bn as at end of 2025. (2) AXA IM's total AUM includes the contribution from AXA IM Select and AXA IM Prime, net of intercompany elimination. AXA IM Alts assets also include c. €8bn managed by its private debt subsidiary CAPZA.

## 2025 in review

### Pivoting to a leading European investment platform focused on delivering sustainable and resilient outcomes for clients and the economy

2025 was marked by the **acquisition of AXA IM by BNP Paribas on the 1<sup>st</sup> of July 2025**. On the 31<sup>st</sup> of December 2025, BNP Paribas asset management activities (including AXA Investment Managers, BNP Paribas Real Estate Investment Management and BNP Paribas Asset Management) merged their main legal entities under a unified structure owned by BNP Paribas Cardif. They now operate under a single brand name – BNP Paribas Asset Management (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.

By uniting the strengths of two sustainability leaders, we are better positioned to navigate near-term complexity while advancing long term imperatives – expanding sustainable solutions across listed and alternatives and strengthening system-level stewardship in clients' best interests. Both [BNPP AM](#) and [AXA IM](#) received the top rating of 5 out of 5 stars for the Policy, Governance and Strategy category in the 2025 Principles for Responsible Investment's (PRI) Assessment Report 2025, they also received top ratings (4 or 5 stars) in most asset classes. In addition, BNPP AM achieved a perfect 100% score for the Confidence Building Measures category. Furthermore, the [ShareAction's 2025 Point of No Returns report](#) provides independent confirmation that in bringing together BNPP AM and AXA IM, the new entity combines two of the world's leaders in responsible investment. AXA IM was ranked third and BNPP AM was ranked fourth out of 76 of the world's largest asset managers. BNPP AM was particularly recognised for its biodiversity strategy, achieving the highest biodiversity score among all asset managers assessed. AXA IM was among the few investors with a high ranking for their engagement strategy and disclosure of key social issues, including on human and labour rights, and public health.

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 1<sup>st</sup>, 2026**, and all other sustainability commitments, policies, frameworks and methodologies will be released and enter into force overall by early 2027.

Pending for this new unique sustainability strategy, in 2025, at AXA IM, we remained committed to our net zero targets, which covered c. **69%** of ex-AXA IM total AuM as at end of 2025 (including ex-AXA IM joint ventures – JVs)<sup>5</sup>, versus 65% in 2022, as including the targets set for AXA IM Alts Infrastructure Equity & Debt assets since 2025 (see Section 6). On biodiversity, in fulfilment of our voluntary commitment as a signatory of the Finance for Biodiversity (FfB) Pledge<sup>6</sup>, we have

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<sup>5</sup> When excluding JVs, this coverage rate reached c. 77% at end of 2025.

<sup>6</sup> [Home - Finance for Biodiversity Foundation](#)

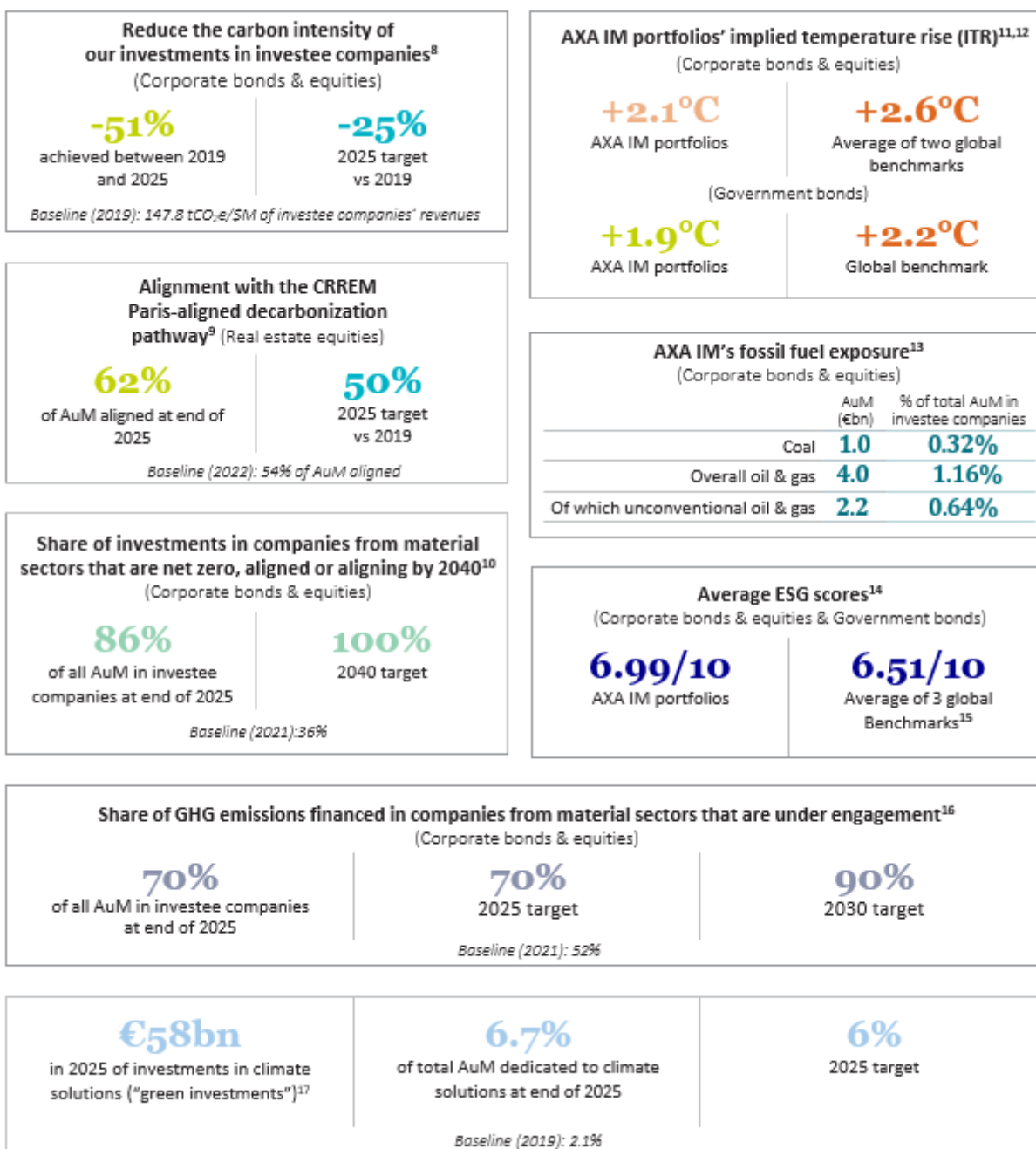
continued to implement the initiation targets set in application of the recommendations provided by the FfB Foundation on nature target setting for asset managers (see Section 7.1). Stewardship remained another key element of ex-AXA IM's RI framework over the year 2025. Climate change mitigation remained our main engagement theme, and the increase in biodiversity & natural capital and corporate governance-related engagement we witnessed in the previous year, also continued in 2025. We are also pursuing our efforts on many other social topics, such as human rights, human capital and public health concerns, continuing to discuss how those are taken into account in the governance of investee companies. This reflects the trend towards integration of ESG across companies' business activities and organisations as they pursue genuinely effective ESG strategies<sup>7</sup>.

At the product-level, we kept building on our long RI experience and the growing interest of our clients to continue to develop and strengthen our RI fund offering. In 2025, we continued to evolve our sustainable fund offering, including the expansion of our exchange-traded funds (ETFs) range to new **Paris Aligned Benchmark (PAB) ETF funds**. New launches aside, we adapted our RI fund offering to new regulatory and sustainable labels developments, including by implementing the **new ISR and Towards Sustainability guidelines** on our labelled funds, preparing the first batch of funds to the **European Securities and Markets Authority (ESMA) fund naming guidelines**, and considering the application of the **Sustainable Disclosure Regime (SDR)** for several UK-domiciled funds, with **7 funds** that have received a SDR label in 2025.

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<sup>7</sup> See BNPP AM 2025 Sustainability & Stewardship Report for more information: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

# Key figures in 2025



<sup>8</sup> Scope 1 and 2 only.

<sup>9</sup> See more information on CRREM website: [CRREM Project](#)

<sup>10</sup> Including issuers categorised as 'Dark blue' (net zero), 'Blue' (aligned with a net zero pathway) and 'Light blue' (aligning with a net zero pathway by 2040) according to AXA IM Climate colour framework described in the report (see section 6.4), and based on the Net Zero Investment Framework (NZIF) V1.0.

<sup>11</sup> The ITR represents how portfolios are aligned with global temperature targets, estimating the global temperature increase by 2100. For listed equities and corporate bonds use MSCI ITR model, while the reported one for sovereign bonds uses Beyond Ratings' CLAIM model.

<sup>12</sup> The two listed corporate global benchmarks used for comparison purposes are the MSCI All Country World Index (ACWI) and the ICE BofA Global Broad Market Corporate (using an equally weighted average). The global sovereign benchmark used for comparison purposes is the JP Morgan GBI Global Govies.

<sup>13</sup> AXA IM's exposure to fossil fuel activities relies on S&P Trucost and Urgewald's databases, accounting for all our exposure to any issuer with any revenue (>0\$) from these activities.

<sup>14</sup> ESG scores for traditional assets are based on MSCI ESG scoring model coupled with an overlay of AXA IM's qualitative analysis.

<sup>15</sup> The three global benchmarks used for comparison purposes are the MSCI All Country World Index (ACWI), the ICE BofA Global Broad Market Corporate and the JP Morgan GBI Global Govies (using an equally weighted average).

<sup>16</sup> Including engagement activities conducted directly by AXA IM are accounted for the two previous years of engagement, along with emissions subject to collaborative engagement initiated by Climate Action 100+, in line with the NZIF V1.0.

<sup>17</sup> Based on AXA IM's Green Investments definition as described in this report (see section 5.1 for more details).

# 1- Our approach to ESG integration: AXA IM Responsible Investment Framework

## 1.1 Our philosophy

**BNP Paribas Cardif, the insurance arm of BNP Paribas, has successfully completed the acquisition of AXA IM as of the 1<sup>st</sup> of July 2025. By combining AXA IM, BNPP AM and BNP Paribas Real Estate Investment Management, BNP Paribas creates an unmatched global platform for long-term savings and investments.**

**Sustainability is key and remains central to BNPP AM identity, as now one of the top three asset managers in Europe. The integration of AXA IM further strengthens our sustainability approach.**

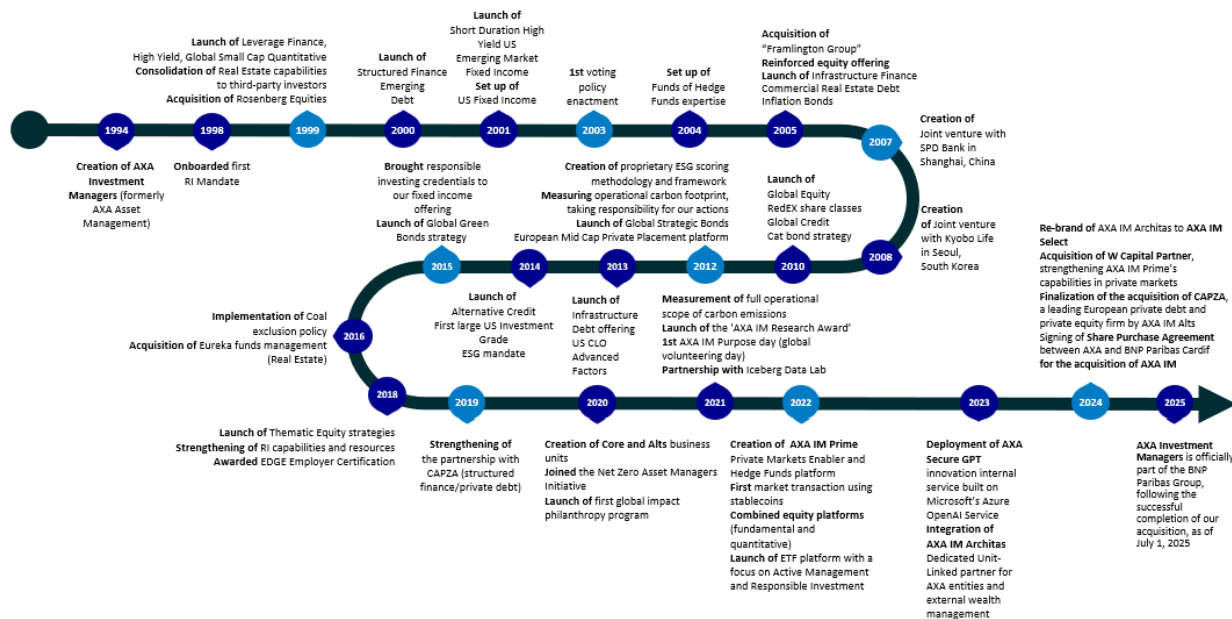
AXA IM has been involved in responsible investment for more than 20 years and is actively engaged in progressively incorporating ESG factors into each area of management expertise, as well as in developing a wide range of responsible- and impact-investment products. AXA IM considers that ESG factors should not only influence the management of our portfolios across asset classes, sectors, companies, and regions, but also the interests of our clients and other stakeholders. AXA IM's investment philosophy has been based on the conviction that sustainable development issues are a major concern for the coming years. 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 many 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 regarding managing their environmental impacts, governance and social practices, and whose responsible practices leave them better prepared, in our view, 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 legacy framework, policies and processes has been built to consider both impacts, at varying degrees depending on the level of integration of our products – in line with the principles of the EU SFDR.



*\*ShareAction | Point of No Returns 2025; \*\*PRI: Principles for Responsible Investment, \*As of end of 2024 for BNPP AM and AXA IM Core. Source: BNPP AM & AXA IM, 2025.*



Source: BNPP AM & AXA IM, 2025.

## 1.2 AXA IM Responsible Investment Framework

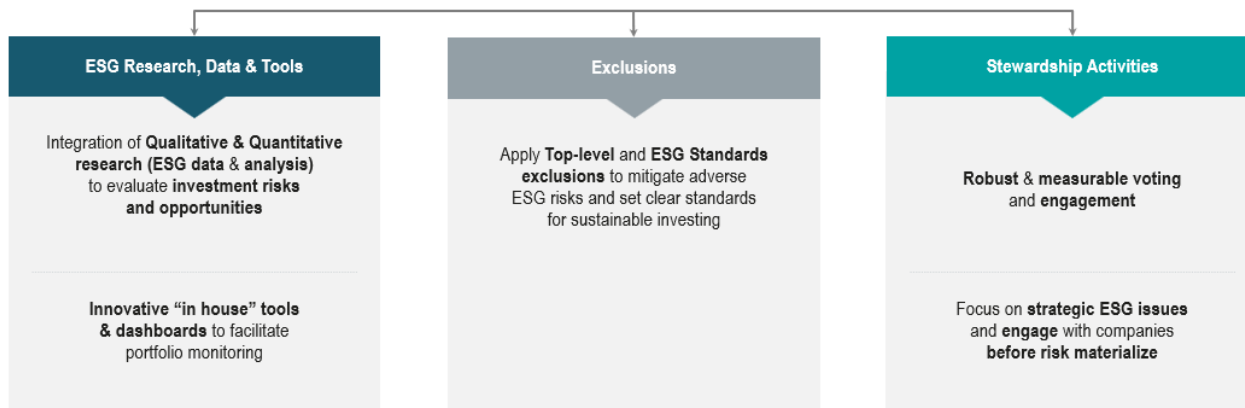
AXA IM has been a long-term, responsible investor with the aim of delivering sustainable returns for clients. We aim to achieve this goal via in-depth research, data analysis and the construction of portfolios which look to optimise both financial and non-financial factors. Our investment process reflects our core belief that a focus on sustainability can help deliver robust economic and financial performance over the long term.

AXA IM RI framework has been based on **three pillars**:

1. [ESG quantitative and qualitative research](#);
2. [Normative and sectoral exclusion policies](#);
3. [Stewardship strategy](#).

Our **ESG quantitative and qualitative research** helps us understand the materiality of ESG challenges for sectors, companies, and countries. This research feeds into our ESG-integration and exclusion strategies by identifying where assets might be exposed to ESG risks that could have a detrimental and irreversible effect on 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, when relevant, to sovereigns on what we consider unacceptable from an ESG perspective. For assets where we remain exposed, we apply our voting and engagement strategies with the objective of supporting issuers in their transition journey. In applying our **stewardship strategy**, specifically for engagement with objectives, we aim to set out meaningful objectives which are clearly communicated to the management of the issuer through engaging dialogues. We then hold meetings with such issuers to verify and evaluate their progress regarding ESG issues and we vote with conviction or, when required, pursue other escalation techniques. In the case of a severe engagement failure (e.g., where commitments taken investee companies – or progress agreed upon – have not been fulfilled), this process could end in divestment.

### 3 Pillars Incorporated Across Portfolios



Source: AXA IM, 2026.

Since January 1<sup>st</sup>, 2026, and following the combination of BNPP AM and AXA IM, adherence to responsible business codes & internationally recognised standards has been consolidated under the BNPP AM banner and is detailed in the Membership & Pledges document available on the BNPP AM website (see “BNP Paribas Asset Management Sustainability Information” section): [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

In connection with the publication of the new BNPP AM Global Sustainability Strategy (GSS) later in 2026, BNPP AM's net zero, biodiversity & equality roadmaps will also be updated, notably with new net zero targets defined on the new global scope of BNPP AM, including the legacy scopes of AXA IM and BNPP REIM, and will remain aligned with the best and most relevant internationally recognised standards.

## ESG quantitative and qualitative research

### ESG scoring methodologies

AXA IM legacy ESG scoring methodologies help portfolio managers integrate ESG considerations in their investment decisions by assessing the ESG performance of our assets. ESG scoring methodologies rely on data reported by companies which are still heterogenous due to the absence of global, mandatory sustainability reporting standard which means they should be used with caution. Through our advocacy efforts, we support the on-going developments in the sustainability-reporting space, including at EU level with the upcoming CSRD and at global level with the work of the ISSB. We particularly advocate for the proportionate integration of the ‘double materiality’ concept and an effective interoperability between the different sustainability standards that are currently being developed. One of the challenges faced by investment managers when integrating sustainability risks or PAI in their investment process is the limited availability of relevant data for that purpose: such data is not yet systematically disclosed by issuers, investee companies or tenants or, when disclosed, may be incomplete or may follow various methodologies. Most of the information used to establish the exclusion lists or determine ESG factors is based on historical data, which may not be complete or accurate or may not fully reflect the future ESG performance or risks of the investments.

The methodologies for exclusions policies and ESG scoring applied by AXA IM have been regularly updated to take into account changes in the availability of data or methodologies used by issuers or from various industry-specific or sectorial frameworks to disclose ESG-related information, but there is no assurance that such ESG methodologies will be successful at capturing all ESG factors.

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

- AXA IM has implemented scoring methodologies to rate issuers on ESG criteria: a single-provider ESG scoring model which is coupled with an overlay of AXA IM's own analysis. Entitled Q<sup>2</sup> (Qual and Quant), this new and enhanced qualitative and quantitative approach offers increased coverage as well as fine-tuned fundamental analysis and provides a structured score. Using MSCI ESG scoring model as the starting point, Q<sup>2</sup> methodology allows to increase the coverage provided by MSCI as when MSCI doesn't provide a rating for an issuer, AXA IM ESG analysts can provide a documented, fundamental ESG analysis, which in turn will be transformed into a quantitative ESG score following MSCI pillars aggregation methodology and scores normalization, such coverage-enhancing ESG scores are referred to as "qual-to-quant". When MSCI does cover an issuer but AXA IM's ESG analysts disagree with MSCI's ESG assessment (for example because the assessment is based on scarce and/or outdated data), a documented, fundamental ESG analysis can be submitted to the peer review of the ESG Monitoring & Engagement Committee, chaired by the Head of AXA IM Research; if this committee validates the analysis, it will be transformed into a quantitative ESG score and will override the existing, previously prevailing MSCI score;
- In the corporate methodology, the severity of controversies is assessed and monitored by MSCI in its model on an ongoing basis to make sure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores;
- The data used in these methodologies include greenhouse gas (GHG) emissions, water stress, health and safety at work, supply chain labour standards, business ethics, energy security risk, wellness. AXA IM rates issuers on ESG criteria (corporates and sovereigns) based on quantitative data and/or qualitative assessment from internal and external research;
- These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and Social factors and further incorporate ESG risks and opportunities in the investment decision.

For **alternative asset classes** managed by AXA IM Alts, a specific set of methodologies has been developed using both quantitative and qualitative assessments for the various asset classes where we often face a significant lack of reliable, accessible and relevant data in many of our markets. This includes (i) the assessment of sustainability risks across all asset classes through ESG due diligence, and/or (ii) the use of proprietary ESG methodologies (including ESG scoring or ESG factors monitoring). These methodologies assess both country, counterparty and asset/project ESG factors. In many instances, these methodologies form only one part of a broader sustainability risk assessment for a given investment. More specifically:

- For **direct real estate property**: The ESG rating methodology is a proprietary tool, initially developed in 2016, and regularly updated to be in line with regulation and industry benchmarks requirements, such as BREEAM-in-use and GRESB, in order to integrate the expectations of the main stakeholders and to guarantee the coherence of the actions conducted at asset level. The assessment is linked to the performance of a building over a defined period and therefore takes into account criteria that can be measured at the asset level. All E, S and G pillars are linked to the building itself or to its management method and are defined to allow the evaluation of any type of physical real estate asset, regardless of its asset class (residential, office, hotel, etc.). A first assessment is performed during the acquisition process, to embed ESG criteria in the asset underwriting, and is then updated on a yearly basis to monitor the impact of our active management;

- For **commercial real estate (CRE) debt & infrastructure debt**: ESG criteria are taken into consideration during the due diligence and investment committee process. A proprietary scoring methodology specific to these asset classes was developed in 2017 for the purpose of allocating an ESG score, with various set of indicators and assessments for each asset class. The two scoring methodologies were enhanced in 2023 to reflect the changing risks and take into consideration the most relevant ESG indicators for the asset class, better align with best market standards and extend the consideration of extra-financial criteria to the full investment cycle, from the investment universe' screening to the due diligence phase, all throughout the holding period.
- For **infrastructure equity**: A proprietary ESG rating methodology for Infrastructure Equity portfolio's underlying investments was developed in 2021, and subsequently updated in 2024 to provide an objective assessment of infrastructure companies' ESG performance and enhance ESG risk management. The rating was built by incorporating a comprehensive set of material ESG factors specifically for Infrastructure Equity investors, with a strong emphasis on the double materiality risk approach, and evaluates risks at investee company level through the perspective of thorough risk management covering all the steps from ESG risk identification, assessment, mitigation, monitoring to ESG risk disclosure;
- For **leveraged loans & private debt**: For new loans and bonds issued by corporates that are not rated by the previous methodology, another scoring methodology is put in place based on Ethifinance data provider. In 2023, the methodology was reviewed to integrate the Octus FinDox ESGx solution; for all other corporates we apply the same methodology than for traditional asset classes.
- For **other alternative asset classes (i.e., CLOs, ABS, mortgages, NPL, ILS, and RegCap)**: proprietary ESG scoring methodologies capturing their specificities through quantitative and qualitative indicators and related assessment have been developed in 2021.

For **other private asset classes**, as for **funds of funds** managed by AXA IM Prime, a dedicated methodology was developed and is based on relevant industry frameworks such as the UN PRI, Invest Europe and the SFDR regulation for investments in primary funds. The ESG assessment relies on answers provided by the fund manager to an ESG questionnaire divided in two parts:

- i) the fund manager as a company (firm responsibility), assessing the firm's ESG governance and policy, and specific environmental, social and governance practices;
- ii) the specific fund in which the investment is made (fund responsibility), assessing the integration of ESG in the investment cycle (pre-investment, ownership, transparency).

A separate ESG score is calculated at each level, and is ranked from 1 to 10. The output of the ESG assessment is threefold ensuring the investment's compliance with i) AXA IM sectorial exclusion policies, ii) minimum ESG criteria, and iii) minimum ESG score (both at firm and fund level). A dedicated approach with separate questionnaires was developed for secondaries and co-investments to account for the specificities of such investments. For all investments, the ESG assessment is conducted pre-investment and updated on an annual basis during holding.

Overall across our various asset classes, some of our strategies apply binding criteria in relation with the ESG score, which are described in their legal documentation.

All ESG methodologies per asset class are covered in **AXA IM ESG Methodologies Handbook**, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## 2025 updates

In 2025, we kept reinforcing our ESG framework with the following tools for AXA IM Alts:

- For CRE debt: we further strengthened our digitisation efforts across the CRE Debt platform through the full onboarding and deployment of Greenscope as our central ESG data-collection and engagement tool. The platform is now systematically used to engage borrowers and agents, streamline the end-to-end collection of ESG information, and automate key steps such as data validation, scoring and integration into our central systems. This overhaul has materially enhanced data quality, timeliness and borrower interaction, improving both the robustness of our ESG assessments and the operational efficiency of our annual regulatory and non-regulatory reporting cycles;
- For Infrastructure equity: In 2025, we finalized a new Sustainable Investment (SI) definition methodology for our infrastructure equity assets. This methodology is built around the structure of the EU Taxonomy, drawing directly on its three core pillars: substantial contribution, do no significant harm, and minimum safeguards. This approach reflects regulatory expectations and responds to the increasing level of detail sought by the market in sustainable finance disclosures. It is expected to evolve further in 2026.

## AXA IM ESG Scoring Dashboard

### 2025 ESG Scoring Dashboard on listed assets

We produce on an annual basis an ESG Dashboard at AXA IM level aiming to summarize asset classes' contributions to the global ESG score. Using the Q<sup>2</sup> methodology, the dashboard below is based on AXA IM worldwide holdings' but specifically focuses on traditional asset classes – equities, sovereign bonds and corporate bonds – at the end of year 2025 and versus end of 2024<sup>18</sup>.

		Asset under management (AuM) at end of year <sup>19</sup>	Scores				Coverage
			Aggregated ESG score (weighted)	E score	S score	G score	
			[in M€]	[0-10]	[0-10]	[0-10]	
AXA IM traditional assets <sup>20</sup>	2025	366,036	7.03	6.99	6.27	6.28	97%
	2024	375,551	6.99	6.99	6.19	6.43	97%
Equities	2025	50,042	7.51	7.09	5.61	6.14	97%
	2024	51,258	7.44	7.58	5.44	5.99	95%
Corporate Bonds	2025	183,264	7.50	7.66	5.53	6.12	96%
	2024	181,196	7.40	7.74	5.39	5.99	95%
Sovereign Bonds	2025	132,730	6.23	6.07	7.49	6.53	100%

<sup>18</sup> Holdings managed by AXA IM Paris only.

<sup>19</sup> AuM accounted in 2024 and 2025 are limited to AXA IM Paris ones for traditional assets. The approach is aligned with the approach taken to account for the defined "current value of all investments" within the SFDR Delegated Regulation 2022/1288 at entity-level.

<sup>20</sup> Some sovereign assimilated assets such as public-owned companies are considered as corporates, while sovereign assets (e.g. government bonds) and supranational assets (e.g. multilateral development banks bonds) are both included in the reported "sovereigns bonds" line in this report, as per SFDR definition. Subnational assets (e.g. municipal bonds) are not included in this report.

	2024	143,097	6.30	6.08	7.36	7.11	100%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		6.59	6.58	5.15	5.62	100%
	2024		6.78	6.72	5.16	5.57	100%
ICE BofA Global Broad Market Corporate	2025		6.78	7.01	5.09	5.87	96%
	2024		6.75	7.13	5.05	5.82	96%
JP Morgan GBI Global Govies	2025		6.12	5.80	7.54	6.49	100%
	2024		6.18	5.92	7.34	6.99	100%

Source: AXA IM, based on MSCI, 2026.

### ▪ 2024 to 2025

Compared to 2024, we report a slight increase of our aggregated ESG scores for listed equities and corporates bonds which is the consequence of the re-scaling factor when aggregating E, S & G pillars together<sup>21</sup>, which are relatively stable from year-to-year, still noting that the E scores our listed equities assets have decreased significantly in a year (after a sharp increase in 2024 versus 2023), which reflects the enhancement made by MSCI of the simulated data points and scores for all companies in the Climate Change Metrics coverage universe (used in the ESG score). Most importantly, we keep observing year after year that our ESG scores of corporates overall remains above the benchmark which are overall stable compared to 2024, both for listed equities and bonds.

As for sovereign bonds, the weighted ESG scores both of our investments have significantly decreased in 2025 compared to 2024, in particular on the G pillar. The same evolution can be observed when comparing with the sovereign bonds' benchmark over the past years. This decrease is mainly driven by methodology enhancements introduced by MSCI in the 2025 Sovereign ESG model refresh. Most Governance indicators were refreshed on a like-for-like basis, with several point-in-time indicators (e.g., Civil Liberties, Political Rights, Global Peace Index, Corruption Perceptions Index, Democracy Index, and World Press Freedom Index) replaced by equivalent 3-year average versions. The main impact of this change was a smoothing effect, reducing short-term volatility and emphasizing longer-term structural trends. In addition, the 2025 methodology updated the normalization/truncation approach for most Governance data points.

### 2025 ESG Scoring Dashboard on alternative assets

Since 2016, AXA IM Alts has developed ESG scoring methodologies for alternative asset classes as described above. The table below shows the results of the implementation of these methodologies, all rated from 0 to 10 for each pillar and aggregated ESG scores.

<sup>21</sup> Within MSCI ESG scoring methodology, a weighted average key issue score is determined by calculating the weighted average of the underlying pillar scores. This score is then adjusted relative to each industry peers to get the final industry adjusted score, then the final ESG adjusted score used at AXA IM, hence why the aggregated ESG scores are usually above the unadjusted weighted average score the E, S, G pillar(s) (e.g., like for AXA IM listed corporates ESG scores in 2024 and 2025 overall). Concretely, for example, if the Industry Minimum Score is greater than 4, it is truncated at 4, which will result in no companies in that industry receiving the lowest rating, whereas if the Industry Maximum Score is less than 6, it is truncated at 6, resulting in that no companies could receive the highest rating.

		AuM at end of year <sup>22</sup>	Scores				Coverage
			Aggregated ESG score (weighted)	E score	S score	G score	
		[in M€]	[0-10]	[0-10]	[0-10]	[0-10]	[%]
AXA IM Alts alternative assets <sup>23</sup>	2024	92 451	6.09	6.31	5.89	5.99	95%
	2025	94 003	6.50	6.75	6.18	6.37	91%
i) Real Estate & Infrastructure <sup>24,25</sup>	2024	40 914	6.13	6.05	5.74	6.49	94%
	2025	44 216	6.31	6.10	5.91	6.76	86%
Real estate	2024	27 367	6.22	6.05	5.97	6.67	91%
	2025	29 459	6.48	6.08	6.36	7.13	98%
Infrastructure	2024	13 547	5.96	6.06	5.29	6.12	100%
	2025	14 757	6.14	6.34	5.25	6.19	86%
ii) Alternative credit <sup>26</sup>	2024	51 537	6.06	6.51	6.00	5.59	95%
	2025	49 048	6.76	7.43	6.51	6.12	96%

Source: AXA IM, based on MSCI, Octus FinDox, 2026.

## ▪ 2024 to 2025

Overall, alternative assets' ESG assessment average score have increased by c. 6% in 2025 compared to 2024. This evolution is explained by asset class bespoke trend, both linked to methodology refinement and ESG improvement actions deployment.

### Real estate focus

Across the real estate platform (including real estate equity, CRE debt and listed exposure), the average ESG score increased by c. 4% year-on-year, alongside a further strengthening of coverage, which now reaches 98% of the portfolio (+7% YoY). This progression reflects both improved data availability and the continued embedding of structured ESG assessment frameworks across strategies. Positive trends are observed across all underlying sub-sections, highlighting broad-based improvements in ESG performance and monitoring.

The methodologies and processes developed over the past two years provide a robust and structured framework to support the consistent assessment and progression of ESG performance across asset classes. These developments have enabled greater comparability, enhanced

<sup>22</sup> Accounted assets under management (AuM) are the sum of the net asset value of assets managed by AXA IM, readjusted to take into account double counting (i.e. for holdings in funds managed by AXA IM) and carve-outs. It is aligned with the approach taken to account for the defined "current value of all investments" within the SFDR Delegated Regulation 2022/1288 at entity-level.

<sup>23</sup> Figures aggregated across alternative assets are the sum of real estate & infrastructure worldwide assets managed by AXA REIM SGP only and Alternative credit, Natural capital & Impact assets on worldwide assets managed by all AXA IM entities (see following footnotes).

<sup>24</sup> Data on worldwide holdings managed by AXA REIM SGP only at end of 2023 and end of 2024 from collected data, including listed real estate for the first year (c. €3.8bn of AuM at end of 2024) while not included in 2023 (c. €4.2bn of AuM at end of 2023, c. 8% of total AuM managed by AXA REIM SGP).

<sup>25</sup> For real estate & infrastructure assets, as for 2024 and 2025 figures, E, S, G & ESG scores have been computed taking into account unlisted and listed assets scores. For real estate perimeter, real assets funds and buckets of listed assets of AXA Immo Avenir have been included. As for infrastructure perimeter, buckets of listed assets from AXA Avenir Infrastructure have been taken into account. Scores have been computed based on asset weighting for each portfolio. These listed assets were not included in 2021 figures in our previous reports.

Please note the Infrastructure equity ESG rating methodology has changed in 2024 as highlighted above. This resulted in a weighted average drop of 30% in ESG ratings of infrastructure investee companies between 2023/2024 and 2025.

<sup>26</sup> Worldwide holdings managed by all AXA IM entities (incl. AXA IM Paris) eligible to ESG scoring.

monitoring, and more systematic integration of ESG considerations into investment and asset management processes, whilst recognising the ongoing limitations linked to data availability and evolving market standards.

Within real estate equity, these improvements are underpinned by a high degree of control over asset-level decision-making and the continued roll-out of targeted initiatives. These include enhanced data collection processes, the implementation of asset-level action plans, integration of ESG criteria into business plans, and active asset management strategies focused on energy efficiency, carbon reduction and resilience. Over time, these initiatives have translated into measurable improvements in underlying asset performance between acquisition and disposal, supporting both ESG outcomes and long-term value creation. The scoring methodology itself continues to evolve to reflect market best practices and regulatory developments, further reinforcing its relevance as a steering and performance management tool.

By contrast, ESG integration in CRE debt continues to reflect comparatively lower levels of maturity, primarily driven by more limited access to asset-level data, a higher reliance on borrower-provided information, and reduced direct influence over underlying asset management decisions. As a result, score progression is inherently more gradual and subject to external factors. Nevertheless, we expect continued improvement over time, supported by enhanced borrower engagement, the progressive integration of ESG-related reporting requirements and covenants in loan documentation, and broader market convergence towards more standardised disclosure practices.

Overall, the observed upward trend in ESG scores across the platform demonstrates the effectiveness of recent framework enhancements and the increasing alignment of real estate investment strategies with evolving ESG expectations, whilst recognising differentiated maturity levels across asset classes.

### **Infrastructure focus**

The average 2025 ESG rating for our infrastructure investments (equity and debt) has decreased by c.3 % compared to 2023, from down to c. 5.96 versus c. 6.14 in 2024. This evolution is mainly due to a methodological change in our Infrastructure Equity ESG rating. In 2024, an enhancement of the ESG rating methodology was put in place to further account for the most material ESG risks for infrastructure investor<sup>27</sup>. Detailed questionnaires have been circulated to all investee companies with the intention to properly capture relevant and the most material ESG information and KPIs. As a consequence, we expanded the comprehensiveness and completeness of our ESG data collect and were able to re-rate our entire infrastructure equity portfolio based on the updated methodology.

As for the Alternative credit business line (incl. Natural capital & Impact investments), compared to 2024, 2025 marked a significant increase in the ESG scores of assets and on each ESG pillars (notably ESG quality increase of the on CLO portfolio). This trend follows the same observed between 2023 and 2024 last year. The data coverage has also been maintained close to 100%, despite significant volume of new investments and strategies.

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<sup>27</sup> More details on the updated Infrastructure equity ESG rating methodology are disclosed in AXA IM ESG Methodologies Handbook, available on AXA IM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## RI Thematic Research

### RI thematic Research for knowledge management and engagement purposes

At AXA IM, we have produced in-house RI research on key themes including Climate change and Just transition, Biodiversity, Gender diversity and human capital, Human rights, Responsible Tech, Corporate governance notably. Research papers were published on the Investment Institute page of AXA IM website. This research allows us to identify ESG risks, understand and anticipate their impacts on the assets in which we invest as well as the impact of our investments on environmental and social aspects. Key findings from this research also inform adjustments to our stewardship and exclusion strategies. AXA IM's thematic research papers are published on our Investment Institute.



*Source: AXA IM, 2025. For illustrative purpose only.*

Following the integration of BNP Paribas Asset Management (BNPP AM), AXA Investment Managers (AXA IM) and BNP Paribas Real Estate Investment Management (BNPP REIM), since July 1st, 2025, ex-AXA IM **RI Research team has been integrated to AXA Group and is no longer part of AXA IM organization**. Since then, RI thematic research is ensured by legacy BNPP AM Sustainability Research team, part of BNPP AM Sustainability Center (see section 2.1 for more details).

### Qualitative research for investment decision-making: impact assessment framework

AXA IM has been using a proprietary impact assessment framework to identify companies that generate a significant positive impact on society and the environment and contribute to progress towards the UN SDGs. Based on five impact pillars, the framework rates companies in different categories, from Impact Leaders to Detractors.

Impact Assessment: companies are scored across five impact pillars				
1. Intentionality	2. Materiality	3. Additionality	4. Negative Externalities	5. Measurability
<ul style="list-style-type: none"> <li>Strategic commitment to generate impact</li> <li>Impact targets and strong sustainability policies</li> <li>Executive compensation includes sustainability criteria</li> </ul>	<ul style="list-style-type: none"> <li>Materiality of the issues being addressed (severity, breadth)</li> <li>Materiality of the solutions provided by the company (scale, depth)</li> </ul>	<ul style="list-style-type: none"> <li>Leading solutions through superior technology or reliability</li> <li>Increased access through broader distribution</li> <li>Affordable pricing</li> </ul>	<ul style="list-style-type: none"> <li>Negative impact on environment or society</li> <li>Controversies</li> <li>Mitigating policies and actions</li> </ul>	<ul style="list-style-type: none"> <li>Transparent measurement and reporting on impact and sustainability</li> </ul>

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

## Green, Social, Sustainability, Sustainability-Linked and Transition bonds

### Green, Social and Sustainability bonds

AXA IM has developed a proprietary green bond assessment framework. We then built on this to create new frameworks for social and sustainability bonds. These are very similar in terms of structure, but some aspects differ due to the specificities of social and sustainability bonds. This approach is stringent, but it is also continuously evolving and aims to fulfil three main objectives:

- Driving investments towards authentic and impactful green assets and social projects;
- Raising the integrity and transparency standards of the Green, Social and Sustainability bonds (GSSB) market;
- Ensuring that GSSB issuers are committed to fight climate change and to address sustainability challenges, and that this commitment is reflected in business practices and operations.

Selectivity is key in ensuring that only the most relevant and impactful green and social projects receive the necessary financing. This framework relies on qualitative assessments made by the AXA IM Core Sustainability Investments team into the Q<sup>2</sup> scoring framework (i.e., GSSBs are given the issuer's MSCI ESG score by default at first, and our qualitative assessment can enhance the score possibly resulting in a bonus on the ESG score), whether it is a corporate or sovereign bond, to produce an enhanced ESG score for GSSB issuances. It is used in a systematic manner for our Global Green Bonds and Social Bonds strategies specifically, and also to inform the decisions of portfolio managers for other strategies but not applying in a systematic manner. On average, since 2014, our GSSB assessment framework has led us to exclude around one in five bonds presented to us as green, social, or sustainable.

AXA IM's GSSB assessment framework, notably inspired by the Green and Social Bond Principles (GSBP) and the Climate Bonds Initiative (CBI), is made up of four pillars (see graph below):

1. The environmental, social and governance (ESG) quality and strategy of the issuer;
2. The use of proceeds and the process for project selection;
3. The management of proceeds;
4. Impact reporting.



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

For each pillar, our analysts review, assess, and monitor several well-defined criteria, many of which are mandatory. At the very least, the issuer must surpass our exclusion criteria and to comply with our “requirement” criteria in order to be investable. If a GSSB also meets our “expectation” criteria, it would place the issuer among the GSSB leaders. The factors outlined below are intended to be indicative and non-exhaustive. This is primarily because individual GSSBs can vary greatly and therefore their individual assessment involves subjective criteria, as is always the case in qualitative analyses.

At AXA IM, we believe that the use of proceeds of a green bond should reflect the issuer’s efforts towards improving its overall environmental strategy and its alignment with the Paris Agreement on climate change. On the social side, the issuer should also make its ambition to deliver positive societal outcomes clear. Full transparency about the projects financed and on the tracking of the proceeds is therefore essential to our assessment. We pay particular attention to impact reporting, where both qualitative and quantitative indicators are expected.

## BPIfrance



### Issuer's ESG quality & strategy

BPI has established its climate plan in 2020 and it has been updated since then. It is based on 3 main areas of action: financing its clients' transition to a low carbon economy - BPI is committed to provide €7bn to finance businesses transformatively by 2024; doubling its funding dedicated to renewable energy to achieve €8.6bn financing by 2024; provide financial support to greentechs with a €4.2bn financial commitment by 2024. We also note that BPI has no direct exposure to the fossil fuel and oil & gas industries and has established exclusion policies for coal companies. BPI is currently working on its scope 3/financed emissions and is engaging with its clients to gather data - it is strongly committed to measure the and set targets as soon as possible.

### Project types

The proceeds will finance the following eligible activities: Renewable energy (48% projects in line with the EU taxonomy requirement - including DNSH and minimum safeguards); Green buildings (38%) following the RT 2012 standard - EU taxonomy aligned until 2025. After 2025, BPI will only finance RT 2020-aligned buildings that are also aligned with the EU taxonomy; Greentech (14%): eligible loans are selected according to 1) BPI's internal definition, 2) the external Iceberg tensorial methodology and 3) best-in-class alignment with the EU taxonomy. We appreciate the innovative aspects of the greentech category, as well as the 86% alignment with the EU taxonomy.

### Management of proceeds

The proceeds will be earmarked within BPI's general account with a 3 year lookback period, and the allocation will be submitted to an external audit.

### Impact reporting

BPI will provide annual impact reporting, and will publish the following KPIs: CO2 generated and installed capacity, GHG emissions avoided, number of greentech projects, number of jobs supported.

## KBC



### Issuer's ESG quality & strategy

In addition to its robust environmental profile and strategy - see KBC's green bonds analyses -, the bank is also committed to social issues through its sustainable financing activities. KBC notably provided c. €7bn in social impact financing in 2021 - through healthcare, education and microfinance activities. We however note that the bank does not have targets related to social financing - this said, it is common in the financial sector. All in all, we see consistency with the social bond.

### Project types

100% of the proceeds will finance access to healthcare projects. In details, these consist of public and private - which are running as non-for-profit organizations in Belgium - hospitals, as well as elderly care, disabled care and residential care centers financing. We are comfortable with the eligible projects, as hospitals in Belgium play a key role in access to health for Belgian and foreigner residents. The selection is done by a dedicated committee.

### Management of proceeds

The proceeds will be managed through KBC's internal systems, without proper segregation. The allocation will be externally reviewed.

### Impact reporting

KBC will publish annual impact reporting and will provide the following KPIs: number of hospital beds, number of care facilities and beds.

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

## ▪ Sustainability-linked bonds

AXA IM is committed to the idea that investors will be better positioned if they acknowledge and address climate change and sustainability in their portfolios. This has prompted us to carefully monitor the arrival of a new type of fixed income asset class: Sustainability-Linked Bonds (SLBs).

SLBs differ from GSSBs, a market where we have worked to achieve a leadership position for some years now. Unlike GSSBs, SLBs are not "use-of-proceeds" instruments - just like conventional debt, they are general purpose bonds. However, they do represent a new opportunity to fund the climate transition and other environmental and social challenges. They may also have the potential to deliver long-term, sustainable performance for our clients.

The main difference between SLBs and conventional bonds is that SLBs integrate objectives linked to environmental, social and governance (ESG) factors. According to the SLB principles set out by the International Capital Market Association (ICMA) they are:

“...any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. Those objectives are (i) measured through predefined Key Performance Indicators (KPIs) and (ii) assessed against predefined Sustainability Performance Targets (SPTs).<sup>28</sup>”

Put simply, an SLB issuer will have to pay more to its investors if it fails to meet its predefined SPTs - and will still pay the same coupon if it succeeds. But this is not about greedy investors hoping

<sup>28</sup> Source: Climate Bonds Initiative

SLB issuers fail in their sustainability ambitions – it is about responsible investors like AXA IM using SLBs to incentivise companies towards behaviour that we believe will benefit them, and us, over the long term.

SLBs could therefore act as a powerful tool, in particular, but not only, for high-emitting issuers to finance their transition towards a more sustainable business model. While GSSBs focus on specific projects and assets to be financed, SLBs establish a link between the issuer’s ESG ambitions and the financial characteristics of the bond. An issuer’s sustainability strategy may already form part of our GSSB assessment process, but it becomes the core feature for an SLB. Despite the differences, we see a common issue in these two types of instruments: There is no consensus on what a high-quality SLB is. AXA IM has therefore decided to define its proprietary framework for evaluating SLBs, and we set out our methodology and criteria in the document available for download below.

We want to highlight that SLBs will not be part of our green and impact investments – as opposed to GSSBs – but rather of our transition investments. We consider that SLBs and use-of-proceeds transition bonds both relate to transition finance instruments that will allow AXA IM to take an active role in powering that transition – in addition to our green and impact investing strategies through GSSBs.

AXA IM’s SLB assessment framework is made up of four pillars:

1. Issuer’s sustainability strategy & KPIs relevance and materiality;
2. SPT ambition;
3. Bond characteristics;
4. SPT monitoring & reporting.

For each pillar, at the very least, the issuer has to surpass our “exclusion” criteria and comply with our “requirement” criteria in order to be investable. If an SLB also meets our “expectation” criteria, it would place the issuer among the SLB leaders, in our view. All of these criteria are set out for each pillar below. The factors outlined are intended to be indicative and non-exhaustive. This is primarily due to the fact that individual SLBs can vary greatly and therefore their individual assessment involves company-specific factors, as accepted within qualitative analysis approaches.

## Exclusion policies

Informed by our ESG quantitative and qualitative research, AXA IM legacy normative and sectoral exclusion policies define the minimum standards that we apply to companies and sovereigns in relation to their climate and social endeavours. Issuers that pass this minimum standard are subject to our voting and engagement strategy, with the goal of supporting their transition to better ESG practices ([see section 4 on our Engagement strategy](#)). In applying our stewardship strategy, we set clear and meaningful objectives communicated to the management, hold regular meetings to verify and evaluate progress; and vote with conviction or pursue other escalation techniques when required.

AXA IM legacy **top-level exclusion policies** apply to the majority of assets under management<sup>29</sup> are regularly updated to reflect our convictions and comply with the latest recent regulatory

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<sup>29</sup> For index funds under AXA IM’s management, the Soft Commodities policy applies to the extent that the objective of the fund is not compromised. The Climate Risks Policy does not apply to funds of funds composed of funds which are not under the management of AXA IM, index funds nor to funds of hedge funds. Please note that in respect of alternative assets (Real Assets, Structured Finance assets), AXA IM exclusion policies are adapted and may be applied differently between direct or indirect investments.

developments, including the SFDR<sup>30</sup> as well as the EU Taxonomy Regulation. By ruling out certain activities or practices, our exclusion policies help us to address sustainability risks in both aspects of double materiality, *i.e.*, financial risks & impact reduction.

Overall, the majority of AXA IM's historical assets<sup>31</sup> have implemented the sectoral exclusions related to the following AXA IM policies, further detailed in the table below:

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

These policies are also proposed to our clients of our portfolio management services and dedicated funds on an opt-out or opt-in basis. AXA IM financial products that have ESG characteristics or sustainable investment as their objective (*i.e.*, Article 8 and 9 funds under SFDR, including our sustainable/ACT fund range and our impact investments) have implemented additional ESG exclusions through **AXA IM's ESG Standards policy**. This policy is also proposed to clients of our portfolio management services and dedicated funds on an opt-in basis.

Exclusion policies	Share of third-party AuM applying the policy <sup>32</sup>
Climate risks policy	85%
Ecosystem protection & deforestation policy	85%
Soft commodities policy	85%
Controversial weapons policy	99%
ESG Standards policy	63%

*Source: AXA IM, as of 31/12/2025.*

<sup>30</sup> We use our sectoral & normative exclusion policies as a mean to i) consider the 'Do not significantly harm' principle (DNSH) as for defining sustainable investment following Article 2(17) of SFDR, ii) integrate sustainability risks following its Article 3, and iii) consider adverse sustainability impacts following its Article 4.

<sup>31</sup> At end of 2025, 85% of third-party assets under management apply all our sectoral exclusion policies. The remaining 15% comprise strategies which are out of scope of the policy for technical reasons (*e.g.*, index funds, funds of hedge Funds), client opt-out and exemptions. Joint ventures (JVs) are excluded from this figure.

<sup>32</sup> Our sectoral and normative exclusion policies apply to all direct product investments under ex-AXA IM's management, excluding – for technical reasons – funds of funds composed of funds which are not under the management of ex-AXA IM, index funds, funds of hedge funds, nor tenants in real estate portfolios. They apply to ex-AXA IM and all its affiliates worldwide, to joint ventures where AXA IM's stake is 50% or higher, and to funds for which the management is delegated to one of our joint ventures. JVs are excluded from this figure.

In sum, our exclusion policies cover the following areas:

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

Source: AXA IM, 2025.

AXA IM has occasionally exempted issuers that fall just under the exclusion threshold and are successfully implementing a robust transition plan. This exemption process is overseen by a RI governance committee, with each exemption request reviewed on a case-by-case basis.

### 1.3 Our Responsible Investment product offering

In an environment where regulators are putting in place new standards and requirements to specifically address greenwashing concerns – in particular in the EU - and country-level (e.g., France, Luxemburg, Belgium), AXA IM continually improves its RI categories and product offering to ensure they follow regulatory requirements (i.e., notably following SFDR and the AMF Doctrine<sup>33</sup>) and are clear and understandable by clients. This classification system will continue to evolve in the coming years to integrate new requirements of existing and upcoming sustainability-related regulations. Beyond regulatory definitions, market standards<sup>34</sup> remain and, at AXA IM, we continue

<sup>33</sup> “Autorité des Marchés Financiers”, the French regulator, which issued its 2020-03 position-recommendation in March 2020 [Informations à fournir par les placements collectifs intégrant des approches extra-financières | AMF \(amf-france.org\)](#)

<sup>34</sup> Non audited figures. As per [S&P Global Corporate Sustainability Assessment \(CSA\)](#) sustainable investment product categories, at end of 2025, a total of c. €488bn of our AuM integrated sustainability risks & mitigate principal adverse sustainability impacts, notably through the implementation of AXA IM ESG sectorial & normative exclusion policies – or equivalent applied by the client –, proactive stewardship, and the incorporation of ESG information into investment decision (representing c. 63% of total AuM managed by AXA IM at end of 2025, excluding JVs). Within this scope of funds integrating ESG criteria, c. 4.7% of total AuM (excl. JVs) go a step further by belonging to the **non-significantly engaging category** according to the AMF 2020-03 Doctrine (i.e., funds which commit to outperform the ESG score of their benchmark). In addition, within the total ESG Integrated AuM, c. €52bn (representing c. 6.7% of total AuM excluding JVs) were part of the **“Best-in-Class” category**: these funds follow specific ESG objectives by targeting one or more specific objective(s) related to ESG issues (e.g., carbon footprint, ESG score) to further refine the investment universe (i.e., selectivity approach types such as best-in-class, best-in-universe, or ESG rating upgrade). Within all those funds, the part which is distributed in France to retail clients is classified as “significantly engaging” according to the AMF Doctrine. Finally, at that date, our **“Impact” category** – that target businesses and projects that can have an intentional, positive,

to advocate for clearer, better articulated definitions, to support enhanced understanding, in particular for retail clients, and facilitate the channelling of flows towards sustainable investment.

## AXA IM RI product categories

### SFDR product classification

The European Union’s Sustainable Finance Disclosure Regulation (SFDR) was designed to help institutional asset owners and retail clients understand, compare, and monitor the sustainability characteristics of financial products by standardizing sustainability disclosures. This is particularly done by requiring asset managers to classify their financial products by reference to whether, among other things, they have a sustainable investment objective (known as an “Article 9” financial product) or promote environment or sustainable characteristics (known as an “Article 8” financial product). We disclosed the **methodology used by AXA IM Core as for listed corporate assets** to qualify an issuer as SI under SFDR for Article 9 financial products that invest mostly in sustainable investments<sup>35</sup> and for Article 8 financial products that may invest partially in sustainable investments on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#). SI methodologies have also been developed for real estate and impact investments in Private Markets.

Implementation of SFDR Level II resulted in the following figures of eligible funds and strategies being classified as Article 8 or 9:

AXA IM business units	As of 31 December 2025		
	Net AuM managed by business units	Net AuM managed in scope of SFDR classification	Net AuM of SFDR Article 8 or 9 funds from in-scope assets <sup>36</sup>
AXA IM Core (traditional assets)	€585bn	€428bn	€338bn
AXA IM Alts (real asset classes)	€125bn	€57.1bn	€23.8bn
AXA IM Alts (alternative credit, natural capital & impact)	€55bn	€40bn	€17.8bn
AXA IM Prime (private market funds of funds)	€48bn <sup>37</sup>	€34.4bn <sup>38</sup>	€2.3bn

Source: AXA IM, December 2025.

As part of the application of the Article 29 LEC, assets managers are required to publish on their website the list of financial products Article 8 and Article 9 funds under the SFDR. This list is available below ([see appendix 4](#)) and on AXA IM Fund Centre<sup>39</sup>.

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measurable and sustainable impact on society and/or the environment and report against impact criteria aligned to specific UN SDGs – represented c. **€4bn** (representing c. **0.5%** of total AuM, excluding JVs) from both listed and alternative asset classes.

<sup>35</sup> Eligible assets exclude investments used for hedging or related to cash held as ancillary liquidity.

<sup>36</sup> Non audited figures. The classification under SFDR may be subject to adjustments and amendments, since SFDR has come into force recently only and certain aspects of SFDR may be subject to new and/or different interpretations than those existing at the date of this press release. AXA IM reserves the right, in accordance with and within the limits of applicable regulations and of the Funds legal documentation, to amend the classification of the Funds from time to time to reflect changes in market practice, its own interpretations, SFDR-related laws or regulations or currently applicable delegated regulations, communications from national or European authorities or court decisions clarifying SFDR interpretations. Investors are reminded that they should not base their investment decisions on the information presented under SFDR only.

<sup>37</sup> Total AuM are reported on a gross basis, encompassing both investment management and advisory activities of AXA IM Prime.

<sup>38</sup> Total AuM are presented on a gross basis, based on the year-end net asset value of funds directly managed or advised by AXA IM Prime.

<sup>39</sup> [Funds - AXA IM Global \(axa-im.com\)](#)

At end of 2025, on total AXA IM open-ended funds<sup>40</sup> legally in-scope of SFDR, **68% of total open-ended funds were Art.8 (67%) or Art.9 (1%), across all AXA IM business units.**

## Sustainability-related labels

AXA IM supports the development of sustainability-related labels across European countries, managing as of end of December 2025 **c. €45bn of AuM awarded with at least one sustainability-related label**. As an asset manager distributing financial products in several countries and in an overall context characterized by the complexity and heterogeneity of reference frameworks and tools, we pay attention to clarity for end investor by supporting overall consistency and harmonization of frameworks and regulations.

Since the 2015 impetus of the Paris Agreement, sustainable finance labels have become an important tool to help clients navigate the responsible investment offer of asset managers. Driven by local initiatives, sustainability-related labels have been created in France (ISR, Greenfin and Finansol label), as well as in Belgium (Towards Sustainability (TS) label) and non-European markets (Responsible Investment Association Australasia (RIAA) label), all with their own requirements and objectives adapted to their markets. While labels participate to the evolution of the sustainable finance practices, its fragmentation in several regions combined with the specificities of each of them complexifies the navigation and the understanding of the sustainable investment offer for end-investors.

Several funds managed by AXA IM have been awarded sustainability-related labels. They follow the requirements defined by each of the label rulebooks and are subject to an annual audit by external auditors. Our Sustainable Labels policy available on our website<sup>41</sup> provides more information on the processes in place for our ISR, Greenfin and TS-labelled funds.

Sustainable labels	As of 31/12/2025		As of 31/12/2024		As of 31/12/2023	
	Number of labelled funds	Net AuM (M€) managed by Labelled funds	Number of labelled funds	Net AuM (M€) managed by Labelled funds	Number of labelled funds	Net AuM (M€) managed by Labelled funds
Label ISR <sup>42</sup>	55	37,738	58	38,719	72	36,495
Greenfin <sup>43</sup>	6	1,936	4	2,016	3	1,633
Towards Sustainability <sup>44</sup>	10	5,325	9	5,238	19	7,780
RIAA	1	275	1	453	1	0,426

Source: AXA IM, 2026. Please note that the rules to which our funds have to adhere to under the sustainability labels are subject to change, which could cause our number of labelled funds to involve over time.

<sup>40</sup> I.e., non-dedicated funds.

<sup>41</sup> [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#) (see "AXA Investment Managers Sustainability Information" section).

<sup>42</sup> [Label ISR - Pour des placements durables et responsables](#)

<sup>43</sup> [Le label Greenfin | Ministères Écologie Énergie Territoires \(ecologie.gouv.fr\)](#)

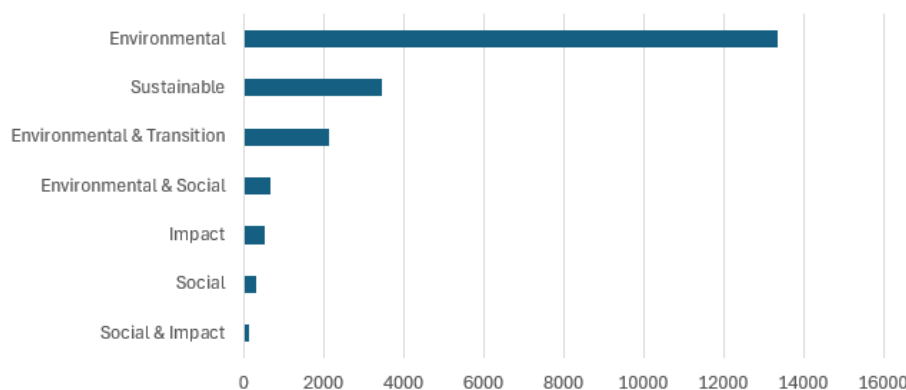
<sup>44</sup> [Towards Sustainability Initiative | Towards Sustainability](#)

## Sustainable family of funds

### Focus on funds compliant with ESMA fund-naming guidelines

In May 2024, the ESMA issued guidelines on funds that use ESG or sustainability-related terms in their name<sup>45</sup>. Specifically, funds using sustainability, environmental, social & governance, transition, or impact-related terms in their name should invest at least 80% of their assets in investments that meet the fund's sustainability characteristics or objectives and apply either Paris-Aligned Benchmark (PAB) or Carbon Transition Benchmark (CTB) exclusions<sup>46</sup> depending on the specific term used in their fund name. Furthermore, funds using sustainability-related terms must meaningfully invest in sustainable investments, and those using a transition or impact-related term must invest at least 80% of their assets that are on a clear and measurable path to social or environmental transition or are made with the objective to generate a positive and measurable social or environmental impact alongside a financial return.

As of 31<sup>st</sup> December 2025, **47** of our open-ended funds representing **c. €27.7bn AuM** were already aligned with the ESMA guidelines.



ESMA-compliant open-ended AuM per ESMA category as of 31<sup>st</sup> December, 2025. Source: AXA IM, 2026.

### Focus on our climate funds

The full ETF range (active & passive) was close to €4.3bn at end of 2025, including more to **62% of the ETF range** covered by ESG-related exclusion criteria, including **c. €2.1 bn** of AuM in PAB funds (c. 50% of the total ETF fund range).

Additionally, we managed **€353M** of assets in Climate Transition open-ended funds. Those active funds, alongside delivering financial returns also aim to support invested companies towards net zero emissions by 2050 or before. The strategy fully integrates climate-related risks, opportunities and Net Zero alignment into investment decisions to support the transition to a decarbonized world. This incorporation is done throughout our investment process using AXA IM proprietary Climate Color framework further described below (see section 6.4), which includes both quantitative and qualitative climate analysis.

<sup>45</sup> [ESMA34-472-440 Final Report on the Guidelines on funds names](#)

<sup>46</sup> See PAB and CTB exclusions in the Delegated Regulation (EU 2020/1818) to the EU BMR, Articles 11 and 12: [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818)

## Focus on Impact investing in alternative markets

AXA IM has a long history in investing for impact in private markets, with a first fund launched in 2013. These are investment strategies that aim to generate objectively measurable and intentional environmental and social impacts alongside financial returns, both integrated into investment management incentives.

Our first strategy, with €200M of AuM, focused on Financial Inclusion, Access to Healthcare and Education. In 2016, our clients allocated €150M to a new strategy, to invest in both environmental and social impact generation.

In 2019, we launched our third private market impact investing strategy focusing on Climate & Biodiversity, with AUM of USD \$250M seeking solutions to climate change and loss of biodiversity (see below). In 2020 our clients committed an additional \$103M to a fund promoting financial inclusion and access to healthcare for underserved beneficiaries in Low-and-Middle Income countries.

### ▪ Healthcare strategy

In 2022, we launched a Global Health strategy<sup>47</sup>, which has a mission to ensure healthy lives, promote well-being and address inequalities in access to quality healthcare. The strategy contributes tangibly to SDG 3 Goals and Targets by increasing the availability of innovative products and services targeting global disease burdens; and delivering solutions at accessible price points by addressing high volume, mass markets, serving the healthcare needs of the many and not the few.

The strategy is achieving its objective by investing in companies focusing on clinical development or early commercialization of: Medical Devices, Biopharmaceuticals, Vaccines, and Diagnostics delivering intentional, measurable, and positive health outcomes relative to the strategy's priority healthcare pillars: Women, Maternal & Child; Vision; Infectious diseases; Diabetes/Obesity; and other health conditions with prevalence in high volume markets.

As at end of 2025, this strategy represents approximately \$415M commitments from third-party clients.

### ▪ Natural Capital strategy

The Natural Capital strategy was developed in response to increasing concerns about climate change, its impact on nature and the increasing and resulting loss of biodiversity. In 2022, we launched this dedicated Natural Capital strategy, which has a mission to not only protect biodiversity but also address the climate crisis by focusing on avoidance and removal of CO<sub>2</sub> achieved through the protection of nature.

Emissions from deforestation and land degradation are cumulatively responsible for around 20% of greenhouse gas (GHG) emissions. Beyond the critical contribution to climate mitigation and adaption, forests play a fundamental role in water provision, biodiversity conservation and community livelihood.

Developing a solution to these challenges requires an intentional approach to allocating capital to companies and projects that conserve, protect, and restore natural capital - forests, preserving nature's ability to act as a natural climate solution, and high value habitats necessary for conservation and biodiversity. Our investments have tackled these challenges by:

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<sup>47</sup> [AXA IM Alts launches \\$500 million private equity healthcare strategy alongside two senior appointments - AXA IM - Real Assets \(axa-im.com\)](https://www.axa-im.com/en/press-releases/2022/09/2022-09-20-axa-im-launches-500-million-private-equity-healthcare-strategy-alongside-two-senior-appointments)

- Financing the direct protection of primary natural capital - e.g., forested land, peatland, mangroves;
- Implementing sustainable land use programmes which alleviate incursion into protected primary natural capital and providing enhanced livelihood for stakeholder communities e.g., smallholder farmers;
- Contributing to climate change mitigation, evidenced by the issuance of verified emissions reductions credits and other ecosystems service credits. These credits provide a sustainable means for landowners to monetise the environmental benefits provided by their forests while preserving the significant environmental, biodiversity and social outcomes provided by standing forests.

We have translated our mission into real world activities that lead to the conservation of natural capital, protection of critical habitats, and climate mitigation globally. These include:

- Reforestation of degraded lands in the Brazilian Amazon, using native species trees, providing climate mitigation benefits
- Protecting and restoring degraded peatland in Indonesia, preventing the release of CO<sub>2</sub> stored in peatland;
- Preventing the deforestation of Forest Protected Areas in Guatemala, protecting the MesoAmerican biodiversity corridor;
- Promoting sustainable agroforestry practices in Madagascar, thereby protecting the rich and unique biodiversity of Madagascar including three lemur species listed on the IUCN Red list of Threatened Species;
- 97,000 hectares of Land under Sustainable Management; of which 83,000 hectares are Critical Habitats, are under the stewardship of our Natural Capital Strategy.

Our strategy with its intentional focus on natural capital is contributing to the significant environmental, biodiversity and social outcomes provided by nature.

The Natural Capital strategy is making good on its promise to fund credible, investable solutions that deliver positive outcomes. To date the strategy has made a number of investments that align with its mission. Examples of our investments include:

Investments	Activity description	Main results as of Q4 2024
<b>Forest Carbon Indonesia</b>	Project developer specialized in the conservation and restoration of degraded tropical forests, peatland and wetland ecosystems in Indonesia, Malaysia and Cambodia. The company has operated for more than ten years with its most notable project to date being the Sumatra Merang Peatland Project in Indonesia.	<ul style="list-style-type: none"> <li>- 3M verified carbon credits generated</li> <li>- 22,922 hectares of critical habitat conserved or protected</li> </ul>
<b>Mombak</b>	Mombak is a nature-based carbon removals company focused on restoring native forests in the Brazilian Amazon. The company restores degraded pastureland in Brazil and undertakes combination of full plantation, assisted natural regeneration and natural regeneration to establish conservation forests which will be managed for 50 years before being legally converted to protected forests	<ul style="list-style-type: none"> <li>- 12,824 hectares of land under sustainable management</li> <li>- 9,999 hectares of land protected</li> </ul>
<b>Madecasse</b>	Madecasse is a cocoa bean-to-bar chocolate company working with smallholder farmers primarily in Madagascar to implement sustainable agroforestry practices that enables the conservation of habitats to support Madagascar's unique biodiversity, where 85% of the country's plant and animal species are found nowhere in the world.	<ul style="list-style-type: none"> <li>- 991 hectares of land under sustainable management</li> <li>- 196 hectares of critical habitat conserved or protected</li> <li>- 954 livelihoods supported</li> </ul>

		<ul style="list-style-type: none"> <li>- 3 IUCN species with strengthened conservation</li> </ul>
<b>Fundaeco</b>	Fundaeco's operations focus on the creation, management and conservation of Forest Protected Areas in Guatemala. These Protected Areas are of significant global ecological importance, acting as habitats for critical species and providing a natural carbon sequestration solution, evidenced by the issuance of verified carbon credits.	<ul style="list-style-type: none"> <li>- 1M of Verified carbon credits generated</li> <li>- 59,524 hectares of critical habitat conserved or protected</li> </ul>
<b>Sistema Bio</b>	Sistema works with small-holder farmers in Latin America, India and East Africa to tackle methane emissions from waste within their operations. Sistema's biodigesters provide a sustainable solution to the treatment of organic waste, sequester methane from manure that would otherwise be emitted into the atmosphere; and the resulting biogas and biofertilizers provides low-carbon alternative to fossil-fuel derived products for the farmers.	<ul style="list-style-type: none"> <li>- 1.37M avoided/removed emissions (tCO<sub>2</sub>e)</li> <li>- 4M tonnes of avoided waste</li> <li>- 308M cubic metres of biogas produced</li> </ul>

As at end of 2025, this strategy represented \$553M commitments from a third-party client.

#### ▪ Our impact performance framework

Our impact management and measurement framework covers initial assessment, evaluation, due diligence, investment, monitoring and exit. The objective is to ensure that the generation of impact is intentional, focused, and a key driver for investment decisions and managing investments over the investment period.

The table below shows the contributions of our platform to key environmental and social challenges aligned with the mission of our strategies:

Theme	Impact KPIs
<b>Climate Mitigation and resilience</b>	<ul style="list-style-type: none"> <li>- Avoided emissions (tCO<sub>2</sub>e)</li> <li>- Avoided waste (tonnes)</li> </ul>
<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>- Individuals empowered</li> <li>- MSMEs empowered</li> </ul>
<b>Global Health</b>	<ul style="list-style-type: none"> <li>- Healthcare solutions developed</li> <li>- LMICs reached</li> <li>- Lives saved or improved by provision of healthcare solution</li> </ul>
<b>Natural Capital</b>	<ul style="list-style-type: none"> <li>- Land under sustainable management (hectares)</li> <li>- Critical habitats protected/restored (hectares)</li> <li>- Avoided or removed CO<sub>2</sub> emissions</li> <li>- Verified Carbon Credits generated</li> </ul>

AXA IM is also a founding signatory to the Operating Principles for Impact Management (Impact Principles). AXA IM publishes an annual Disclosure Statement affirming the alignment of the impact measurement and management system of AXA IM Alts Impact Investing Strategy with the Impact Principles. An independent verification of our impact management systems was conducted by EY Associates in 2023 and confirmed to be aligned with the principles.

#### Focus on 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, Asian and the US.

Since 2020, AXA IM developed a philanthropy mechanism allowing the allocation of up to 5% of selected impact funds' management fees to positively impact both society and 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 affected 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

## Real estate direct property certification schemes

### GRESB

The Global Real Estate Sustainability Benchmark (GRESB) is an organisation committed to assessing the ESG performance of real estate portfolios (public, private and direct) around the world. Its objective is to provide a dynamic benchmark to help institutional investors engage in their investments and improve the ESG performance of their investment portfolio. Entities are given a GRESB score that measures their ESG performance in absolute terms, along with a GRESB Rating that ranks them among their peers. Participants also receive a summary analysis of performance, showing strengths and weaknesses across categories such as leadership, policies, risk management, health and safety, greenhouse gas emissions, building certifications and stakeholder engagement.

AXA IM Alts has been participating the GRESB since 2011. In 2024, we submitted larger than average scope of assets to GRESB (ca. €60bn of AUM in total against \$4.5bn average for our peer group), across 14 funds, within diversified sectors.

We maintained our performance against our company target to obtain the 4-star status with an average score of 84/100 which continues to reflect our leading ESG position. Five funds obtained 5 stars, which is the highest performance status, seven funds increased or maintained their score and three obtained additional stars compared to previous year. These results demonstrate our ability to integrate ESG at scale within our Real Estate portfolios and our continued effort to improve our assets ESG performance.

### Other real estate sustainability certifications

In 2021, AXA IM launched a large-scale certification programme, which aims at first assessing potential to certify in priority high performing assets and deploy relevant action plans to achieve high certification level on others.

It is now demonstrated the certification is contributing to enhancing the financial value of an asset. For example, CBRE demonstrated that when the effects of building size, location, age, and renovation history are accounted for, office buildings with sustainability certifications command a

7% rental premium<sup>48</sup>. Certification is therefore an important indicator of long-term performance and is becoming a market standard. It can also be beneficial to tenants, who tend to benefit from lower occupational costs and better building comfort. Finally, the process of certification offers positive benefits, as it brings together all stakeholders in an asset, raising awareness of sustainability issues and opportunities.

Asset management teams select the most relevant certifications for their country and asset type. The majority of our certifications are issued by BREEAM. We also use LEED, and respected local certifications such as HQE in France and Minergie in Switzerland, which are the industry standard in their home countries. Issue-specific or local certifications make up the remainder of our certifications.

As of end of 2024, **66.5%** of AXA REIM SGP's AuM in scope was certified<sup>49</sup>. We have a roadmap in place to achieve milestones in each country, with a final target of certifying 75% of our AuM in scope by 2030.

## 1.4 Our ESG disclosure communication

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

At AXA IM, all the main financial and non-financial information on every fund that has integrated ESG criteria into its investment process is available on our Fund Centre<sup>50</sup>. This is in accordance with European and local regulations. As described in detail below, we publish RI-related reports at entity and fund levels, for those products which integrate ESG considerations on a substantial and significant manner (*i.e.*, classified as “significantly engaging” by the AMF).

To cover our clients' needs for a more comprehensive and enriched ESG reporting, we have implemented several improvements to our fund-level RI reports. AXA IM's ESG Report includes a wide range of environmental, social and governance key performance indicators, including climate and biodiversity-related metrics, in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and French Article 29 Energy-Climate Law requirements. These reports now also include metrics on the proportion of portfolio voted and themes addressed during engagement activities with issuers in portfolio. A specific Impact Report, a version of our ESG Report enriched with quantitative indicators and qualitative impact information is produced for our listed impact offering. Those reports aim to provide transparency on a range of metrics, a selection of which may be specifically embedded in the investment process as described in the regulatory documentation when it is the case.

AXA IM provides a full package of RI reports made up of an ESG report, dedicated engagement report and voting report, in French and English, available on AXA IM Fund Centre for its range of Sustainable and ACT funds<sup>51</sup>. Engagement and voting reports have been deployed across our

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<sup>48</sup> CBRE Study “Is Sustainability Certification in Real Estate Worth it?” November 2023. The report covers 19 European countries and 40 cities. CBRE studied 19,400 lease agreements – of which 6,100 leases occurred in certified buildings and 13,300 leases occurred in non-certified buildings.

<sup>49</sup> Data as at end of 2025 will be available from July 2026 and on demand.

<sup>50</sup> [Funds - AXA IM Global \(axa-im.com\)](#)

<sup>51</sup> For traditional asset classes.

range of funds integrating ESG factors and with a sustainable or impact strategy since several years now, considering regulatory requirements regarding the publication on our public fund center, and evolutions in our reports' content are offered to our clients over the year.

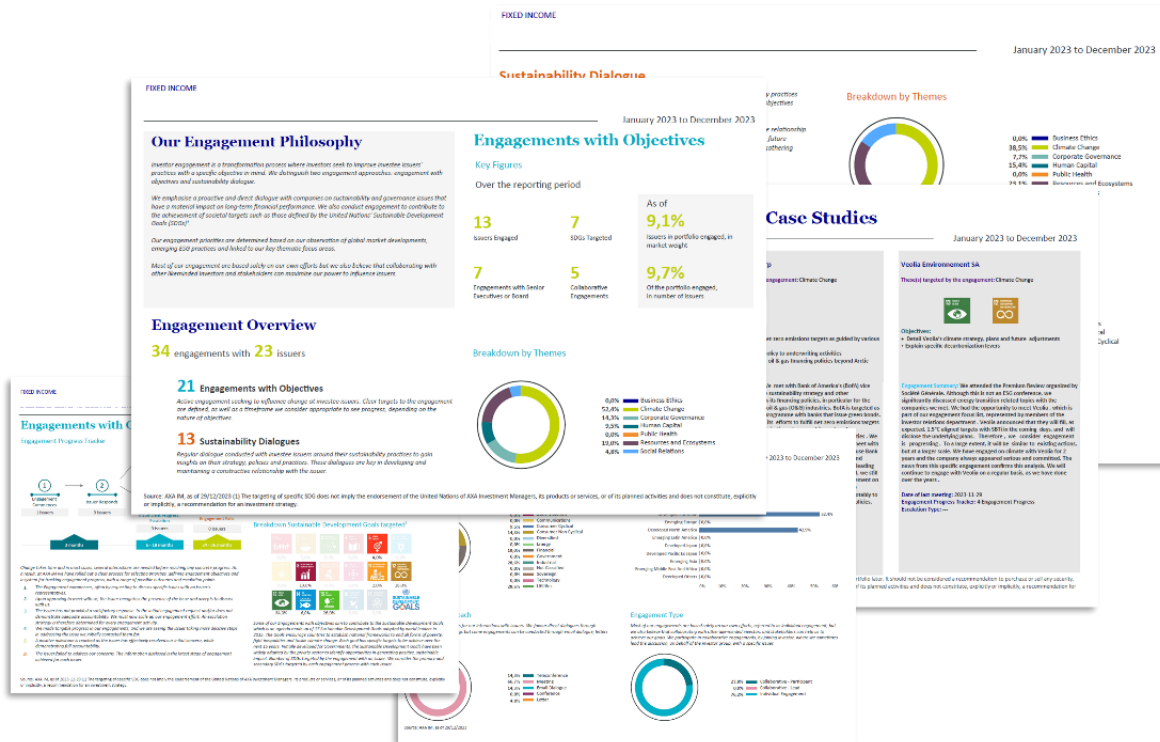
## Engagement Report: a comprehensive report

Since 2019, significant efforts are allocated to develop a robust tracking system for engagement activities and to deploy a comprehensive engagement report at fund level to our clients. Engagement activities conducted by AXA IM's investment teams and ESG analysts are stored into our systems using a dedicated internal and central framework to capture engagements and track their evolution.

With the evolution of responsible investment practices, the importance of robust stewardship strategies and the growing interest of our clients and stakeholders in these practices, we are committed at AXA IM to continuously strengthen our processes to provide our clients with fund-level reports of the highest quality.

To meet our ambition to foster transparency, since 2023, we have devoted our capabilities to improve our fund-level engagement report. Our clients have now access to detailed information about engagement conducted on behalf of their investments. This includes engagement case studies, clear distinction between "Engagements with objective" and "Sustainability dialogues" with engagement themes breakdowns and key indicators.

On the voting side, AXA IM has started to progressively deploy an enhanced version of its fund level voting report which include additional metrics on the level of voting activity within the specific region, in line with the new Label ISR guidelines. Aside from providing fund-level information, we are motivated to educate our clients on broader RI topics and continue to share our insights. This starts in the first place with the publication of our RI research papers and other ESG-related information on our website and LinkedIn, but also includes more dedicated efforts such as a series of training workshops for consultants, pension fund clients and prospects on nature and biodiversity.



ESG reporting remains an area of focus and we will continue to enhance our reporting and provide more customized reports, relying on an increasing integration of ESG-related data into data systems, to better meet client expectations.

## Client interactions, inputs and expectations

As an active manager, AXA IM continuously engages with its clients to understand their needs and understand how we can help them to make informed investment decisions and invest in a sustainable future. We are committed to answering their questions whether this is about market movements, regulatory changes, asset allocation or future trends. AXA IM does this via surveys as well as conversations at our own proprietary or industry events, and regular interactions with our sales teams. This enables us to improve our product offering as well as ensure that we have the right content and communications in place to stay relevant to clients' changing needs and to answer the questions on top of their minds.

AXA IM is focused on empowering our clients across the institutional, wholesale and retail segments to be able to confidently invest for a better planet, society and sustainable economy. In this context, providing clients with relevant and timely information is key. We do this by creating thought leadership, market commentary and educational content across multiple formats, such as research papers and articles, webinars, events, videos, and infographics to provide clients access to our investment experts, and at the level of detail they require. This content is then shared through a variety of channels, such as our website, email, social media, and third-party websites for clients to access.

AXA IM RI experts regularly interact with our institutional clients through joint meetings with our investment teams when specific insights are required. Furthermore, our clients regularly send us due diligence questionnaires through which we can identify new trends and requirements. At AXA IM we aim to be very attentive to market and client needs, best practices and new expectations

and these interactions are one of the ways through which we can identify our areas of potential improvements.

## Company-level disclosure

Following the integration of BNP Paribas Asset Management (BNPP AM), AXA Investment Managers (AXA IM) and BNP Paribas Real Estate Investment Management (BNPP REIM), since January 1<sup>st</sup>, 2026, all sustainability disclosures at entity-level are available on BNPP AM website (see “AXA Investment Managers Sustainability Information: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#))

Going into more detail about stewardship activities, AXA IM has been committed to provide transparency and regular reporting on active ownership and engagement, both internally and externally. AXA IM’s stewardship activities are published and available publicly. Our full voting records are accessible publicly and detail how we voted at general meetings of companies held on our clients’ behalf. In addition, AXA IM has published an annual Stewardship report which includes information on RI issues, engagement with companies, aggregated voting records and details on our policy advocacy approach for the relevant year, which is, since April 2026, joint with BNPP AM.

At AXA IM, we also provide bespoke and customised reports aligned with specific client requests – the decision whether to make the report public or private is made by the clients. This includes a statistical overview and analysis of engagements conducted including breakdowns by theme and by the UN SDGs. There is also information on progress made through engagement and details of where we consider success has been achieved. We also provide a list of all issuers engaged with and on which specific themes.

## Fund-level disclosure

We have mentioned broader fund content above. For some financial products including Sustainable and ACT funds in the AXA IM range, the following content has been made available to clients on our Fund Centre<sup>52</sup> over the past years:

- Transparency code (only for funds awarded with a Sustainable Label);
- Voting Report (for equity and multi asset funds only) – with the AGMs voted and rationales for any vote against the management;
- ESG Report (when relevant);
- Impact Report for our range of Listed Impact funds;
- Engagement Report;
- Legal documentation:
  - Prospectus or offering memorandum;
  - Key Information Document;
  - Annual reports and semi-annual reports (including funds’ inventories);
- Monthly comments from the portfolio manager.

## 1.5 Our 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

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<sup>52</sup> [Funds - AXA IM Global \(axa-im.com\)](#)

ESG considerations that guide our investment decisions, both now and in the future. As a responsible investor, we understand the importance of integrating ESG considerations into our investment decisions. Equally important is our commitment to upholding these standards within our own operations and as an employer. By embracing the same ESG framework that guides our investment strategies, we ensure consistency and alignment across all aspects of our business.

## Environment

Within the Environmental pillar, we have set an ambitious objective to contribute to net zero by 2050 or sooner, reflecting our commitment to combat climate change and contribute to a more sustainable future. To achieve this goal, we have implemented a comprehensive three-step program for our emissions: Measure, Reduce and Contribute to Net Zero. This program encompasses all our operations, 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 been measuring its footprint across Scopes 1, 2, and business travel for its large offices. 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 set specific targets to achieve emissions and consumptions reduction by 25% by 2025. At the end of 2025, AXA IM reduced emissions relating to business travel, energy and car fleet by 20% compared to 2019 for its largest offices. These 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 global net zero roadmap, tackle Scope 3 supply chain emissions, and engage employees more effectively in our journey. This strategic partnership enables us to strengthen our sustainability initiatives and align our efforts with best practices.

Metrics	Power (tCO <sub>2</sub> e)	Business travel (tCO <sub>2</sub> e)	Car fleet (tCO <sub>2</sub> e)	Marketing paper (kg/FTE)	Office paper (kg/FTE)	Water (m <sup>3</sup> /FTE)	Unsorted waste (kg/FTE)
2025 % reduction	36%	25%	15%	20%	20%	10%	10%

## Energy

In 2025, AXA IM continued its progress on energy sustainability. Transitioning our seven largest offices to 100% renewable electricity, we directly supplied four offices and procured Renewable Energy Certificates (RECs) for the remaining three.

## Car fleet

In 2025, AXA IM continued to prioritise lower-emitting vehicles and mandating only hybrid/electric vehicles for new acquisitions. Additionally, stricter rules were implemented for obtaining a company car. Furthermore, efforts to reduce the overall size of the car fleet were successful in some offices worldwide, further contributing to our environmental objectives.

## Business travel

At AXA IM we recognise the need to optimise business travel, which is a high generator of emissions. As such, our internal travel policy has been adapted to ensure that travel is considered only where necessary and undertaken in the most sustainable way. In 2025, a staff education campaign was launched to build awareness on the impact of travel choices on emissions. Communication focused primarily on managers and travel approvers, enabling them to understand the impact of travel. In parallel, work was done with the company's travel booking platform to prioritize low-emission options and provide clear communication around out of policy travel requests.

## Tackling Scope 3 emissions from our supply chain

Recognising that supply chain is the largest source of carbon emissions at AXA IM and is critical to the transition to a sustainable world, we continued to work with our consultants from ClimatePartner and our procurement team to design and implement a supplier engagement program. One of the key actions involved engaging – just as we do as an investor – with our most material suppliers and service providers to understand their sustainability commitments and efforts. In 2025, AXA IM started this process, gathering information on their decarbonisation journey and supporting their transition through educational tools. This collaborative approach not only helps us review and confirm supplier-specific reduction plans but also enables us to support our suppliers on their road to net zero.

## Contribute to Net Zero

As a final stage, we contribute to net zero through verified carbon credit 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 (all our footprint excluding emissions occurring from purchased services) 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.

## 2024 GHG Inventory for AXA IM – GHG Protocol format

To accurately report on our carbon emissions, we partner with ClimateSeed and adhere to the GHG Protocol Corporate Standard methodology. The GHG Protocol Corporate Standard is

instrumental for governments and businesses in comprehensively understanding, quantifying, and managing 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 diverse expectation od stakeholders, while upholding our commitment to transparency in emissions reporting.

For 2025, ClimateSeed calculated AXA IM offices emissions to be 32,038 tCO<sub>2</sub>e, considering a location-based approach. Considering a market-based approach, total emissions amount to 31,461 tCO<sub>2</sub>e.

Category of emissions	Sub-category	Emission sources	Total GHG emissions (tCO <sub>2</sub> e)
Scope 1	1-1	Direct emissions from stationary combustion sources	107
	1-2	Direct emissions from mobile sources with combustion engine	585
	1-4	Direct fugitive emissions	415
Scope 2	2-1 (location-based)	Indirect emissions from electricity consumption	622
	2-1 (market-based)	Indirect emissions from electricity consumption	233
	2-2	Indirect emissions from steam, heat, or cooling consumption	104
Scope 3	3-1 (location-based)	Purchased goods or services	21,298
	3-1 (market-based)	Purchased goods or services	21,300
	3-2	Capital goods	75
	3-3 (location-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	309
	3-3 (market-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	74
	3-5	Waste generated in operations	89
	3-6	Business travel	7,887
	3-7	Employee commuting	529
<b>TOTAL (location-based approach)</b>			<b>32,083</b>
<b>TOTAL (market-based approach)</b>			<b>31,461</b>

Source: AXA IM, ClimateSeed, 2026.

## Social

Our people are our most valuable assets. We thrive to nurture the progress of our employees by developing a work environment in which they can realise their potential to drive progress and bring our purpose to life every day.

**Empowerment and inclusion are central to the culture we want to create at AXA IM**

We want to provide our talented employees with the opportunity they need to grow their potential, shape the way they work through flexibility/hybrid working and thrive within a diverse community where differing ideas, backgrounds and viewpoints are encouraged. We actively listen to our employees, to understand how they feel about the work that we do and their role in driving our organisational purpose. We conduct two engagement surveys per year, in which we measure the Engagement Index, comprising of three KPIs: Advocacy, Intent to Stay and Pride. We support a culture of open feedback on topics such as gender, disability and ethnicity and conducted our first 'Inclusion Survey' in 2021.

AXA IM is committed to supporting gender equality at all levels, including in management teams and among those making investment decisions. In line with the Rixain Law, we have also committed in 2023 to improving the representation of women among those making investment decisions from 20% to 25% by 2030: at end of 2025, this ratio stood at c. 21%<sup>53</sup>.

Diversity, equity & inclusion (DEI) topics have been on our strategic agenda for many years. We place sustainability at the centre of our priorities, to enhance AXA IM's role in society as an investor, an employer and as a business. As an employer, building an inclusive culture lies at the heart of our priorities. It is part of our Employer Promise to create an environment where everyone feels they belong, are included and can thrive within a diverse community. Our [global diversity and inclusion policy](#) summarises our commitment and areas of focus. We have taken meaningful steps to create a more diverse and inclusive workplace, both internally and externally, and have:

- Launched our “We Care program” in 2024 to further strengthen our family friendly policies globally. The program included doubling our global minimum paternity leave from 4 to 8 weeks, providing support and paid leave for employees undergoing fertility treatments, as well as enhanced support for employees experiencing miscarriage/baby loss, menopause/andropause, domestic abuse and sexual violence;
- Enhanced our caregiver support to provide additional paid leave to employees who are carers for older relatives or family members with disabilities or other health conditions;
- Launched **employee resource groups** sponsored by management board members and partnered with external parties to make progress on gender, ethnicity, social mobility, age, disability and sexual orientation diversity and inclusion;
- Supported **flexible ways of working** to help remove barriers and be more adaptable and responsive to everyone's circumstances;
- Used our annual **global inclusion survey** to track employees' perceptions on inclusion, belonging and equal opportunities with the possibility to analyse data across different diversity dimensions, like gender, age, ethnicity, disability/health condition, socio-economic background and sexual orientation;
- Achieved [EDGE \(Equity Diversity and Gender Equality\) Move certification](#), in recognition of the significant progress made by the company towards a gender-equitable workplace. In 2024, we were not only recertified at the Move level, but also gained an additional EDGEplus certification for intersectional equity;
- Introduced a **development goal** linked to inclusion and diversity for all employees to reinforce our expectation from every employee to actively promote and advance a **culture of inclusion** — through deliberate, positive, and mindful efforts;

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<sup>53</sup> Now including AXA IM Select – which was integrated in 2025 –, AXA IM Prime – which was integrated in 2024 – in addition to AXA IM Paris and AXA REIM SGP (the 2023 commitment was initially taken on these two entities only).

- Offered development journeys focused on inclusive leadership skills and behaviours through our **Managers Academy and Leadership programs** which help our leaders increase their impact, enable diverse teams, and create community;
- Introduced an aim to include **more than one woman in shortlists for senior roles**;
- Applied our [diversity voting policy](#) to challenge other companies on their actions.

To reflect our strong commitment to creating an inclusive and diverse workplace, **all our global management board members have concrete targets to improve representation and inclusion within AXA IM.**

Discrimination, non-inclusive behaviour and harassment have no place at AXA IM. We have a global standard on harassment that applies to all our employees, consultants, suppliers and clients. Mandatory training is provided to all our employees on how to identify and report any behaviour that is in breach of our global standard.

We understand the need for the financial industry to accelerate progress on inclusion and diversity to meet the evolving expectations of employees, clients, regulators and the communities within which we operate. We play an active role in cross-industry initiatives to jointly address some of the intrinsic challenges in making the corporate world more generally, and the financial industry more specifically, a truly diverse and inclusive environment. Below are four examples of external initiatives we supported or have continued to support in 2025:

- After having participated in 10,000 Able Interns Program in the UK for three consecutive summers between 2022 and 2024, AXA IM communicated our ambition in 2024 to also support and participate in the 10,000 Black Interns Program, and welcome interns at AXA IM through this program in addition;
- In 2024, AXA IM became a sponsor of the Catalyst Education Program, a program aimed at providing students from low socio-economic backgrounds in the UK with the aspiration, belief and tools to develop a career in the investment and savings industry;
- Continued partnership and engagement with Culture Prioritaire in France and Investment 20/20 in the UK, to access and recruit from a diverse pool of graduates, school and college leavers that are more reflective of the people and communities we serve;
- Continued Partnership and Engagement with cross-company initiatives in the financial services, including Diversity Project UK, Diversity Project Europe, Diversity Project North America, Fondsfrauen in Germany, 100 Women in Finance, The Women's Foundation in Hong Kong, Women in ETFs, LGBT Great and myGWork.

As a signatory of the **Women in Finance Charter**, we had set ourselves the target of reaching a third of women in our global senior leadership population by 2025. In 2021, this number stood at 26%. As of June 2023, women made up 34% of our global senior leadership population, achieving our target ahead of schedule. We wanted to maintain this momentum and thus set a new target of reaching 35% of women in our senior leadership population by end of 2025. During the 2025 reporting period, the proportion of women in our senior leadership population had decreased to 33%, meaning that we missed the revised target we had set for end of 2025 due to natural attrition and fluctuations in times of organisational change. AXA IM is also a proud signatory and supporter of a number of external charters and commitments, including the [Women in Finance Charter](#), [Women's Empowerment Principles](#), [United Nations LGBTI Standards of Conduct for Business](#), the [30% Club](#), [Club Landoy Charter](#), [UN Women's Generation Equality Action Coalition on Gender Based Violence](#) and France's [l'Autre Cercle Charter](#).

## **Protecting the rights of all those who work with us**

We are committed to disclosure as required through regulation, in all geographies in which we operate. This includes the Modern Slavery Act (UK) and any others pertaining to DEI or human rights.

Our role to support and protect those who work alongside us also extends to our supply chain. We have a procurement process in place to ensure that our partners and suppliers act with similar integrity, responsibility and sustainability principles towards their own employees and suppliers, as we expect of our ourselves as a business.

## **Extending our purpose into our communities**

Beyond our investment strategies, we are committed to making positive and meaningful impact by partnering with organisations that are committed to supporting areas of society and the environment most impacted by climate change. 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.

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 environment most impacted by climate change.

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 to 2,820 volunteering hours with philanthropy partners. Volunteering with local charities enables our employees to engage with communities first-hand. Under our volunteering policy, each employee in eligible countries can take two days from work to volunteer at a registered non-profit organisation of their choice.

## **Governance**

### **Maintaining a strong, resilient and sustainable business for the long term**

We believe that a responsible resilient business is in the optimal position to perform in the long term, supporting our clients, employees and communities to grow alongside us. As a responsible investor, we actively use company engagement and voting to positively influence the corporate behaviours needed to drive long term sustainable growth. As a business, we similarly work to nurture a relationship of accountability, security, transparency and trust with our clients, employees and all those who engage and partner with us.

### **Holding ourselves to the highest standards of behaviour and conduct**

Earning and retaining the trust of our clients and stakeholders is key. Our AXA IM Standards framework details the policies and processes followed by everyone across AXA IM, to ensure that we manage risk robustly and run our business ethically and transparently for all our stakeholders. The AXA IM standards are reviewed and each year, to ensure compliance across all teams.

Our code of conduct includes processes on topics such as anti-bribery, whistleblowing and handling of data, with topics reinforced by regular communication and employee training. Our staff

are all required to undertake regular training to ensure they understand their responsibilities for the security, privacy and transparency of our organisational operations.

### **Understanding, assessing and mitigating risks**

As a firm with a long-term outlook, we also recognise our responsibility to grow and adapt to new challenges as they arise, by continually exploring emerging risks and key topics. We operate under a Global Risk Management framework, which assesses and addresses all key risks as an investor and business. Cyber security is recognised as a key risk and our staff undertake regular training and checks, to ensure that everyone understands their own responsibility for the safekeeping and security of any information and intelligence entrusted to us. We have business recovery plans, which are reviewed and updated regularly, to ensure that our service to our stakeholders can continue in any unforeseen scenario.

We finally have processes in place to protect the confidentiality and privacy of all data selected, handled or communicated by us – with adherence to all data laws and regulation.

#### **BNPP AM: Embedding sustainability into our culture**

At BNPP AM, to deliver on our purpose and strategy, we need a workforce that understands our goals and embraces them. We also believe that creating a work environment that is consistent with our investment philosophy will help keep sustainability top of mind for our employees, and enable them to more authentically incorporate sustainability principles into their day-to-day activities. We include questions about our culture and strategy in our employee engagement surveys, and we ask these questions annually in order to track our progress. In our most recent employee engagement survey, the responses continued to be overwhelmingly positive, with 83% of respondents saying it is important to them that we become a fully sustainable asset manager and 71% of respondents saying they could see how their role supports our commitment to sustainability. We believe that these results speak to the effectiveness of our approach, but we know we must remain vigilant in this area, as it is a vital component of maintaining our leading position on sustainability. We plan on **updating our Global Sustainability Strategy in 2026** and it will continue to include a pillar on corporate social responsibility and operational sustainability, as we see them and our people as important differentiators in our recruitment strategy and for achieving our business objectives.

## 2- Our internal resources and ESG capacity building

### 2.1 Our human resources

Since 2020, our RI capabilities are embedded within each AXA IM's business unit (BU), including AXA IM Core for traditional asset classes (listed corporate equity & debt, and sovereign debt), AXA IM Alts for alternative asset classes (real estate equity & debt, infrastructure equity & debt, alternative credit, natural capital & impact), AXA IM Prime for private assets (private equity, private debt, infrastructure equity, and hedge funds) and AXA IM Select (multi-manager of funds of funds & mandates, specialized on unit-linked assets); each of these teams performing their own RI-related activities on a daily basis. AXA IM Core, Alts, Prime & Select teams work collaboratively in the implementation of AXA IM's RI Strategy described in this report, notably to reach net zero greenhouse gas emissions by 2050 across all assets under management. At end of 2025, c. **3%** of AXA IM employees<sup>54</sup> were fully dedicated to RI topics (excluding employees contributing partially to these topics on a day-to-day basis).

Following the integration of BNP Paribas Asset Management (BNPP AM), AXA Investment Managers (AXA IM) and BNP Paribas Real Estate Investment Management (BNPP REIM), since July 1st, 2025, **ex-AXA IM RI Research team has been integrated to AXA Group and is no longer part of AXA IM organization. In H2 2025, AXA IM RI Center, consisted solely of AXA IM RI Coordination and Governance team**, staffed of 7 people, which is responsible for the implementation of AXA IM RI policies on exclusion and stewardship, transverse RI projects across the BUs as well as advocacy on sustainable finance policies at EU and France levels. Within the Active Ownership strategy, the Corporate Governance and Stewardship team is responsible for corporate governance research and engagement, as well as for proposing AXA IM's voting and engagement policies.

Further, AXA IM has a dedicated **Corporate Responsibility** team of 5 employees which actively engages with all areas of the business to explore opportunities to push for progress on the key ESG pillars and ensure we 'walk the talk' by behaving in a way we demand from others. It also benefits from our parent AXA Group, which is a leading industry voice fighting for progress on topics such as climate change and social inclusion.

**Starting January 2026, ex-AXA IM RI Center & Corporate Responsibility teams have been both fully integrated to BNPP AM Sustainability Centre.** More information on BNPP AM new Sustainability Governance is available in BNPP AM 2025 Sustainability & Stewardship report: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

#### For AXA IM Core

Ex-AXA IM Core worked with a dedicated number of RI employees from different professional backgrounds, including fund management, sell-side research, quantitative analysis, and strategy and project management, to integrate ESG factors into the decision-making process across their investment platforms (i.e., Fixed Income, Equity, and Multi Assets). The Core Sustainability team has integrated RI & ESG into all AXA IM Core investment processes and portfolio construction,

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<sup>54</sup> As of 31 December 2025, AXA IM accounted 96 employees fully dedicated to RI topics (excluding employees partially contributing to RI topics) out of a total of 2 957 employees including permanent and temporary contracts (incl. consultants and apprentices, but excluding internship) and excluding temporary leaves (garden leaves, sabbatical leaves, etc.). The last figure includes notably all employees from AXA IM Paris, AXA REIM SGP and AXA IM Prime.

ensures coordination of investment-related RI initiatives, and also perform the analyses of AXA IM Core's Green, Social and Sustainability Bonds (GSSB) offering. The Sustainability, Products and Client teams has developed AXA IM Core's strategy regarding their RI product offering. The Sustainable Investment (SI) Solutions teams has worked 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 Sustainable Investments team integrates RI guidelines and ESG considerations into the investment processes and portfolio constructions. Lastly, the ESG and Impact Research team adds onto their efforts by performing ESG and Impact research on investee companies and engaging with them on material ESG and impact issues. Within investment teams, three portfolio managers are fully dedicated to Listed Impact Equity investments. Apart from these **25 dedicated RI-specialists**, AXA IM Core hosts a great deal of experts from other areas – ranging from investment to client teams – for which ESG matters are part of their daily responsibilities.

### **For AXA IM Alts**

Ex-AXA IM Alts has RI experts who are fully dedicated to integrated ESG-related risks and opportunities into their specific investment platform, including **41 full-time employees** dedicated to ESG topics. On the real estate side, the Real Estate RI team coordinates a network of ESG local leads and ESG experts in charge of the operational deployment of AXA IM Alts' ESG strategy within real estate assets. These experts are dedicated to the proper deployment of our ESG strategy locally and work from within the local asset management teams on the operational aspect, by overseeing the integration of ESG across real estate assets in their assigned geography and leading local sustainability-related projects, including the monitoring of assets' ESG performance and climate risks. On the side of natural capital & impact and alternative credit, a dedicated impact investing team analyses and selects impact projects in alternative assets such as private equity, capital, private debt, real assets and project finance with the aim to address the needs and aspirations of underserved people globally while protecting natural environment and contribute to the UN SDGs.

### **For AXA IM Prime**

Conscious of the importance of engaging with all business functions on ESG matters, ex-AXA IM Prime has adopted a decentralized approach to its RI and ESG expertise. First, a dedicated ESG team of **6 full-time employees** supports AXA IM Prime's investment teams in the implementation of their ESG strategy.

AXA IM Prime has its own RI Steering committee who oversees all aspects of AXA IM Prime's ESG strategy and implementation, constituting of all Executive Committee members, senior representatives from Legal, Compliance and Risk functions; and the ESG Team. 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. Each investment team and support function has at least one nominated ESG Champion, who is 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 enabling the ESG Champions to work optimally. The two groups meet at least monthly to discuss best practices, share knowledge, and work on operational matters related to ESG integration at AXA IM Prime.

## 2.2 Our training & internal capacity building resources

### SG and climate learning and capacity building resource: from 2020 to 2025

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 also been required to undertake a personal ESG development goal. AXA IM's ESG offering notably includes the following:

- 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 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, launched in October 2021, with the aim of supporting our collective effort to mitigate the effects of climate change. At the end of 2025, 99% of AXA IM employees have been certified under the AXA Climate Academy programme<sup>55</sup> (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 real estate dedicated ESG training, launched in 2022 and developed uniquely for AXA IM by the training provider Hillbreak, a 3-hour course aims at developing the knowledge and understanding of this increasingly dynamic, rapidly evolving and critical agenda for real estate investment. In 2025, 360 employees completed the foundational real estate ESG course (c. 13% of AXA IM's total workforce);
- In addition, 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

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<sup>55</sup> Active employees as of end of December 2025; excluding interns, apprentices, temporary staff, consultants, joint ventures.

Sustainable Finance Framework (SFDR) with 163 completions at end of 2024 (c. 6% 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.

### Understand and participate in AXA IM's internal RI policies & practices

Lastly, RI teams continue to organize regular training on ESG issues for AXA IM staff. These sessions cover notably sustainable regulations and AXA IM's RI strategy (e.g. net zero commitment and methodologies, scoring methodologies, engagement and voting activities; or on the EU Sustainable Finance Disclosure Regulation) with 194 completions at the end of 2025 (c. 7% of AXA IM's total workforce).

Finally, we use Loop and SharePoint to share any RI update internally. We have a dedicated RI and Corporate Responsibility SharePoint accessible to all AXA IM employees, which details our ESG strategy, actions implemented, and includes all materials we produce (e.g., RI standards, policies, presentations). We communicate regularly on various Loop's groups and channels, including groups dedicated to local offices (e.g., Paris, London, Frankfurt) to hundreds of AXA IM employees worldwide on our RI framework and actions we take to reach our net zero objectives.

## 2.3 Our technical resources

The ESG product and quantitative specialists base AXA IM's analysis models on a range of internal and external data sources: ESG rating agencies, broker research, and company and press publications. In 2025, AXA IM spent c. **€2.7** million in third-party ESG-related product and services (c. **6%** of the total market data expenditures in 2025<sup>56</sup>) compared to €2.94M in 2024, €2.55M in 2023 and €2.36M in 2022, including data on several specific ESG topics, from the following data providers:

#### A Large Spectrum of ESG Data From External Providers



Source: AXA IM, 2026.

<sup>56</sup> Total expenditures in market data represented €48.5M excl. value added taxes (VAT) in 2025, excl. data providers contracted for AXA IM Alts' Real Assets and AXA IM Select: a c. €6M increase compared to 2024.

To keep pace with the evolution of market practices, which become increasingly demanding in terms of ESG assessment both from the client and regulatory perspective, AXA IM constantly monitors ESG methodologies and refines them to facilitate an even better integration within the investment teams.

To this end, we monitor the quality and service offerings of all ESG data providers in the market, and regularly interact with them to understand and challenge – when necessary – methodologies and updates. As investors, we seek the best information possible, which requires using different ESG providers leveraging their strengths on specific areas.

In terms of challenges, the following points can be noted:

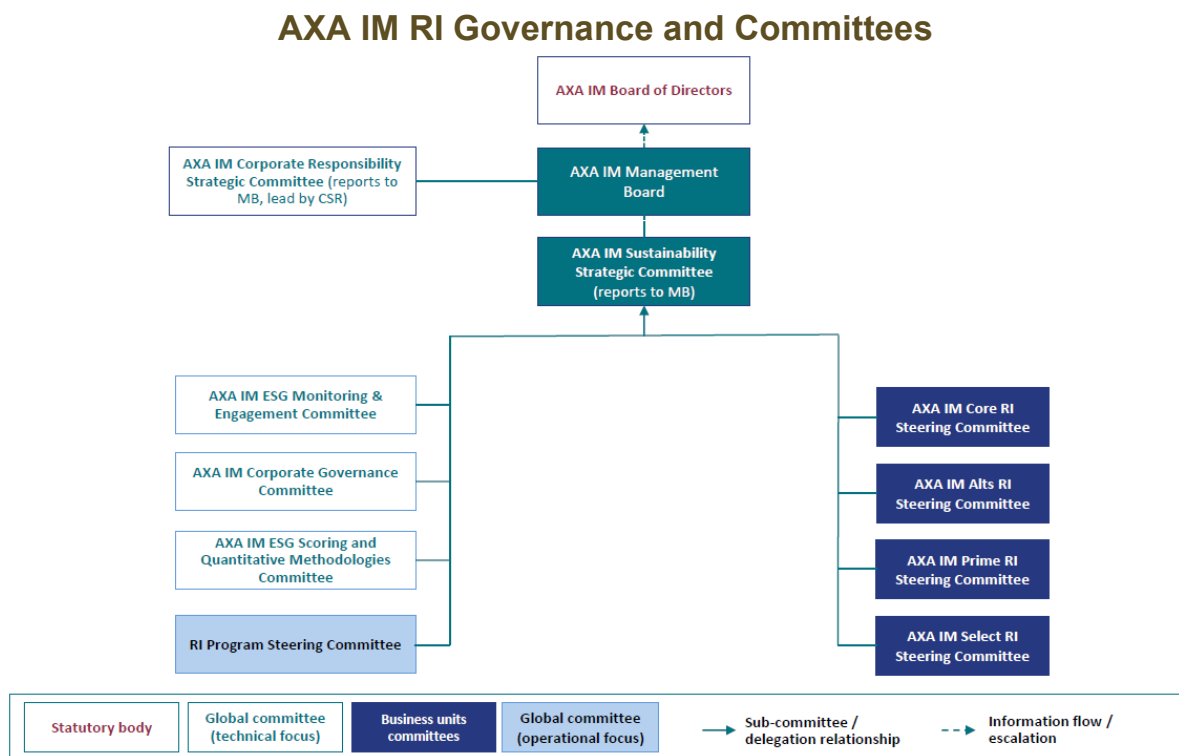
- Methodologies for gathering data - The development of easy-to-use methodologies, for example in the area of climate and ESG-alignment, is still ongoing. ESG data relies on these methodologies and is therefore subject to criticism and changes. This makes it more difficult to integrate them into the investment decision than for traditional financial information, based on well-know and shared standards;
- Heterogeneity and costs of ESG data – Initiatives to encourage issuers to report in a more homogeneous, transparent, and usable manner– such as the TCFD initiative on climate data, the TNFD on biodiversity data, etc. - are multiplying with new sustainability standards in the works at policy-makers level.

### 3- Our ESG governance & remuneration policies

#### 3.1 Our RI governance & committees

Since 2023, ex-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 ex-AXA IM RI governance structure is embedded within local entity governance.

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



Source: AXA IM, 2025.

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

Source: AXA IM, 2025.

Throughout 2025, following the integration of BNPP AM and AXA IM, 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 BNPP AM 2025 Sustainability & Stewardship report**, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

As AXA IM employees, all RI committee members are regularly trained on ESG and RI through internal and external training (see [section 2.2](#)). The Chair and Secretaries of committees listed above have RI related roles, and senior representatives from RI Experts team participate to those committees alongside other teams, therefore ensuring an effective integration of ESG criteria into business considerations. All committees' members are selected based on their RI expertise (e.g., portfolio managers represented by their respective asset class RI Champions: see [section 2.1](#)).

### 3.2 Integration of ESG factors into remuneration policy & ESG objectives

ESG and RI considerations are included in the appraisal process of different 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 sustainability risk framework as well as to the updated investment processes which include the 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 objectives, as well as collective performance criteria.

At AXA IM, we believe variable remuneration must account for appropriate qualitative criteria, such as sound and effective risk management (including regulatory compliance) and client service which delivers fair, high-quality outcomes. As AXA IM variable pay is potentially composed of cash and deferred variable pay, since 2023, the deferred part of the variable pay is indexed to an ESG performance Index, aligned with the AXA IM net zero ambition, i.e., the deferred compensation of c. 400 people that would be paid starting 2024 incorporates, alongside existing criteria, the following ESG metrics, adjusted to the employee's business area and responsibilities:

- The weighted average carbon intensity (WACI) to reach the target of 25% reduction in carbon intensity for corporate portfolio by 2025: for the ESG part of the deferred compensation, this metric accounts for 75% for AXA IM Core and 37.5% for transversal functions' employees in scope;
- The target of having 50% of directly managed AuM from Real estate portfolios aligned with the Carbon Risk Real Estate Monitor (CRREM)<sup>57</sup> trajectories by 2025: for the ESG part of the deferred compensation, this metric accounts for 75% for AXA IM Alts and 37.5% of transversal functions' employees in scope;

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<sup>57</sup> CRREM aims at developing a tool that allows investors and property owners to assess the exposition of their assets to stranding risks based on energy and emission data and the analysis of regulatory requirements. By setting science-based carbon reduction pathways, CRREM faces the challenge to estimate risk and uncertainty associated to commercial real estate decarbonization, building a methodological body and empirically quantify the different scenarios and their impact on the investor portfolios. See more information on CRREM website: [CRREM Project](#)

- The reduction of the corporate operational GHG emissions, to reach the interim target to reduce it by 26% by 2025: for the ESG part of the deferred compensation, this metric accounts for 25% for all AXA IM Core, AXA IM Alts and transversal functions employees in scope.

Lastly, since 2023 every employee at AXA IM must share an individual ESG development goal on which they agree to work on during the coming year. This aims to create awareness amongst AXA IM employees and embed within them a sense of responsibility. For example, real estate equity asset management teams are assigned individual ESG objectives with targeting data collection coverage, asset certification and decarbonization measures.

Since January 1<sup>st</sup>, 2026, all principles related to remuneration are now set out in the **BNPP AM Remuneration Policy**, which now accounts for AXA IM's business strategy, objectives, risk tolerance, and the long-term interests of AXA IM's clients, shareholders and employees. **Ex-AXA IM legacy Remuneration Policy** that applied over 2025 is still available on BNPP AM website: [Remuneration Policy \(including SFDR Art. 5\) - BNP Paribas Asset Management - Corporate English](#)

## 4- Our ESG engagement strategy

One of our key ambitions is to play a leading role in financing the transition to a greener and more sustainable world. Part of this involves encouraging companies and key stakeholders in their transition journey through focused stakeholder engagement and open dialogue to enable change. Through our voting and engagement strategies, we have an opportunity to use our influence to drive a broader change for the benefit of society and the planet. This is a central pillar of responsible investment at AXA IM, and we therefore continuously review ways to make this dialogue as efficient and impactful as possible.

For **traditional asset classes**, we see three essential ways to do this: i) clear and meaningful objectives communicated to management; ii) regular meetings to verify and evaluate progress; and iii) voting with conviction or pursuing other escalation techniques when required. Our active dialogue with companies allows us to effectively monitor our investments, and ensure we maintain open channels which can enable change to the benefit of society, the planet – and ultimately our clients.

For **real estate assets**, we engage directly with the tenant of our real estate assets through different means aiming at informing them and involving them in our strategy.

For other **private assets** (alternative credit and private market funds of funds), depending on the type of investment we engage directly with the fund or GP throughout structured dialogues in the investment phase. Our overall voting and engagement strategies and the result of their implementation can be found on BNPP AM website (see “AXA Investment Managers Sustainability Information”): [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

Since January 1<sup>st</sup>, 2026, and following the combination of BNPP AM, AXA IM and BNPP REIM, we are applying our new [2026 joined Stewardship Policy](#) and [2026 joined Voting Policy](#), applying to the eligible investment portfolios of whole scope of BNPP AM as of 1st of January 2026 (including previous AXA IM and BNPP REIM portfolios). As long-term investors, we see stewardship as a core fiduciary duty and instrumental to delivering sustainable financial returns to our clients. We combine voting, issuer engagement and public Policy advocacy to influence companies and governments to help shape sustainable and equitable economies. Promoting good sustainability standards across all types of issuers and holdings is essential both to upholding our ownership responsibilities and protecting and enhancing clients’ interests. We are committed to contributing to a successful energy transition, healthy ecosystems and greater equality in our societies, as well as to advancing issuers’ performance on governance and on social and environmental topics. To ensure that our activities are effective, consistent, and support our objectives and duties as fiduciaries, they are not only rooted in our Global Sustainability Strategy (GSS) but also codified in, which incorporates our approach to engagement across asset classes, our public advocacy framework and our detailed Voting Policy. These two policies will be reviewed and revised annually and approved by BNPP AM Stewardship Committee, are and available on the BNPP AM website (see “BNP Paribas Asset Management Sustainability Information”): [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## 4.1 Engagement, collaboration and escalation

### Engagement in listed markets in 2025: highlights and data<sup>58</sup>

The financial sector faces increasing scrutiny about how it addresses climate change and global societal challenges. Our **exclusion policies set clear red lines** and send a strong message to companies on what we consider unsustainable practices and activities, **but we also rely on our stewardship strategy to push investee companies to address key ESG risks and implement best practices**.

Since 2022, AXA IM distinguishes between ‘engagement with objectives’ and ‘sustainability dialogues’. The former seeks to influence change at investee companies, by defining targeted objectives related to the key ESG issues at stake for the targeted company. These issues related to key themes researched by the RI Research team, including climate change, biodiversity, responsible technology, human capital and human rights, and governance. The ex-AXA IM RI Research team led these engagements together with the Corporate Governance Research team and often with the participation of investment teams. The latter form of engagement, the so-called sustainability dialogues, aim to have a better understanding of the sustainability-related risk profile of a position held in portfolios, potentially feeding into future targeted engagement. They are often led by the investment teams.

In 2025, we had 615 interactions with 477 entities, 49% of which were ‘engagements with objectives’. This represents a substantial increase compared to 2024, both in terms of the total number of interactions (+12%) as well as the number of engagements with objectives (+30%), largely driven by the new engagement-related requirements of sustainability labels.

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

### Real estate engagement

Stakeholder engagement is at the heart of AXA IM Alts' ESG strategy, for the company is deeply convinced that the general and specific ESG objectives it has set itself will be achieved through better knowledge of, and greater attentiveness to, all the stakeholders involved in its assets, and more particularly the tenants who are occupying our properties. Faced with the dual challenge of the energy and climate crises, AXA IM has strengthened its engagement with tenants and

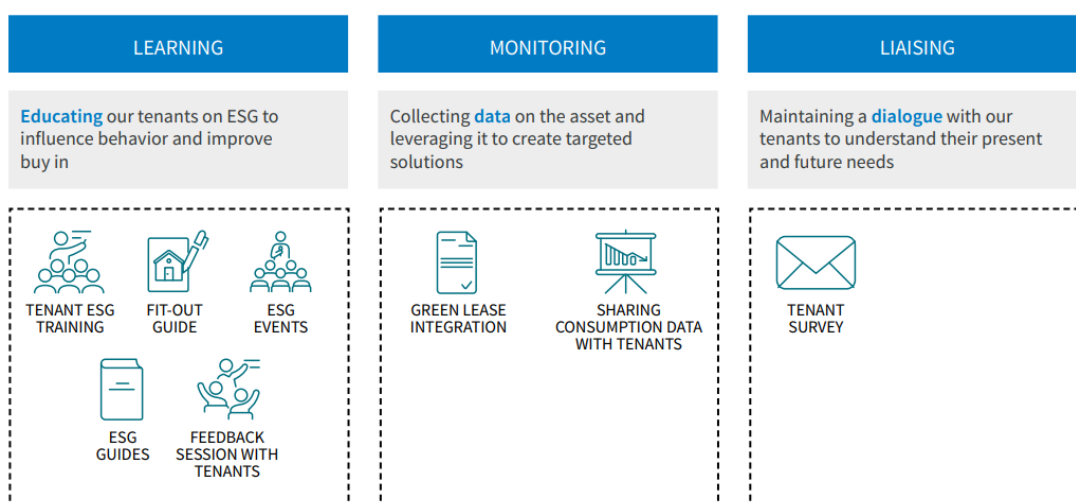
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<sup>58</sup> Figures in this section may be rounded.

stakeholders to ensure its compliance with local regulations, such as France's Dispositif Eco Efficacité Tertiaire (DEET).

As users of the assets, the tenants of the buildings under management are key contributors in achieving the objectives of the ESG strategy. We actively engage with them, convinced that cooperation with tenants is a necessary condition for the implementation of relevant and effective measures over the long term. It has been demonstrated that the proper use of a building's facilities is a key factor in reducing its environmental impact. For this reason, it is essential to be proactive in supporting tenants to make effective use of building facilities and to provide them with recommendations and good practices to implement. In addition, tenant engagement can lead to improving tenant user experience and wellbeing, as well as developing positive economic outcomes for the building users and the local communities by taking part in the organisation of dedicated events, such as job fairs and trainings

Our tenant engagement efforts are focused around three core areas:



For our Commercial Real Estate (CRE) Debt platform, we sought to actively improve the level of data visibility on underlying assets to better inform our view of environmental risks. Historically, access to such data in private or secondary markets has been poor, which has hampered visibility of the efficiency or underlying ESG performance of assets. We undertook a two-step approach to improve this. First, we engaged with a third-party data provider to assist with the assessment of carbon emissions, based on estimated emissions per square meter for different asset types in different countries. This enabled us to generate an estimated carbon footprint for the portfolio. The natural limitations of this dataset were then addressed by including a second step which involved structural dialogue with our borrowers via a survey to collect various ESG information and KPIs including energy consumption.

In 2024 we partnered with Greenscope to digitalise all our ESG questionnaires to ease the completion for borrowers and to improve our storage and analysis of the collected ESG KPIs. 2024 marks the fourth year on a row where the annual survey has been circulated. The survey was sent to over 50 borrowers, representing 64 loans valued at 8.5bn. we received a 90% response rate, representing some €7.4bn AuM as of 31 December 2024, which is a small decrease compared to the previous year due to the higher number of loans reviewed this time.

The high collection rates in recent years not only shows that the CRE market is maturing on ESG topics, but also that we are pro-actively engaging with borrowers and putting reporting obligations in loan document (borrowers are forced to fill our ESG questionnaire at least once a year).

Information shared since 2021 has, for example, helped us develop a deeper level of insight into carbon and energy efficiency-related risk in our portfolios, in addition to our growing knowledge base of physical and transitional risk. The information will further inform refinancing opportunities and our ability to work more closely with borrowers and underlying assets in our journey towards net zero before 2050.

Lastly, as for our Listed Real Estate investment, since 2021, we have been conducting an annual survey as part of the active stewardship of our listed real estate investment platform. A survey questionnaire is sent to all European listed real estate companies to gain a better understanding of the qualitative and quantitative metrics associated with the ESG practices (including biodiversity and social risks) and performance within each company. This data gives us deeper insight into ESG-related risks within investee companies in our investment portfolios and, over time, allows us clearer insight into the alignment between the performance of the assets in the underlying investments, and the aspirations of our clients and organisation.

## Private markets funds of funds engagement

### Engagement objectives

As AXA IM Prime is primarily acting as indirect investor its engagement activities are focused on its third-party managers, which are prioritized on a range of criteria. During 2024, AXA IM Prime developed an engagement approach to further detail the priority engagement themes and the opportunities for engagement arising from investment activities.

AXA IM Prime identifies four priority themes to address during engagement:

- Climate change, in line with TCFD recommendations;
- Diversity and inclusion, aligned with private market organizations' objective to increase the share of women among investment teams, senior management, and Boards;
- ESG data quality and availability through the disclosure of comprehensive ESG reporting in line with industry frameworks;
- ESG best practices, including becoming a UN PRI signatory, conducting ESG due diligence and engaging with portfolio companies on ESG.

Additional topics may be identified during the ESG due diligence if considered as a material risk and addressed in engagement actions.

### Forms of engagement

Pre-investment, AXA IM Prime has a threefold ESG due diligence process built around compliance with AXA Group and IM sectorial exclusion policies, minimum ESG criteria, and an ESG score of targets' capabilities both at manager and portfolio levels. This assessment enables the identification of Key Improvement Areas which the ESG team will leverage to engage with the managers. AXA IM Prime also discusses the overall ESG strategy of the manager during an ESG call. During the investment/holding phase, AXA IM Prime aims to use this stage of the investment cycle as an important opportunity for dialogue and engagement, with the aim of contributing to risk management and sustainable value creation:

- Annual ESG data collection campaign: an ESG questionnaire is sent to managers to update the ESG scores and to collect ESG KPIs. Meetings may take place with the managers to discuss the reported ESG practices and the KPIs;

- Regular dialogues with managers to track the evolution of ESG practices, provide constructive feedback and discuss the identified key improvement areas, and if relevant, to monitor progress against previously defined objectives;
- Participation to governing bodies of the funds or managers.

In 2025, AXA IM Prime continued to deploy its engagement approach with a focus on engagement tracking and reporting.

For more details on our engagement activities on ESG themes and engagement process, please refer to [BNPP AM 2025 Sustainability report](#)<sup>59</sup>.

## 4.2 Voting

Voting had been an essential part of AXA IM's efforts to integrate ESG concerns into investment processes and a building block in our stewardship approach. It had been guided by AXA IM legacy Corporate Governance & Voting policy, which was updated at least annually and whenever necessary to strengthen the link with our thematic engagements until 2025. For clients in segregates mandates, we also tailor our voting policy to their ESG preferences or relevant market regulation. Regardless of the type of fund, each investee company has their own trajectory. Instead of a 'one size fits all' approach, AXA IM therefore aims to make its voting decisions based on a high level of information on the investee company, based regular dialogue and our own research.

### Our 2025 voting activity in figures

During 2025, AXA IM voted on a total of 57,050 proposals at 5,146 meetings, representing 96 % of the meetings we could vote on<sup>60</sup>, in line with our longstanding commitment to vote all of our holdings, where possible. Meetings where we were not able to vote were those in markets where processing votes would be too costly or would impede the investment process.

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

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

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

We seek to integrate specific environmental or social concerns into more traditional stand-alone items, leading to 584 votes in 2025 against director re-election, discharge, auditors or accounts (mainly due to, either insufficient transparency around Board's oversight of key sustainability risks, or concerns with respect to the company's climate strategy, assessed according to AXA IM Net

<sup>59</sup> [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

<sup>60</sup> Scope: Meetings falling under the scope of AXA IM Corporate Governance & Voting Policy

Zero climate colour framework), as well as 608 votes against executive pay over ESG-related concerns.

For more details on our voting activities in 2025 and our voting process, please refer to [BNPP AM 2025 Sustainability report](#).

### **4.3 Public policy engagement: promoting robust, decision-useful policies to facilitate the transition to a more sustainable world**

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

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

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

Policymakers and standard-setters have proposed frameworks to address this challenge, including the EU with the Corporate Sustainability Reporting Directive (CSRD) – which requires companies in scope to disclose what they assess to be the risks and opportunities arising from social and environmental issues for their own business, and on the impact of their activities on people and the environment. The standards developed by the International Sustainability Standards Board (ISSB) - with a primary focus on financial materiality in 2025 was a turning point as companies in scope started to report under the CSRD – while in parallel the European policymaker launched a review of its Sustainable Finance framework (the “Omnibus I”<sup>61</sup>, covering the CSRD, the Corporate Sustainability Due Diligence Directive (CS3D and some of the EU Taxonomy delegated acts) with the objective of reducing reporting burden and costs, to improve the competitiveness of EU corporates.

In 2025, in a context marked by the Omnibus I package at EU level, we conducted multiple direct engagements with policymakers at EU and French levels, and have collaborated with industry groups including the AFG, IIGCC, EFAMA and PRI, including with AXA IM contributing to a collaborative investor statement on the Omnibus I released early 2025. Our priorities were the following:

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<sup>61</sup> [Omnibus I package - European Commission](#)

- Asking for a large enough scope in terms of companies subject to reporting requirements, with a proportionality principle for smaller companies. As an investor active in private markets, having access to sustainability data from smaller companies is key for an effective ESG integration. A too significant reduction in the scope of reporting was a key concern for us – and a barrier for SME financing.
- Asking for quality, comparable, decision-useful reported data. A key focus of the EU Omnibus I was on reducing the number of data points reported by companies. We advocated for a balanced approach, asking for key sustainability issues to be covered with sufficient level of details, for climate transition plans, social and biodiversity related issues. At the same time, we agreed with the necessity to reduce the level of complexity to allow investees' senior management and investors to make the best use of the disclosed information to support sustainable corporate transformation. We also emphasized the need for consistency between ESRS and Voluntary Small and Mid-size Enterprises reporting (“VSME”) framework as well as effective and sufficient inter-operability between the ESRS and ISSB standards. We contributed to the development of a French proposal of simplified ESRS, which was used as key input by EFRAG’s simplification proposal.
- Enhancing the quality of ESG data: as investors, we largely rely on data vendors to access “raw” ESG data reported by companies, as well as to provide ESG ratings. Over the past years, we have been actively participating both within industry groups and directly to actions with policymakers and supervisors to share our expectations and help influence the EU ESG ratings regulation, as well as the development of Codes of Conduct at IOSCO level and in the UK. While we have been satisfied by developments including in the UK, we remain disappointed by the slow progress at EU level. In 2025 we continued to advocate for a wider framework at EU level, in line with requirements already in place at EU level for the rest of the sustainable finance value chain and as requested by IOSCO at international. Moreover, following the publication of the text proposal for SFDR 2.0 in November 2025, we are concerned that it introduces disproportionate expectations from Financial Market Participants (FMPs) when developing estimation methodologies – with no similar expectations applying to ESG data vendors. While we support the call for robustness and transparency in methodologies developed by FMPs, the apparent difference of treatment does not align with the objectives of reducing complexity or supporting competitiveness of EU players.
- We acknowledge the benefits of having a single classification framework to identify “green” revenues or Capex. AXA IM contributed to the EU Platform of Sustainable Finance from March 2023 to March 2025<sup>62</sup>, to propose practical ways to help simplify some of the metrics. Key objective was to make them more useful for decision making and reduce the number of data points by focusing on the most meaningful ones, while preserving the integrity of the framework. This aimed to make the EU Taxonomy “simpler” for all stakeholders across the Sustainable Finance value chain.

We were pleased that many of the simplification proposals developed by the EU PSF in relation with the EU Taxonomy<sup>63</sup> were retained by the EU Commission as part of the Omnibus I – helping to preserve the integrity while simplifying the tool.

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<sup>62</sup> This work was supported by AXA IM – now part of BNP Paribas and integrated within BNPP AM, which at the time was representing AXA Group within the EU PSF.

<sup>63</sup> [Platform on Sustainable Finance report: Simplifying the EU taxonomy to foster sustainable finance - Finance](#)

We are also globally supportive to most proposals made by EFRAG to simplify the content and the structure of the ESRS, while maintaining the double materiality concept. We however consider that the significant reduction of the scope of the CSRD and its implication in terms of data availability must be reflected in the other sustainable finance legislation and that liability on quality of data when these are provided by ESG vendors, should be with these vendors, and not users who have no other choice to rely on them.

In 2026, we will remain vigilant and will continue to highlight our concerns and expectations in line with the above. We will also continue to call for proper capacity building and clearer expectations with regards to the assurance of sustainability disclosures to ensure robustness of data, as well as comparability. We will notably contribute to the European Commission's consultation on the VSME that will ask for contribution on the voluntary sustainability standards for corporates not in the scope of the CSRD.

### **Improving ESG product categorisation framework to support clients' needs and help channel capital flows into sustainable investment**

A key challenge to the more effective channelling of capital flows into sustainable investments relates to unclear, multiple frameworks for defining which products can qualify as being sustainable". Whilst the introduction of SFDR at the EU level, the AMF Doctrine 2020-03 in France or Sustainable Disclosure Regulation (SDR) in the UK have permitted a greater integration of sustainability in financial products and therefore transition to a more sustainable economy, they have also created significant burden and uncertainty for financial market participants, without succeeding to provide sufficient clarity in particular to retail investors nor sufficiently channelling capital flows to cover the investment gap to fund the EU transition to Net Zero.

In 2025, as the European Commission worked on the SFDR 2.0 proposal released in November 2025, we conducted multiple direct engagements with policymakers and supervisors at EU and France levels, and have collaborated with industry groups including the AFG, IIGCC and EFAMA. Additionally, AXA IM had contributed to the drafting of the EU PSF SFDR categorisation report. While we support SFDR's overarching objective of providing increased transparency and comparability to our clients, we have also advocated for other weaknesses to be addressed through following proposals:

- Introduce a product category focused on investments made with the objective of supporting the transition of investee companies towards more sustainable practices. We support the introduction of engagement-related criteria for this category, asking for sufficient clarity in expectations and appropriate transparency – an issue which we articulated with AXA IM's & BNPP AM's prior advocacy on stewardship related standards at EU level, including in the context of SRD II revision;
- Define clearer and common criteria to qualify within each category, and to facilitate practical implementation, limit the risk of heterogeneous supervision and provide clarity to end clients. Considering the materiality of Sovereign-issued bonds, and the key role of countries in the transition to more sustainable practices, we advocate for sovereigns issuances to be eligible to the new categories, including for general purpose sovereign bonds, provided that transparent and robust methodologies are in place, at least in the ESG basics and transition categories;
- Facilitate the use of SFDR categories by Private Markets asset classes – those asset classes experience a significant growth and have a key role to play in the transition, as an example to decarbonize real estate, or to support SMEs' transition, but still face major issues in terms of

sustainability data availability. SFDR 2.0 needs to support the momentum towards a greater ESG integration for those asset classes, providing clarity and trust to end investors while acknowledging specificities of such asset classes;

- Simplify pre-contractual and periodic reporting templates – to reduce reporting burden and make them more decision-useful for investors. We advocate for a minimum set of common indicators to be reported across Article 7, 8 and 9 products to provide comparability to end investors. This set of indicators should be limited, meaningful from an end-investor perspective and based on data points reported under the new ESRS and VSME;
- Ensure an effective articulation between SFDR 2.0 and the sustainability preferences framework in MIFID and IDD introduced in the EU’s Markets in Financial Instruments (MiF) regulation in August 2022.

We welcome that a number of the proposals developed by the EU PSF in the SFDR categorization report were retained by the European Commission in the SFDR 2.0 proposal published in November 2025. We believe the proposal could help better reach the overarching objectives of ensuring trust and clarity for end-investors, to ultimately contribute to channelling flows into a more sustainable economy. SFDR 2.0 is still under negotiation in 2026, and we will continue to advocate following the objectives listed above.



MSCI All Country World Index (ACWI)	2025			0.81%	9%		1.26%	10%
	2024			0.79%	6%		0.43%	6%
ICE BofA Global Broad Market Corporate	2025			3.69%	24%		3.04%	18%
	2024			2.64%	11%		2.34%	13%

Source: AXA IM, S&P Trucost, 2026.

The observed increase in EU Taxonomy alignment data in 2025 compared to 2024, should be considered based on the important increase in data coverage compared to 2024. As companies have become more familiar with the EU Taxonomy framework and reporting templates, as a result, they are now disclosing more granular, activity-level data, applying the various EU Taxonomy criteria more consistently, and have also surely better aligned internal data systems with the EU Taxonomy requirements.

In the absence of reliable data sets to measure the exposure to EU Taxonomy eligible and aligned assets for alternative assets (real assets and alternative credit) and for private markets funds of funds and funds of hedge, we do not disclose any EU Taxonomy exposure for AXA REIM SGP and AXA Prime as for 2024 and 2025. Nevertheless, an internal working group was initiated in 2024 to define a data collection process to calculate the EU Taxonomy eligibility and alignment for direct real equity assets managed by AXA IM Alts (i.e., at asset level) and the methodology will be implemented starting 2026.

### Green share of activities following AXA IM approach

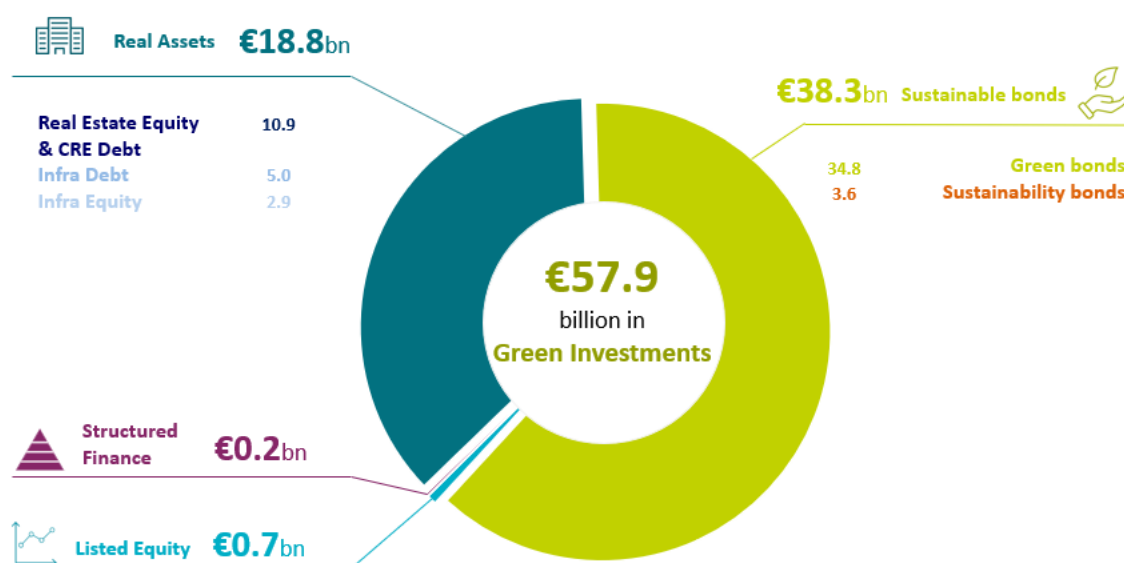
In addition to reporting of our alignment with the EU Taxonomy activities, we also report on our green activities following various thematic or impact investment approaches. Our methodology is consistent across AXA IM entities.

### Green investments (project-led green share): €57.9bn of AuM<sup>68</sup>

Initially, AXA IM had been an active investor in green bonds, green buildings and green infrastructure and is playing a key role in implementing the Green Investment initiative announced by AXA Group in November 2019<sup>69</sup>. Since then, we monitor our green investments AuM. There are three categories of green investments: Real assets green buildings and Infrastructure, Green bonds, and Green thematic equities (i.e., from the ACT fund range). See more details below:

<sup>68</sup> Source: AXA IM as of 31/12/2025.

<sup>69</sup> See "AXA launches a new phase in its climate strategy to accelerate its contribution to a low-carbon and more resilient economy", AXA, 2019. [AXA launches a new phase in its climate strategy to accelerate...](#)



Source: AXA IM, as of 31<sup>st</sup> December, 2025. N.B.: the Listed Equity figure comprises four “green” open-ended equity fund assets managed by AXA IM. The Structured Finance (i.e., Alternative credit, Natural capital & Impact) figure comprises a dedicated Natural capital fund’s managed by AXA IM. The Green and Sustainability Bonds and Real Assets figures comprises all the mentioned financial securities financed by assets managed by AXA IM regardless of the legal form of financial product holding the investment.

## Real Estate & Infrastructure Green Investments

Real Estate and Infrastructure represent a significant portion to the AXA’s Green Investment initiative. Only assets accounted as part of AXA’s commitment are accounted as green investments under AXA IM approach to account its green share of activities approach. For an individual asset to qualify as “Green”, specific criteria must be met:

- **Real estate:** for property assets, assets with a high level of third-party independent environmental certification (new construction or in use) with minimum level “Excellent”, “Gold” or equivalent (e.g., BREEAM, HQE, LEED, DGNB, Minergie) and a minimum Energy Performance Certificate (EPC) rating of “B” or equivalent for non-European assets;
- **Forestry:** sustainably managed forests as demonstrated by an FSC or PEFC certification;
- **CRE debt:** similar to Real estate, loans securitized by single assets with an environmental certification (new construction or in use) with minimum level “Excellent”, “Gold” or equivalent (e.g., BREEAM, HQE, LEED, DGNB, Minergie);
- **Infrastructure debt & equity:** The definition for infrastructure is derived from accepted and demanding market-based approaches. We rely on the CBI taxonomy to classify the infrastructure as green.

Some examples of green investments in the real asset portfolio include:

Asset Class	Example of investment
Real Estate	AXA IM Alts completed the development of a 62-storey, 278-metre skyscraper in the City of London. The flagship development was completed with an EPC rating of A+ and obtained BREEAM Excellent and WiredScore Platinum labels. In operations, the building uses 100% of electricity generated from renewable sources and offsets 100% of its natural gas usage. Adding to the positive environmental impact of the asset, 98%

	of the construction waste was diverted from landfill. 10% of floor space is dedicated to tenant amenity and well-being.
<b>Forest</b>	In December 2021, AXA IM Alts acquired a 24,800 ha PEFC-certified Forestry portfolio in Australia in an area known as the Green Triangle that spans the southern border of Victoria and South Australia. Sustainable management of the investment was at the core of the onboarding strategy set up at closing. In 2022, an estimated net sequestration (natural growth less harvesting and mortality) of more than 400,000tCO <sub>2</sub> e carbon was achieved.
<b>Infrastructure</b>	Spanning an offshore area of 462km <sup>2</sup> located ca. 89km off the Yorkshire coast, in the UK, Hornsea Two is one of the world’s largest offshore wind farm. The UK government has set an ambitious net zero target for 2050 – Hornsea Two is a key project in achieving the milestone objective of 40GW offshore wind capacity by 2030. Hornsea was built and is operated by Ørsted.  In March 2022, with the investment support of AXA IM, AXA acquired a 18% stake in Hornsea Two. The wind farm was under construction in 2021, but when construction was completed, installed capacity reached 1,386 MW as the wind farm became fully operational in August 2022.

## Green, Social and Sustainability Bonds (GSSBs)

We have the ability to invest across a broad range of issuers, including sovereigns, quasi-sovereigns, industrials, utilities, and financial institutions. Supranationals, Sub-sovereigns, and Agencies (SSAs) however continue to supply a large share of GSS bonds. Their mandates and capabilities naturally position them to contribute significantly to the availability of these instruments and the growth of the market.

Under **AXA IM GSSB assessment framework**, as part of our analysis of GSSB, we measure their **contribution** and their **alignment** to the **SDGs**. There is no consensus yet on the way to approach the SDGs in the GSSB market. We therefore built our own methodology and mapped the SDGs against our GSSB taxonomy. By doing this, we made a split between the green and social activities that directly contribute to some of the SDGs, and those that only align with it. Alignment is related to an indirect contribution to the SDG. Indeed, while they are not initially targeted, a project can also provide an indirect positive impact to other SDGs. For example:

- A renewable energy generation project directly contributes to SDG target 7.2 – “Increase substantially the share of renewable energy in the global energy mix” – and align with SDG target 3.9 – “Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination”;
- A low-carbon transportation project directly contributes to SDG target 11.2 – “Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport” – and align with SDG target 9.1 – “Develop quality, reliable, sustainable and resilient infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”.

The strong contribution to SDGs 7, 8 and 11 is explained by the importance of renewable energy projects – which directly contribute to SDGs 7 and 8 –, and green buildings and low-carbon transportation projects – which directly contribute to SDG 11 – within our green bond investments. The strong alignment with SDGs 3, 9, 11 and 13 is explained by same reasons, with renewable energy and low-carbon transportation projects aligning with SDGs 3, 9, 11 and 13.

Our GSSB eligible universe is made of issuances in line with our proprietary framework, on which our dedicated RI Analysts have a “Neutral” or “Positive Opinion”. For all our green and social bonds strategies, GSSBs that are not in line with our internal requirements are systematically filtered out of our eligible universe. The framework is equally used to inform investment decisions of portfolio managers from other (non- green or social bond) strategies, albeit without the systematic exclusion of unapproved GSSBs.

Typical drivers of negative opinions include:

- Use of proceeds that is not in line with our expectations – e.g., lack of transparency, fossil-fuel related projects, inclusion of assets or projects not considered “green” enough. For social bonds, concerns may arise when the primary beneficiaries of projects are unclear;
- Issuers for which the ESG quality & strategy is not robust enough – e.g., issuers under a severe controversy, absence of credible and robust transition plans, lack of consistency between the ESG strategy and the issuance of a GSS bond;
- Absence of impact reporting in addition to allocation reporting.

We engage with issuers to address weaknesses in their frameworks and overall ESG profiles. We continue to observe improvements on factors that were drivers of negative opinions in the past, as issuers are progressively aligning with good market practices thanks to investor feedback.

## 5.2 Exposure to fossil fuel activities

### Our thermal coal exposure on listed assets

Our exposure to thermal coal mining and power generation activities is progressively decreasing since we measure it in 2018 both in absolute amount invested and in share of total investments, following the exclusions of companies under AXA IM Climate risks policy and its regular reinforcements. This trend is in line with our objectives and our overall climate strategy to progressively reduce our exposure to thermal coal and to exit all thermal coal investments in OECD countries by the end of this decade, and throughout the rest of the world by 2040. This progress has been supported by the progressive strengthening of our exclusion criteria and of our efforts, through engagement and voting, to encourage companies to implement transition strategies.

AXA IM calculated its thermal coal exposure using S&P Trucost and Urgewald’s Global Coal Exit List (GCEL) databases. S&P Trucost data also serves to complete Urgewald’s database that we use to build AXA IM Climate risks policy exclusion list on the thermal coal sector, as the GCEL is build based on materiality thresholds, therefore limiting the comprehensiveness of covered issuers: in practice, each year some issuers are added or deleted from the GCEL if they pass (or not pass anymore) certain materiality criteria (e.g., relative revenue-based or absolute production-based thresholds). Nevertheless, as we are committed to phase-out from thermal coal in OECD by 2030 and in the rest of the world by 2040, we chose to keep the most conservative approach by not setting any threshold for considering an asset as thermal coal exposed: if a company has 1\$ revenue in thermal coal activities, AXA IM accounts for all (100%) investments in this company for calculating its global thermal coal exposure. Nevertheless, it is to be noted that this approach leads to largely overestimating the real exposure to thermal coal, by not considering the share of revenues in thermal coal of our exposed companies to account for our thermal coal exposure, still based on our holdings in these companies: e.g., the full exposure to utilities low share of revenues from thermal coal (<5% of total revenues) will be considered under this approach. Therefore, it is important to emphasize that this approach does not measure the share of revenues from these

activities on all our holding companies, but rather the evolution of the impacts of AXA IM's global investment decisions.

		Exposure to companies with ≥ \$1 of revenue from thermal coal						Number of issuers with exposure	Year of thermal coal revenue data
		Total exposure		Exposure in OECD countries <sup>70</sup>		Exposure in non-OECD countries			
		[M€]	[%] <sup>71</sup>	[M€]	[%] <sup>72</sup>	[M€]	[%] <sup>73</sup>		
AXA IM Core (listed corporate assets)	2019	908	0.36%	805	0.32%	103	0.04%	80	2019 coal data
	2021	738	0.25%	655	0.22%	83	0.03%	49	2019 coal data
	2022	623	0.23%	555	0.21%	68	0.03%	46	2019 coal data
		842	0.31%	761	0.28%	82	0.03%	55	2022 coal data
	2023	619	0.20%	576	0.18%	70	0.02%	51	2019 coal data
		1 223	0.39%	1,131	0.36%	91	0.03%	66	2023 coal data
	2024	587	0.18%	470	0.14%	118	0.04%	51	2019 coal data
		874	0.26%	730	0.22%	144	0.04%	61	2024 coal data
	2025	761	0.24%	698	0.22%	62	0.02%	48	2019 coal data
		1 014	0.32%	n/a (not calculated)				61	2025 coal data

Source: AXA IM, based on S&P Trucost and Urgewald, 2026.

As we rely on both S&P Trucost & Urgewald datasets, considering that Urgewald's GCEL is based on certain materiality thresholds as explained above, any comparison of the thermal coal exposure from a year to another using different GCEL datasets is misleading<sup>74</sup>. Therefore, we provide our thermal coal exposure using various S&P Trucost & Urgewald coal data to ensure an accurate year-to-year comparison (i.e., on the same scope of issuers accounted), in addition to disclosing the number of issuers with any revenue from thermal coal we are still invested in.

Using the same data sources (2019 coal data), we observe a decrease of approximately one-fifth of our exposure to the 80 companies where we had data in 2019 (from €908M to €761M, representing 32 fewer than in 2019 and most of which being issuers banned under our exclusion policy over the past 5 to 6 years). At the same time, using the more recent data reveals an increase in our exposure, both absolute and relative, to thermal coal in the past year, primarily due to the sharp rise in the valuation of companies in the metals and mining sector. In 2025, as in the previous two years, approximately two-thirds of our remaining exposure to thermal coal was invested in two large mining & metals companies, for which the share of revenue generated by thermal coal is relatively small (<10% in both cases). The remaining exposure in 2025 is mostly due to the exposure of some electric utility companies which themselves also have a very little exposure to thermal coal and on which we have significant investments. Overall, we continue to observe a high

<sup>70</sup> The list of OECD countries is based on OECD member countries at end of 2024.

<sup>71</sup> Relative to total exposure to listed corporate assets managed by all AXA IM business units.

<sup>72</sup> *Idem*, in OECD countries only.

<sup>73</sup> *Idem*, in non-OECD countries only.

<sup>74</sup> In practice, each year some issuers having thermal coal exposure are added or deleted from the GCEL if they pass or not certain materiality criteria (revenue-based, production-based, etc.). Therefore we provide our thermal coal exposure using various S&P Trucost & Urgewald coal data to ensure an accurate year-to-year comparison (i.e., on the same scope of issuers accounted), in addition to disclosing the number of issuers with any revenue from thermal coal we are still invested in.

sensitivity to annual variations in our exposure to thermal coal, given that it remains relatively very low overall, both in both absolute and relative terms.

All in all, as we have further strengthened our Climate risks policy regarding thermal coal in early 2023 by i) putting a stricter exclusion threshold to companies generating more than 15% of revenues from thermal coal mining and/or power generation, against 30% before, and to further be reduced at 10% in OECD countries in 2026, and ii) by excluding all companies with new thermal coal mining or power generation projects or expansion plans, we remain aligned with our expectations to phase-out from thermal coal in OECD by 2030 and in the rest of the world by 2040.

## Our oil & gas exposure on listed assets

As mentioned above, in 2021, AXA IM announced the extension of its existing Climate risks policy to Oil & Gas. This new policy has been implemented in February 2022, and was further reviewed in April 2023 with new criteria on oil sands (for more details, see [section 6.2](#)), resulting in divestments which are visible through the reduction of exposures in the table below<sup>75</sup>.

AXA IM calculated its oil & gas exposure using S&P Trucost and Urgewald's GOGEL databases. Like the previous years, AXA IM chose to keep the most conservative approach by not setting any threshold for considering an asset as exposed to oil & gas and unconventional oil & gas: if a company has 1\$ revenue in oil & gas overall or unconventional activities, AXA IM accounts for all investments in this company for calculating respectively its global oil & gas and unconventional oil & gas exposures. Nevertheless, it should be noted that this approach leads to overestimate exposure to oil & gas and in particular to unconventional oil & gas (for more details, see [section 6.2](#)). Therefore, as explain above for the thermal coal exposure, this approach does not measure the share of revenues from these activities on all our holding companies, but rather the evolution of the impacts of AXA IM's global investment decisions.

		Exposure to companies with ≥ 1\$ of revenue from oil or gas	
		[M€] <sup>76</sup>	[%] <sup>77</sup>
AXA IM Core (listed corporate assets)	2021	8 014	2.92%
	2022	6 241	2.82%
	2023	5 306	1.76%
	2024	4 610	1.32%
	2025	4 014	1.16%
Equities	2021	1 362	1.56%
	2025	775	1.16%
Corporate Bonds	2021	6,652	3.56%
	2025	3 239	1.15%

Source: AXA IM, based on S&P Trucost and Urgewald, 2026.

<sup>75</sup> While we rely on our exclusion policy to progressively phase out from unconventional oil & gas, contrary to thermal coal, we have not defined any phase-out timeline as for unconventional oil & gas related assets.

<sup>76</sup> AXA IM total exposure to listed corporate assets (all AXA IM entities).

<sup>77</sup> Coverage is reported as the exposure for each asset class or group of asset classes respectively on reported scope of AuM, not on the total of AXA IM's AuM.

Using this approach, overall, we see a gradual and significant decline in our exposure to the oil & gas sector both in absolute and relative values between 2021 and 2025, and both in listed equities & corporate bonds.

In the past years, in spite of the implementation of our exclusion criteria on unconventional oil & gas (*i.e.*, oil sands) in April 2023<sup>78</sup>, we saw a strong outperformance of the oil & gas sector in 2022 and 2023, certainly related to the geopolitical backdrop marked by Russia's invasion of Ukraine and the resulting energy crisis. This led to an increase of our overall oil & gas exposure on listed equities assets, in particular within our high yield strategies in 2022, which has since decreased. Indeed, since 2023, following a reinforcement of our engagement with oil & gas issuers, a tinier performance from the energy sector, and given that c. 60% of our total exposure to oil & gas is since invested around ten major integrated oil & gas companies, our exposure to this sector has naturally been reduced, in particular over the past two years. Moreover, since 2024 in, such effect is also the result of:

- The implementation of the ESMA fund-naming guidelines, under which funds using sustainability, ESG, transition, or impact-related terms in their name shall apply PAB or CTB exclusions depending on the specific term used, noting PAB exclusions are particularly strict on fossil fuel activities<sup>79</sup>;
- The revision of the Towards Sustainability (TS) and ISR label guidelines, implemented in July 2024 and December 2024 respectively as explained in section 1.3, which now include stricter exclusion criteria on fossil fuel activities<sup>80</sup>.

		Exposure to companies with unconventional oil & gas revenues (accounting entire exposure, starting from \$1 of revenue)		Exposure to companies with unconventional oil & gas revenues (adjusted from the share of revenues in unconventional oil & gas based on collected data) <sup>81</sup>	
		[M€] <sup>82</sup>	[%] <sup>83</sup>	[M€] <sup>84</sup>	[%]
<b>AXA IM Core (listed corporate assets)</b>	<b>2021</b>	<b>3 847</b>	<b>1.40%</b>	<b>1 188</b>	<b>0.43%</b>
	<b>2022</b>	<b>3 244</b>	<b>1.42%</b>	<b>889</b>	<b>0.40%</b>
	<b>2023</b>	<b>2 924</b>	<b>0.97%</b>	<b>1 016</b>	<b>0.34%</b>
	<b>2024</b>	<b>2 374</b>	<b>0.68%</b>	<b>881</b>	<b>0.25%</b>
	<b>2025</b>	<b>2 230</b>	<b>0.64%</b>	<b>813</b>	<b>0.23%</b>
Equities	2021	963	1.10%	424	0.49%
	2025	645	0.97%	231	0.35%
Corporate Bonds	2021	2,884	1.54%	764	0.41%

<sup>78</sup> In April 2023, we have tightened exclusion criteria on oil sands, by putting a stricter exclusion threshold to companies generating more than 5% of revenues from oil sands production only (not transportation, *i.e.*, pipelines), against 20% before.

<sup>79</sup> See PAB exclusions in the Delegated Regulation (EU 2020/1818) to the EU BMR, Article 12: [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818)

<sup>80</sup> More information on these exclusion criteria can be found on AXA IM Sustainable Labels policy, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

<sup>81</sup> Under this approach, we screen the exposure using Merrill Lynch sector classification.

<sup>82</sup> AXA IM total exposure to listed corporate assets (all AXA IM entities).

<sup>83</sup> Coverage is reported as the exposure for each asset class or group of asset classes respectively on reported scope of AuM, not on the total of AXA IM's AuM.

<sup>84</sup> *Idem*.

	2025	1 584	0.56%	582	0.21%
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Source: AXA IM, based on S&P Trucost and Urgewald, 2026.

As for unconventional oil & gas, using both the initial or adjusted approach, we observe the same trend than for oil & gas overall: a gradual decrease of our exposure to issuers with active unconventional oil & gas projects over the past years, both in absolute and relative terms, which can be correlated to i) enhanced engagement with the remaining oil & gas issuers we are exposed to, ii) since 2023, more limited financial performance on this sector, iii) the implementation of our exclusion criteria on some unconventional oil & gas activities since 2021 plus the update for a more stringent criterion on oil sands in 2023, and lastly iv) since 2024, the implementation of the ESMA fund-naming guidelines and the revised TS and ISR label guidelines.

### Our fossil fuel exposure on alternative and private assets

Since 2022, we also report our fossil fuel exposure of our alternative assets managed by AXA IM Alts, and for the first time we disclose the fossil fuel exposure of AXA IM Prime. In both cases, the exposures reported are almost fully oil & gas exposure (only 3 energy infrastructure assets managed by AXA IM Alts or AXA IM Prime are processing coal). All figures are calculated in line with what is required for the SFDR PAI indicator n°4 ('Exposure to companies active in the fossil

fuel sector')<sup>85</sup> or n° 17 ('Exposure to fossil fuel through real estate asset), i.e., also starting the first dollar of revenue like reported above for listed assets, which is also the most conservative possible approach for alternative and private market assets.

As for real assets (infrastructure only; as no fossil fuel exposure on real estate assets), data is collected directly from investee companies and borrowers and cross checked against proxy data, the latter being provided by Iceberg Data Lab (IDL) based on revenues cross-referenced with relevant NACE codes. For Alternative credit, Natural capital & Impact, we rely on data collected from our data provider Octus FinDox using directly data reported for SFDR PAI 4 (share of investments in companies active in the fossil fuel sector). Lastly, for private markets funds of funds (infrastructure & private equity), data are estimated based on a screening from GICS activities (i.e. capturing assets with a majority in these activities and not with the lowest revenues) and reviewed by the investment teams to complete the screening and thus include assets with relatively minority revenues in one of these sectors, enabling them to be aligned with the PAI 4 approach *in fine*.

		Exposure to companies with fossil fuel revenues (coal, oil & gas)	
		[M€]	[% of AuM] <sup>86</sup>
<b>AXA IM Alts (alternative assets)</b>	<b>2025</b>	<b>1,828</b>	<b>1.35%</b>
	<b>2024</b>	<b>2,653</b>	<b>1.91%</b>
Real estate <sup>87</sup>	2025	0	0%
	2024	0	0%
Infrastructure <sup>88</sup>	2025	<b>1 045</b>	<b>6.89%</b>
	2024	<b>1,225</b>	<b>8.82%</b>
Alternative credit, Natural capital & Impact <sup>89</sup>	2025	<b>894</b>	<b>1.79%</b>
	2024	<b>1,135</b>	<b>2.58%</b>
<b>AXA IM Prime (private markets fund of funds)<sup>90</sup></b>	<b>2025</b>	406	1.7% <sup>91</sup>
	<b>2024</b>	296	1.7% <sup>92</sup>

Source: AXA IM, based Octus FinDox, S&P Trucost and collected data, 2026.

We have reframed our methodology for fossil fuel exposure definition for infrastructure assets in 2024 to ensure full alignment with our understanding of the requirements of SFDR principle adverse impact KPI (PAI 4), which accounts specifically for infrastructure assets that use fossil fuel to provide products or services to their clients, and the use of fossil-fuel derivative instruments for hedging purposes. In 2025, fossil fuel exposure stood at roughly 6.2% represents a significant

<sup>85</sup> As defined by SFDR Delegated Regulation 2022/1288, 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council

<sup>86</sup> Coverage is reported as the exposure for each asset class or group of asset classes respectively on reported scope of AuM (i.e., eligible assets with or without data), not on the total AuM managed by AXA IM or any AXA IM entity. However, it should be noted that as for AXA IM PAI Statements, PAI 4 is reported based on all AuM managed by the entity.

<sup>87</sup> Data on worldwide holdings managed by AXA REIM SGP only at end of 2024 and end of 2025 from collected data, including listed real estate in 2025 for the second year (c. €3.6bn AuM at end of 2025, c. 8% of total AuM managed by AXA REIM SGP), and excluding listed real estate in 2023 (c. €3.8bn AuM at end of 2024).

<sup>88</sup> Overall ESG data excludes certain infrastructure debt holdings for which no actual GHG data was provided, and proxy GHG data quality was deemed not representative or irrelevant.

<sup>89</sup> Data on worldwide holdings managed by all AXA IM entities (incl. notably AXA IM Paris assets).

<sup>90</sup> AXA IM Prime total exposure.

<sup>91</sup> In 2024, the exposure to fossil fuel activities encompasses the funds directly managed by AXA IM Prime and exclude advisory investment services. The year-end AuM consolidated is presented on a net basis, taking into consideration the special master-feeder fund structure.

<sup>92</sup> In 2023, the year-end total AuM used as denominator was reported on a gross basis, encompassing both investment management and advisory activities (relative exposure would be around c. 2% on a net basis like in 2024).

decrease versus 2024, and is particularly due to the selling of one LNG terminal asset which represented a significant portion of AuM in infrastructure. This also aligns with the fact that our infrastructure equity and debt teams made no new investments in fossil fuel-exposed assets during the twelve months leading up to December 2024.

As for Alternative credit, Natural capital & Impact, the majority of the reported numbers comes from an estimate of indirect exposures through securitized products such as Collateralized loans obligations CLOs, Asset-backed securities (ABS), and Significant risk transfer transactions (SRT). Direct exposures would represent 0.5% of AuM.

Lastly, AXA IM Prime's exposure to fossil fuels was still composed of predominantly investments in oil & gas storage and transportation assets at end of 2025, also with some minor exposure to gas utilities infrastructure assets.

Overall, while the reported exposure is accounting for the full exposure to any issuer with up to \$1 of revenue from oil & gas activities (aligning with Art.29 decree to follow the SFDR PAI 4 accounting approach), the reported figures differs from those reported within AXA IM Paris PAI Statement, as i) it only includes for oil & gas activities (here being splitted with coal), ii) PAI data are aggregated at entity-level while there are splitted are asset class level, and iii) it includes issuers part of Urgewald's GOGEL and S&P Trucost (for listed assets) and Octus FinDox (for Alternative credit, Natural capital & Impact) separately, while for the PAI Statement we only rely on S&P Trucost data and Octus FinDox.

## 6- Our climate strategy

### 6.1 AXA IM Net zero targets

**AXA IM is committed to achieving net zero emissions across our portfolios by 2050 or sooner**, as well as playing a key role in helping our clients better understand climate change and how it may impact their portfolios and supporting them in adapting their investment decisions accordingly. Our commitment is aligned with the frameworks proposed by the [TCFD](#), the [Institutional Investor Group on Climate Change \(IIGCC\)](#) and the latter, coordinated by the [Paris Aligned Investment Initiative \(PAII\)](#). It is further evidenced by our active involvement in international initiatives such as [Climate Action 100+ \(CA 100+\)](#) and the [Climate Bonds Initiative](#). It consists of:

- **Net zero targets<sup>93</sup>:**
  - AXA IM published its first net zero target in October 2021, as part of the first NZAM progress report<sup>94</sup>. This target was subsequently revised in April 2022<sup>95</sup>, to cover **69% of all AuM** as at end of 2025<sup>96</sup>;
  - Specific net zero targets have been set for **Corporates (Fixed Income and Listed Equity), Sovereigns**, and direct **Real Estate Equity asset classes** based on industry standards<sup>97</sup>;
  - Early 2025, we have **developed a net zero framework and set new 2030 and 2040 targets for our Infrastructure equity and debt** investments that are ambitious, compared well to competitors and are realistic given the good starting point of the portfolios (see more details in section 6.4):
    - **For Infrastructure Equity: 100% of total AuM aligning, aligned, net-zero or climate solution by end of 2030**, and **100% aligned, net-zero or climate solution by end of 2040<sup>98</sup>**;
    - **For Infrastructure Debt:** Similarly, infrastructure debt will be adopting interim 2030 net zero targets. Those will be disclosed when finalized.
  - Since 2022, to support the implementation of those targets, we are using a Climate colour framework for Corporates incorporating internal and external information to determine the net zero profile of assets and inform investment decisions. **In the framework for Corporates has been enhanced in H2 2024**, to reinforce the qualitative guidelines we provide internally to our ESG analysts that determines issuer's net zero alignment. Besides, we have also set **a new Climate colour framework for Sovereigns** which also builds on the NZIF guidelines (see more section 6.4). It will continue to be enhanced over time as disclosures and transition plans from companies improve.
- **Stewardship<sup>99</sup>:**

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<sup>93</sup> AXA IM has set an initial milestone of 25% reduction by 2025 on listed corporate assets compared to 2019 at the entity-level, and a second milestone of 50% reduction by 2030 the same scope, in line with our 2050 net zero commitment.

<sup>94</sup> See NZAM 2021 progress report, December 2021: [NZAM-Progress-Report.pdf \(netzeroassetmanagers.org\)](#)

<sup>95</sup> See NZAM Initial target disclosure report, May 2022: [NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf \(netzeroassetmanagers.org\)](#)

<sup>96</sup> These objectives are not currently implemented to alternative credit, private debt and other alternative asset classes (e.g., derivatives): see below for more details.

<sup>97</sup> The [TCFD recommendations on metrics and targets](#), the [IIGCC's 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.

<sup>98</sup> Excluding one airport asset that will should be sold in the meantime.

<sup>99</sup> See BNPP AM's Stewardship & Engagement policies, applying to AXA IM legacy scope since January 1<sup>st</sup>, 2026: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

- Engagement and continued dialogue with companies and clients are crucial to influencing their net zero trajectories. Climate represents a significant portion of our shareholder engagement activities, with an additional “**Three Strikes and You’re Out**” engagement policy focused on companies which are lagging behind from a climate perspective (the so-called ‘climate laggards’). Using a **focus list** of companies, this would mean that, if we do not see progress from companies on the specific objectives set at the beginning of the engagement, we may **divest after three years**;
- We have the option to vote against the management, the Board Chairman and the CEO if companies in sectors exposed to climate issues do not have a net zero emission strategy with short, medium and long-term carbon emissions reduction targets or an executive remuneration policy 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 achievements of the objectives during Annual General Meetings. We have updated this voting policy early 2024, including now the possibility to cast a dissenting vote against the highest-emitting companies that fail to appropriately report on their climate lobbying activities;
- 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 deep dive on sovereigns’ sustainability public expenditure programs and thus better understand the ESG risks of a country.
- **Exclusions<sup>100</sup>**: AXA IM excludes companies which fail to meet certain climate change criteria, with a particular focus on thermal coal and unconventional oil & gas. Our investment portfolios exclude thermal coal-based electric power generating utilities and thermal coal mining companies that are not credibly demonstrating a commitment to the energy transition. This policy was expanded in 2023 with 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 exclude certain companies in the unconventional oil & gas sector with a focus on tar sands, shale and tight oil & gas (fracking) and Arctic oil & gas production. In early 2023, we tightened some of our exclusion criteria regarding thermal coal and oil sands. 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.

Legislation from different geographies encouraging the financial sector to play a leading role in the sustainable transition, for example Article 29 of the 2019 Energy & Climate Law in France, gave us the confidence to expand our commitments to assets we did not at first consider eligible. We also moved away from setting climate targets for specific funds to a top-down approach, specifying climate targets for each asset class – specifically for third-party assets.

## AXA IM Net zero targets – Update at end of 2025

At end of 2025, €602bn (\$707bn) of AuM were covered by NZ targets, *i.e.*, being managed in line with a net zero by 2050 pathway aligned with the Paris Agreement’s long-term goals (c. 69% of total AuM, 77% of total AuM excl. JVs).

<sup>100</sup> See AXA IM’s RI exclusion policies on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

The reported AuM covered of our NZ targets at end of 2025 includes:

- **Listed corporate (incl. listed real estate) and sovereign exposure;**
- **Direct real estate equity AuM, i.e.,** all RE equity assets on which AXA IM Alts has direct leverage to trigger climate action at asset level<sup>101</sup>;
- **Direct infrastructure debt and equity AuM:** AuM covered by new net zero targets set in early 2025 have been integrated in 2025<sup>102</sup>;

and does not cover at this stage:

- **Direct commercial RE debt:** due to ongoing methodological development and data collection on decarbonization pathways;
- **Alternative credit, Natural capital & Impact and other structured finance asset classes:** pending for appropriate industry-wide methodological framework and guidance for these alternative asset classes;
- **Private markets & hedge funds:** due to ongoing methodological development and data collection on decarbonization pathways for funds of funds and funds of hedge funds.

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 have also considered the operational implementation of the strategy to make sure our commitments are monitored in a robust and efficient manner.

Following the combination of BNP Paribas Asset Management (BNPP AM) and AXA Investment Managers (AXA IM), the combined entity is currently working to develop a new sustainability approach – which will include joint Net Zero targets reflecting our unified approach. Those will be published later in 2026.

The initial commitments from BNP Paribas Asset Management, followed by the initial commitments from AXA IM are available on the NZAMi website: [BNP Paribas Asset Management – The Net Zero Asset Managers initiative](#)

<sup>101</sup> RE equity assets covered by our NZ targets encompass all assets on which AXA IM Alts can trigger decarbonization, i.e., all assets directly managed with or without operational control, as well as assets under development (including major renovation) and forestry. This reporting scope excludes RE debt assets and, as for RE equity assets, parking, plot of land, ground lease, petrol stations, isolated unit/cell and specific cases, as well as assets with no asset management mandate.

<sup>102</sup> When including direct infrastructure equity & debt assets covered by the recently set NZ targets, the coverage of our total AuM managed in line with a net zero pathway reached c. 70% incl. JVs (c. 79% excl. JVs) at end of 2024.

Targets		Unit(s)	Baseline	Progress measured in 2024	Progress measured in 2025	Comments
<b>All (Corporates + Direct real assets + Alternative credit)</b>						
<b>Share of AuM dedicated to climate solutions</b>	6% by 2025	% of total AuM managed by AXA IM invested in climate solutions	2.1% of total AuM dedicated to climate solutions (end of 2019 data)	<b>6.0%</b> of total AuM at end of 2024	<b>6.7%</b> of total AuM at end of 2025	Based on AXA IM's Green Investments definition as described in this report ( <a href="#">see section 5.1</a> ). The methodological approach may evolve as data coverage on EU Taxonomy alignment will increase in the coming years. We expect this will lead us to revise our target.
<b>Corporates (Fixed Income and Listed Equity)</b>						
<b>Weighted average carbon intensity (WACI) reduction</b>	-25% by 2025 and -50% by 2030 (compared to 2019)	tCO <sub>2</sub> e/\$M of investee companies' revenues (% compared to baseline)	147.8 tCO <sub>2</sub> e/\$M revenues at end of 2019	<b>-51.2%</b> at end of 2024 (compared to 2019)	<b>-51.3%</b> at end of 2025 (compared to 2019)	Scope 1 and 2 only due to limited data quality and availability on Scope 3: coverage of Scope 3 to be increased in the coming years, consequently with possible review of the baseline as well.
<b>Share of AuM in material sectors net zero, aligned or aligning by 2040</b>	100% by 2040	% of corporates AuM in material sectors net zero, aligned or aligning according to AXA IM Climate colour framework	36% at end of 2021	<b>82.5%</b> of corporates AuM at end of 2024	<b>85.8%</b> of corporates AuM at end of 2025	This encompasses issuers categorized as 'Dark blue', 'Blue' and 'Light blue' according to AXA IM Climate colour framework described below ( <a href="#">see section 6.4</a> ) <sup>103</sup> . The significant progress in the past years compared to 2021 is due to a large increase i) of companies with SBTi targets (c. 35% of total listed corporates AuM with validated targets at end of 2024, and c. 32% at end of 2023) and ii) in the coverage of corporate issuers with colours in our framework (e.g. qualitative colour assessments done internally: c. 35k at end of 2025 against c. 2k at end of 2022).
<b>Share of financed emissions in material sectors net zero or aligned</b>	50% by 2025 (rebased)	% of financed emissions in corporates from material sectors are already net zero or aligned according to AXA IM Climate colour framework	46% of financed emissions at end of 2021 (rebased) 29.5% of financed emissions at end of 2021	<b>30.4%</b> of financed emissions at end of 2024 (rebased) 29.9% of financed emission at end of 2024	<b>34.8%</b> of financed emissions at end of 2025 (rebased) 29.9% of financed emission at end of 2024	This corresponds to issuers categorized as 'Dark Blue' or 'Blue' in AXA IM coloring framework described below ( <a href="#">see section 6.4</a> ). The reported figures exclude issuers with no carbon data (i.e., 'Grey' in our framework). As since 2022 our data coverage increased progressively (i.e. with lower grey issuers), the progress since that year is proportionally lower. When including 'Grey' issuers in the calculation (in the denominator), we find a steady but tiny progress compared to 2021 with c. 35% at end of 2025 (against 29.5% at end of 2021). This absence of progress is largely explained by the significant reduction of issuers with no data in the past years.
<b>Share of financed emissions in material sectors under engagement</b>	70% by 2025 90% by 2030	% of financed emissions in corporates from material sectors directly or collectively engaged	52% of financed emissions at end of 2021 (42% from collaborative only <sup>104</sup> and 38% from individual only)	<b>71.9%</b> of financed emissions at end of 2024 (39.3% from collaborative only, and 63.6% from individual only)	<b>70%</b> of financed emissions at end of 2025 (35% from collaborative only, and 60% from individual only)	Engagement activities conducted directly by AXA IM are accounted for the two previous years of engagement, along with emissions subject to collaborative engagement even if AXA IM does not systematically participate, in line with NZIF. Collaborative engagement only includes Climate Action 100+.

<sup>103</sup> AXA IM Climate colour framework is based on the Net Zero Investment Framework (NZIF) developed by the [Paris Aligned Investment Initiative \(PAII\)](#)

Targets	Unit(s)	Baseline	Progress measured in 2024	Progress measured in 2025	Comments	
<b>Sovereigns</b>						
<b>Beat the global benchmark</b>	Beat the CCPI <sup>105</sup> score of the ICE BofA World Sovereign Bond Index at end of each year	Score on 100	ICE BofA World Sovereign Bond Index CCPI score = 46.9 / 100 at end of 2024	<b>56.2 / 100</b> at end of 2023 data (compared to 48.1 / 100 for the ICE BofA World Sovereign Bond Index)	<b>55.2 / 100</b> at end of 2025 data	Progress is measured against the benchmark not against historical data, following NZIF1.0 recommended target setting guidance. Outperformance compared to the benchmark is due to concentration of sovereign bonds from countries with a high score (France in particular).
<b>Real Estate</b>						
<b>Carbon Intensity Reduction</b>	-20% landlord operational carbon intensity reduction by 2025	kgCO <sub>2</sub> e/m <sup>2</sup> (+ % compared to baseline)	31.3 kgCO <sub>2</sub> e/m <sup>2</sup> at end of 2019	<b>-32,6%</b> at end of 2024 compared to 2019	<i>No longer monitored (target achieved since 2023)</i>	As since 2025 the ESG data campaign in Q2 is now using y-2 ESG data instead of y-1, progress measured in 2024 on the carbon intensity is the same than in 2023. The 2025 target is already achieved since end of 2022. These results reflect AXA IM Alt's active policy to optimize building energy use and minimize carbon emissions, acting on three complementary areas: 1) Improving asset's performance 2) Switching to lower emitting energy sources 3) optimizing building use and engaging with tenant <sup>106</sup> .
<b>Alignment with CRREM pathway</b>	50% of direct real estate AuM under CRREM pathway <sup>107</sup> by 2025	% of direct real estate equity AuM aligned with CRREM 1.5°C trajectory	54% AuM at end of 2022 (based on FY 2021 data)	<b>57%</b> at end of 2024 (based on FY 2023 data)	<b>62%</b> at end of 2025 (based on FY 2024 data)	Baseline was based on a reference portfolio against CRREM V1 composed of 80 assets located in France, Germany, UK, Italy and Belgium against CRREM V1(9). Since 2023, figures are measured against CRREM V2.05. Following a change in the methodology, the 2024 & 2025 figures cover c. 85% of the total real estate equity AuM in scope with operational control, excluding assets not owned for the entire reporting year (i.e., acquired over 2023 or 2024) <sup>108</sup> . Assets are included in the KPI only if whole building data is available with actuals (complete data) or gap filling and extrapolation (good quality estimates): assets without EPC or equivalent nor whole building data available are deemed to be stranded.

<sup>105</sup> [Climate Change Performance Index \(CCPI\)](#)

<sup>106</sup> Disclaimer: it is important to note that landlord scope is not stable over time, since it is impacted by tenancy evolution with vacant areas being considered as landlord areas and controlled areas evolving based on agreement with tenants. In addition, we made significant change in our data collect process in 2021 and significantly increased coverage over time (46% of landlord-controlled sqm in 2019, 77% in 2022 and 79% in 2023): reporting scope in 2023 represented c. 78% of total real estate equity AuM; assets are included in the KPI only if complete data is collected for all the landlord utilities; complete data is defined as >90% coverage of data in time (12 months) and surface. Hence, comparison with 2019 data should be considered with caution.

<sup>107</sup> [Decarbonisation Pathways – CRREM Global](#)

<sup>108</sup> While the 2023 figure only relied on actual energy consumptions and excluded Switzerland, US, Australia and Japan (where no data were available), the 2024 & 2025 figures rely on a new scalable methodology enabling to measure the energy performance and associated GHG emissions of our global real estate equity portfolio, which leverages on EPCs which are available for vast majority of assets located in Europe and is supplemented, for assets where EPCs are not available, with actual energy consumptions, provided that whole building data is available with actuals (complete data) or gap filling and extrapolation (good quality estimates). This new accounting methodology has enabled to i) increase significantly the coverage of its portfolio (from c. 35% of total in-scope RE equity AuM in 2023 to c. 85% in 2024 and 2025) and ii) have a consistent understanding of the whole building energy performance.

## 6.2 Exclusions: our Climate risks policy

As part of AXA IM ESG integration process, we excluded firms which fail to meet the climate change criteria set out in our Climate risks policy<sup>109</sup>. Exclusion efforts are centred on companies within industries that have a clear share in global warming – **thermal coal and unconventional oil and gas** – and that are incompatible with the energy ecosystem transition or unwilling to adapt.

In 2017, AXA IM started excluding **electric power generating utilities and mining companies** with a significant share of revenues derived from **thermal coal**, as well as those with a sufficiently large thermal coal power generation capacity. In April 2023, the threshold for the percentage of revenues and power generation activity derived from thermal coal was tightened from 30% to 15%. Additionally, we have introduced caps on the maximum tonnes of coal a company may produce, as well as on the maximum amount of gigawatt (GW) it may derive from thermal coal: i.e., to date that have 15% or more of thermal coal share of power production, or power generation companies with more than 10 GW of installed thermal coal-based capacities. Lastly, since early 2023, companies that plan to develop new thermal coal mines or expand their current thermal coal-based power generation capacity are excluded.

Efforts to exclude **unconventional oil & gas** activities – those forms of oil & gas production that have an oversized impact on the environment due to their geographic location or their extraction methods – started in 2017 and were officially taken up in AXA IM Climate risks policy in 2021. In 2017, AXA IM started excluding oil and gas producers with **oil sands** activities, based on a maximum production share of 20%. Throughout 2022 and 2023, new exclusions were added on oil & gas extracted through **shale and fracking** methods and extracted **from the Arctic**. In April 2023, the threshold for oil sands was also tightened. Nowadays, companies that produce less than 100 thousand barrels of oil equivalent per day (kbpoed) and derive more than 30% of their oil and gas from fracking are excluded, as well as companies that derive more than 5% of their production from oil sands (or contribute more than 5% to the global oil sands production), and companies that derive more than 10% of their production from Arctic drilling.

To build our thermal coal exclusion list, we use the Global Coal Exit List (GCEL) produced by German NGO Urgewald. The GCEL includes companies that generate more than 10% of their revenues from thermal coal, or utilities where the share of coal power generation is 10% or more, or companies producing more than 10 million tons of coal, or companies with more than 5GW of installed coal-fired power capacity generation. Urgewald also includes companies with thermal coal expansion projects in mining, power generation and infrastructure. AXA IM's own thresholds are overlaid on those of the GCEL. To build our oil & gas exclusion list, we use the Global Oil & Gas Exit List (GOGEL), also produced by Urgewald. The GOGEL provides information on companies operating in the oil & gas industry. It notably provides the names of companies involved in the upstream part of the value chain, *i.e.*, the production of oil & gas, without a size threshold. A detailed breakdown of unconventional oil & gas is also provided. In the GOGEL, unconventional oil & gas are classified as such: fracking (in practice, oil & gas from shale and tight reservoirs), tar sands, coalbed methane, extra heavy oil, ultra-deepwater (UDW), and Arctic. AXA IM has chosen to focus on fracking, tar sands, and the Arctic categories as we believe they present specific features that warrant a greater attention.

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<sup>109</sup> [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

At end of 2025, **85%** of all AXA IM third-party assets (*i.e.*, traditional and alternative assets) applies the Climate risks policy ([see dedicated section on Exclusion policies](#) for more details).

## 6.3 Stewardship

Since early 2022, we had significantly enhanced AXA IM Climate risks policy to be able to provide further detail on our engagement requirements with regards to the coal, oil & gas sectors, aiming to cover their strategy and target setting, transparency including on capital expenditures (CapEx) as well as Governance and lobbying. In early 2023, we also specified our expectations regarding Scope 3 measurements by asking companies to reflect on their value chain – upstream and especially downstream – in their climate strategy, a necessary step to achieving net zero for Scope 3 emissions. In early 2024, we have also specified in this policy that we will also be attentive to climate lobbying practices, to ensure consistency between publicly stated goals and corporate lobbying across geographies, accompanied by adequate disclosures: consequently, a dissenting vote against relevant resolutions may be cast for oil and gas companies that fail to appropriately report on their climate lobbying activities

## 6.4 Implementing our Net zero targets

### AXA IM Core approach

In recent years, we have witnessed a 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-aware investment approaches, and the financial industry has showed a greater willingness to incorporate these objectives into their investment decision processes. We are optimistic that this industry will benefit from the abundance of tools and data.

At AXA IM, we are committed to assessing and integrating climate models, but also to engaging with data providers and industry groups to refine these methodologies. Investment managers are beginning to move from commitment to action and they must make important decisions about what tools to use and how to deploy them. We propose to start from a set of principles 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.

### AXA IM Net Zero framework for Corporates

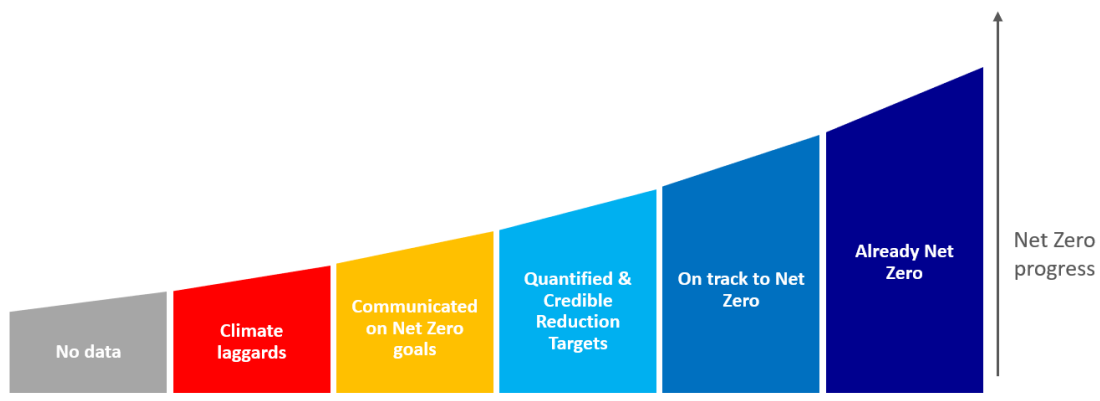
Corporates that are engaged in a robust decarbonization pathway are positively contributing to environmental sustainability in a way that is consistent with a Net zero emissions future. In that perspective and to support the implementation of its Net zero commitment, AXA IM has developed in 2021 a climate colour framework inspired by the NZIF Guidance on Target setting<sup>110</sup>.

Our approach aims at assessing the maturity of the climate strategies of corporates, using quantitative information on issuers' climate strategy (incl. SBTi, TPI, carbon intensity trend, etc.) combined with qualitative analysis to confirm the credibility of the strategies in particular. Based on this analysis, issuers are categorized in the following "colours":

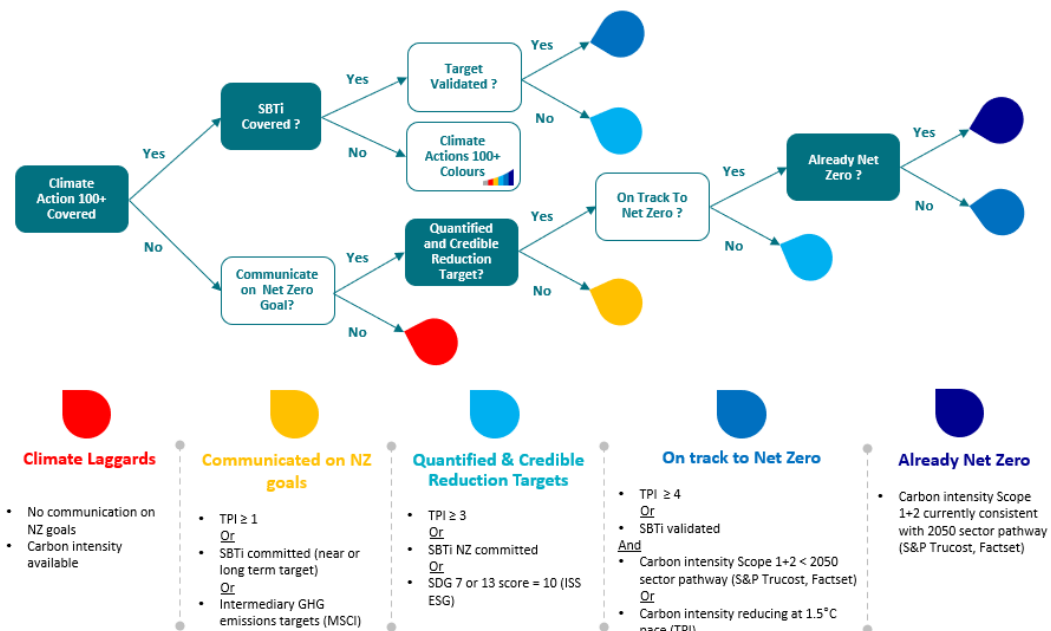
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<sup>110</sup> [NZIF IIGCC-Target-Setting-Guidance.pdf](#)

- Corporates that are already well positioned to reach carbon neutrality with carbon intensity currently consistent with their 2050 sector target are “**Dark Blue**”;
- Corporates that are on track compared to their sector. They have either carbon targets approved by Science Based Target Initiative (SBTI) or are well rated per Transition Pathway Initiative (TPI) or attaining carbon intensity close to sector’s decarbonization pathway, or their carbon intensity is reducing in line with net zero pace. They are categorized as “**Blue**”;
- Corporates that have credible decarbonization targets and/ or are SBTi committed are categorized as “Light Blue”. Climate Solutions providers are also categorized as “**Light Blue**”;
- Corporates which have set an explicit net zero intention but have not provided sufficient and credible information on trajectory are categorized as “**Orange**”; and
- Corporates which have not set targets are categorized at “**Red**”;
- Corporates not covered or with no carbon data at “**Grey**”.



AXA IM’s Investible Universe



Source: AXA IM, 2025. For illustrative purpose only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

In addition to the quantitative algorithm detailed above, based on a qualitative assessment made by AXA IM analysts, a company is assigned a colour indicating the extent to which its decarbonization strategy is in line with the goal of the Paris agreement, i.e., a well-below 2°C or a

1.5°C pathway. This colour depends on the presence and completeness of seven building blocks within the company's decarbonization strategy, following the NZIF core criteria<sup>111</sup>:

- **Ambition:** A long-term (i.e., 2050 or earlier) goal consistent with achieving global net zero;
- **Targets:** Short- and medium-term targets (i.e., on a 5-to-10-year horizon), covering all three emissions scopes (Scopes 1, 2 and material Scope 3), and the full value chain: its own operations, its products, and its ecosystem or value chain;
- **Emissions performance:** Current emissions intensity performance (including Scope 1, 2 and material Scope 3) aligned with its targets and a net-zero pathway;
- **Disclosure:** Detailed reporting of Scope 1, 2 and material Scope 3 GHG emissions and implementation of the TCFD framework;
- **Decarbonization strategy:** A quantified plan setting out the measures that will be deployed to deliver GHG emissions targets and, where relevant, will lead to increasing green revenues, noting the focus should lie on GHG emissions reduction with no or very limited offsetting;
- **Capital Allocation Alignment:** A clear demonstration that the capital expenditures (CapEx) of the company are consistent with a net zero pathway, including disclosure of CapEx and overall transition related spending;
- **Climate Governance:** Aligned climate governance, with clear oversight of net zero transition planning and executive remuneration linked to delivering targets and transition.

The qualitative assessment depends on the materiality of the sectors on climate change. For the first three colour categories ('Red', 'Orange', and 'Light blue'), the criteria are the same for all companies across all sectors. For 'Blue', more stringent criteria are required for "high impact material" sectors than for "low impact" sectors, as endorsed by the NZIF. High impact material sectors are defined by the NZIF V2.0 as NACE categories A to H and J to L.

More information on our methodological approach for listed corporate assets is available in AXA IM Net Zero Methodologies handbook, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## AXA IM Net Zero framework for Sovereigns

Sovereign GHG emissions are covered in our net zero framework through the objective to **beat the Climate Change Performance Index (CCPI)<sup>112</sup> score of the ICE BofA World Sovereign Bond Index<sup>113</sup> at each end of year**. The CCPI is a tool that assess and compare the climate protection performance of all European Union (EU)-countries and 63 non-EU ones, covering together more than 90% of the GHG emissions. In total, 14 indicators across four categories – GHG emissions, Renewable Energy, Energy Use, and Climate Policy – are used to compute the CCPI score of a country.

Complementary to CCPI data, AXA IM has developed its own Climate Colour framework to assess sovereign issuers' progress towards achieving net zero and current alignment to a net zero pathway. Similar to our Climate Colour framework for Corporates, a sovereign's colour is determined based on the NZIF core criteria: the ambition to have a long-term goal consistent with achieving global net zero and accompanying intermediary targets, mandatory climate-related disclosures, defined decarbonization plans (which includes a minimum commitment to not build

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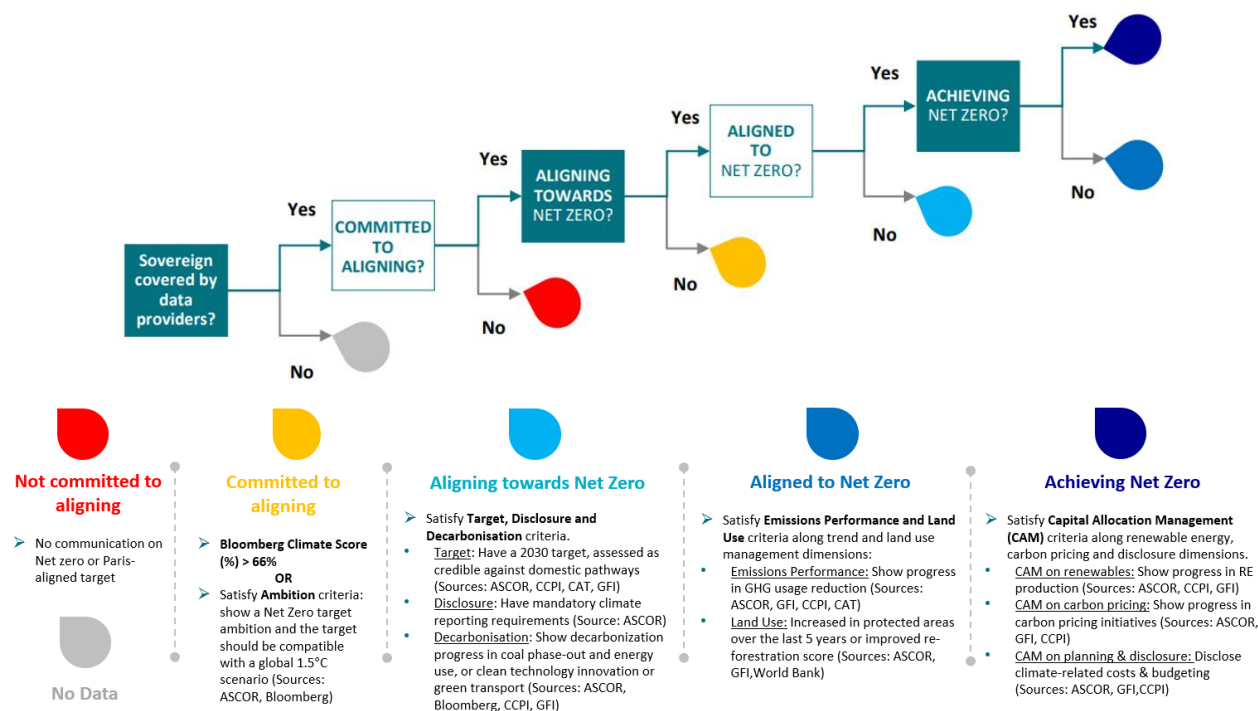
<sup>111</sup> According to the NZIF, "higher impact companies should be assessed against all six core criteria" while "criteria 7-10 are the complementary indicators that should be assessed and companies encouraged to meet to the extent possible". For this framework, we have decided to add criteria n°8 on climate governance as an additional core criterion because we consider governance is a key component of any strategy.

<sup>112</sup> [Climate Change Performance Index \(CCPI\)](#)

<sup>113</sup> [Fixed Income Indices](#)

thermal coal power plants, alignment of the current GHG emissions performance and a capital/allocation management consistent with global net zero goals.

The final colour a sovereign receives is based on an elaborate quantitative analysis of multiple data sources and KPIs<sup>114</sup>, including the most recognized public data sources for sovereigns: the Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) initiative, the Climate Action Tracker (CAT) and the CCPI. In addition, qualitative assessments by our analysts are also conducted: where relevant, this may result in an adjustment to the colour assigned to a country under the quantitative assessment.



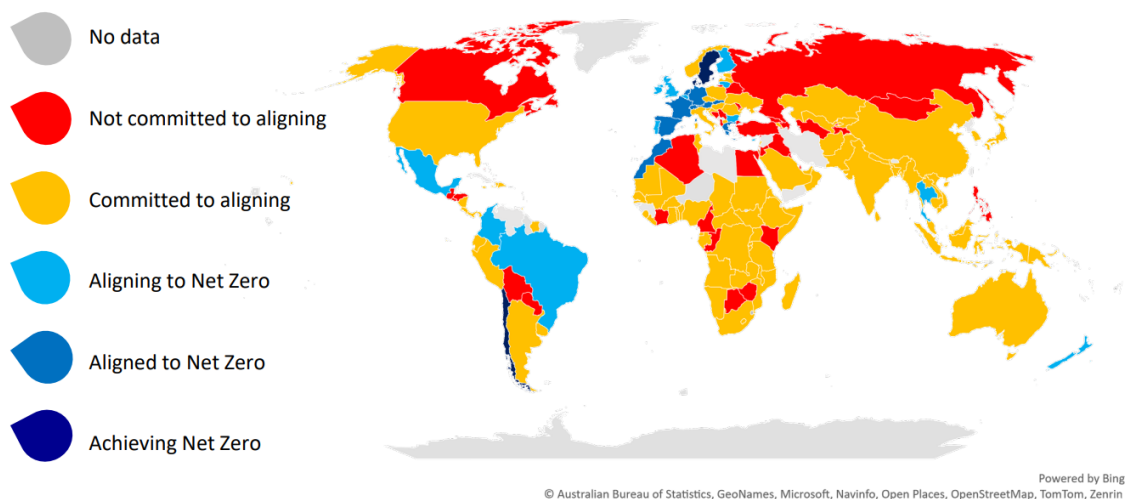
Source: AXA IM, for illustration purpose only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

Altogether, these factors lead to the following colour scheme:

- “**Grey**” for countries where there is insufficient data available (i.e., not in ASCOR, CCPI or Bloomberg dataset);
- “**Red**” for countries failing on the ambition criterion;
- “**Orange**” for countries committed to aligning but not satisfying the intermediary targets, disclosure, and decarbonization plan criteria;
- “**Light Blue**” for countries aligning towards net zero;
- “**Blue**” for countries already aligned with a net zero pathway;
- “**Dark Blue**” for countries that have already achieved net zero.

As at December 2024, AXA IM’s net zero sovereign colour assessment was as seen below:

<sup>114</sup> Specifically, we use data from [ASCOR](#), [CCPI](#), [Bloomberg](#), the [CAT](#), the [Climate Governance Initiative](#), the [Green Future Index \(GFI\)](#) and the [World Bank](#).



Source: AXA IM, for illustration purpose only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

More information on our methodological approach for sovereign assets is available in AXA IM Net Zero Methodologies handbook, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## AXA IM Alts approach

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 minimizing 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.

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.

## Internal programme to accelerate our contribution to decarbonization

Since 2022, to accelerate on our decarbonization journey, we have launched an internal programme, aiming at leveraging the potential of our different investment platforms to generate significant impact. This programme will leverage on three main complementary pillars:

- **Reducing carbon emissions:** real estate generates around 39% of global GHG emissions. The aim is to actively reduce the emissions generated by over 2400 buildings managed globally, through energy use optimization, building refurbishment, switch to decarbonized heat or fuel sources, and continue to engage with our tenants to jointly address the performance of underlying buildings;
- **Avoiding carbon emissions:** we aim at investing in low carbon infrastructure such as renewable energy generation and electricity grids, green transportation and decarbonized heating and cooling systems;

- **Sequestering carbon:** timber consumption will be multiplied by 2.7 by 2050. Forestry plays a key in sequestering carbon and is expected to allow engineered timber to replace carbon-intensive and steel in building consumption. Through our Natural Capital investments, our pathway is to optimize carbon sequestration while improving biodiversity through our forestry portfolio (>80 000 ha) and to build in timber and invest in new timber product firms.

## Real Estate

With regards to defining our decarbonization pathways and reduction targets, we have first focused on the Real Estate Equity Platform considering our leading position in Europe and the decarbonization potential of this asset class.

In 2022, we worked on developing a portfolio-level decarbonization pathway based on a representative European reference portfolio. The intention was to understand the decarbonization potential within our real estate portfolios and associated financial impacts. Building on knowledge acquired through this preliminary analysis, we launched early 2023 an internal transformation programme sponsored by AXA IM Alts Management Board, with the aim of consistently integrating our decarbonization ambition within our real estate investment activities. The programme is structured around the following workstreams:

- Policies and guidelines;
- Energy optimization;
- Baseline and pathway definition;
- Data management, reporting and monitoring;
- People training and empowerment.

Progress has been made on these five workstreams all along 2023, to progressively define a clear roadmap and processes towards the significant reduction of GHG emissions generated by our real estate portfolios, in alignment with the Paris Agreement.

### Policies and guidelines

AXA IM Alts RI team is working hand in hand with the business teams to develop clear processes for integrating decarbonization in their roles and responsibilities, as well as to produce methodologies and guidelines to support the deployment. In 2023, the focus lied on strengthening our process for integrating ESG during transactions and developing an advanced ESG strategy for our development activities. With the support of external experts, we worked on defining tools and methodologies to properly measure and account for energy and carbon building performance.

In addition, we developed a CRREM tool which provides a first assessment of targeted acquisitions' stranding risk and related investment, based on initial information available. We also defined extensive due diligence requirements, including the assessment against our proprietary ESG score and action plan definition to achieve high level of ESG performance.

Lastly, we sponsored the Low Carbon Building Initiative (LCBI), with the aim to create the first pan-European low carbon label measuring the carbon footprint of real estate properties based on a Life-Cycle Analysis. LCBI developed a common methodology for calculating embodied carbon, biogenic carbon, and operational carbon, which has been tested on sixteen development projects including four sites managed by AXA IM (located in Belgium, France, Germany and Spain). Based on issues raised by pilot projects – adaptations to national electricity grids, access to quantitative data, and the establishment of a minimum scope of assessment – calculations and parameters of

the methodology were refined and a first version of the label was released. AXA IM will use these recommendations to set internal target and ensure consistent measurement across its portfolios.

### Energy optimisation

To reduce the GHG emissions of our portfolios, we are designing a program for minimizing energy use. Based on pilot projects assessing the potential for energy optimization, we drafted an “operational excellence protocol” aiming at including additional requirements in our property managers’ mandate, to ensure best practices are deployed at asset level. This guidance covers key building energy use parameters such as building monitoring, equipment settings optimization, temperature settings, light equipment replacement and tenant engagement, with the scope of requirements adjusted per sector. We aim to progressively deploy this tool starting from 2024 once the requirements are onboarded by the Property Managers and officially included in their PM’s mandates.

### Baseline and pathway definition

In line with our commitment to achieve net zero emissions across our portfolios by 2050 or sooner, we are working towards setting our portfolios on a trajectory compatible with the Paris Agreement. To properly assess inherent transitional risks of our assets, we have decided to decouple the building performance from its use wherever possible. To obtain such visibility, we are developing a methodology based on normalized whole building energy and carbon data, thereby minimizing reliance on actual data where we face limited access and lack of completeness and/or quality. It will be rolled out globally to enable consistent assessment of assets’ risks and performance to prioritise actions.

### Data management, reporting and monitoring

To properly monitor and report our portfolios’ consumption and emissions, we embed ESG data collected at the asset-level into internal reporting database, which is refreshed automatically on a regular basis. Indicators definitions and computations rules have been documented, in line with key frameworks such as PCAF and GHG Protocol, to ensure full consistency of information shared with our investors. To ensure reliability of the consolidated information, controls are performed at several steps of the process.

### People training and empowerment

We are convinced that all employees play a crucial role in ensuring the proper integration of ESG and decarbonization in our investment activities, which is why we continuously update our training offering. In addition to company-wide training programme described in section 2.2 of this report; we developed with an external partner an ESG three-hour course, designed for employees involved in real estate investment across our offices. This course is aimed at ensuring all employees share a common ESG background and language, and understand the context and requirements of ESG-proof real estate (e.g. CRREM pathway, transitional risks, climate physical risks, etc.). 320 employees completed the foundational Real Estate ESG course between 2022 and 2023.

## Infrastructure

Early 2025, we have **developed a net zero framework and set new 2030 and 2040 targets for our Infrastructure equity and debt** investments that are ambitious, compared well to competitors and are realistic given the good starting point of the portfolios:

- **For Infrastructure Equity: 100% of total AuM aligning, aligned, net-zero or climate solution by end of 2030<sup>115</sup>, and 100% aligned, net-zero or climate solution by end of 2040<sup>116</sup>;**
- **For Infrastructure Debt:** Similarly, infrastructure debt will be adopting interim 2030 Paris alignment targets. Those will be disclosed when finalized<sup>117</sup>.

The NZIF has also been chosen as the reference framework for our decarbonization strategy for both infrastructure equity and debt. Under the NZIF framework, each investee company, borrower, and potential investment opportunity is classified into one of five Paris alignment profiles: Not Aligned, Committed to Aligning, Aligning to a net zero pathway, Aligned to a net zero pathway, or Achieving net zero, and Climate Solutions. As of December 2023, an original assessment was conducted to evaluate the infrastructure equity and debt portfolios' exposure to these profiles, establishing a baseline for future progress. In line with other AXA IM's net zero targets for the above listed asset classes, our infrastructure platforms have committed to ensuring 100% of AuM are either Achieving net zero or Aligned to a net zero pathway by 2040. To achieve this, ambitious yet realistic science-based interim targets for 2030 have been adopted for each platform. These 2030 targets were set based on various factors, including current investment philosophy, leadership ambition, sector preferences, Paris-aligned pathways at sector level, the maturity of assets on carbon-related topics, and the potential for decarbonization at asset level.

In 2025, we continued to enhance our decarbonisation framework by developing tools to assess assets both pre- and post-investment. These tools provide visibility on new assets' alignment with NZIF and their maturity to progress toward net-zero targets. To support the implementation of key actions across the portfolio and facilitate the development of tailored action plans, we are also refining our engagement strategy, with decarbonisation defined as one of our core thematic priorities.

In parallel to NZIF, we are developing a broader transition approach. This will allow us to identify and support assets that contribute meaningfully to the net-zero transition, even when they fall outside the current NZIF perimeter.

More information on our methodological approach for direct infrastructure assets will be publicly disclosed in due time and made available in AXA IM Net Zero Methodologies handbook, available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

## 6.5 Climate forward-looking metrics

Over the past years, the financial industry has made further progress in illustrating materiality of climate change and measuring alignment of investments. In the past two years, some emblematic initiatives have come up with concrete frameworks. These included the publication of the 1.5°C Implementation Guidance of NZIF<sup>118</sup>, the United Nations convened NZAOA and the SBTi's framework for financial institutions. Investors are now turning towards new types of analyses and

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<sup>115</sup> Excluding one LNG terminal asset will be sold in the meantime.

<sup>116</sup> Excluding one airport asset that will should be sold in the meantime.

<sup>117</sup> Detailed interim targets for Infrastructure Debt assets will be disclosed in due time, once the methodological approach will be finalized.

<sup>118</sup> See "Net Zero Investment Framework 1.5°C Implementation Guide", Paris Aligned Investment, 2021: [PAII-Net-Zero-Investment-Framework\\_Implementation-Guide.pdf \(parisalignedassetowners.org\)](#)

corresponding metrics which present a more insightful response into what it means to be a “Paris-aligned” investor.

In that context, AXA IM has explored forward-looking metrics over the past years. In 2022, and through its collaboration with MSCI, Beyond Ratings and IDL, we have continued to investigate innovative forward-looking metrics to measure exposure of our investments to transition and physical risks and the global warming potential of our investments. While these forward-looking metrics are essential and relevant for climate objectives, significant challenges remain as the model is complex.

## Quantifying the global warming potential of our investments: Implied temperature rise (ITR) metric

### ITR methodology for Corporate Debt and Equity

Since 2021, AXA IM is using the MSCI “Implied Temperature Rise” (ITR) metric **to assess how AXA IM’s investment portfolios on corporate bonds and listed equities are aligned 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 a forward-looking and extrapolation-based one. The ITR methodology is currently only applicable to corporate assets and its methodology is annually reviewed.

The global carbon budget represents the total amount of greenhouse gas emissions that mankind can emit up until 2050 to limit global warming to +1.55°C at the 2100 horizon. Since 2023, it is based on the NGFS Remind Net Zero 2050 scenario. Based on this climate scenario, MSCI distributes carbon budgets and pathways to individual companies through a top-down method that uses revenue as a way to fairly allocate the budget among all companies in the MSCI database. Pathways are region- and sector-specific for Scope 1 & 2 emissions, thanks to NGFS scenario’s granularity. Scope 3 is only sector-specific because the companies in MSCI’s database are large multinational companies, and their supply chains and sales are global.

The ITR model estimates companies' future emissions through 2050 by considering their current level of emissions and their reported emissions-reduction targets. The specifics of how the model handles current company carbon emissions are as follows:

- Scopes 1 & 2: The reported emissions are used when available, and estimated emissions otherwise;
- Scope 3: The ITR model uses estimated emissions from MSCI instead of relying on company-reported emissions due to inconsistencies in company reporting.

Additionally, reported emissions-reduction targets are not taken at face-value anymore. Since 2023, they are penalized by a credibility score, applied for each GHG scope separately. Resulting company projected emissions may be penalized up to a 2%/year absolute increase of emissions, should the credibility score be at its lowest level. This score relies on the presence, or absence, of short-term targets, the track record it has in terms of achieving targets in the past, the feasibility of achieving upcoming targets and whether the company has third-party verified targets.

### ITR for Sovereign assets

AXA IM leverages the CLAIM model developed by Beyond Ratings to assess the temperature of AXA IM's investment portfolios on sovereign assets. This model uses the **national carbon pledges** made by Governments towards the Paris Agreement's carbon budget to express theoretical temperature of sovereign assets. Beyond Ratings has developed this approach inferring 2°C compliant national carbon budgets by relying on the so-called "Kaya relationship" between GHG emissions, GDP growth, demography, energy efficiency and carbon intensity.

National Determined Contributions (NDCs) that have been expressed in the Paris Agreement and updated during the UNFCCC Conferences of Parties (COP) are used to build a homogeneous allocation of GHG emissions reduction commitments by countries by 2030. Using theoretical linear relationship between carbon emissions and temperature rise, Beyond Ratings translate national carbon commitment intensities by 2030 into theoretical temperature rise. During the latest COP, NDCs have been released and updated by the participants (112 updated NDCs including: Australia, Japan, United States, France, Germany, China, etc.). This model assesses sovereign temperatures by considering these new commitments.

As opposed to ITR's methodology for Corporate Debt and Equity, this methodology does not assess a credibility score with respect to countries' NDC.

### Quantifying climate risks: Climate Value at Risk model (Climate VaR)

Besides the ITR approach, which embodies the impact that our investments may have on the climate, climate risk analysis can also be undertaken from a business/investment risk perspective to assess how climate change may impact investment returns.

AXA IM leverages a Climate Value-at-Risk (Climate VaR) model developed by MSCI. This model represents an **estimation of how the value of AXA IM's investment portfolios – on corporate bonds, listed equity and CRE debt-- could be impacted (up or down) by climate transition/policy risks, technology transition opportunities and extreme weather events.** This model is currently applicable only to corporate and real estate assets (not to sovereign assets) and it is in continuous development. Yearly updates on this model allow us to expand the range of measured climate-related financial risks of AXA IM's investments and to assess them more precisely.

### Climate VaR Methodology Overview

It is important to acknowledge that Climate VaR differs from the traditional concept of Value-at-Risk used in risk management. Unlike the conventional approach, Climate VaR does not consider the distribution of returns and calculate a low percentile based on that. Instead, Climate VaR values are derived from sets of hypotheses known as climate scenarios, along with inferred macro-economic parameters. In this regard, it is more akin to an expectation rather than a percentile. The three components of Climate VaR are defined hereafter. The overall Climate VaR aggregates these three components.

#### Transition risks component

The transition to a low-carbon economy through market and regulations changes may significantly negatively impact businesses and their investors. The **Transition Risk (or Policy Risk) metric** assesses how regulations stemming from countries' Nationally Determined Contributions (NDCs) affect a company whose activities are directly (Scope 1) and indirectly (Scope 2 and Scope 3) producing GHG emissions. Transition Risk metric evaluates the potential economic losses for

companies if they fail to adapt their activities accordingly to a given climate scenario (1.5°C, 2°C or 3°C scenario) and derived transition pathways.

### Technological opportunities component

The transition to a low-carbon economy can bring about new opportunities for businesses and investors, particularly through the advancement of green technologies. The **Technology Opportunity metric** evaluates the potential future revenues that companies can generate from these green opportunities. This metric primarily relies on companies' green patents and current low-carbon revenues for analysis. As a result, it assesses the potential economic returns for companies that are on the right path towards decarbonization, based on a specific climate scenario (such as the 1.5°C, 2°C, or 3°C scenario) and the associated transition pathways. Technology Opportunity is an upside component of the Climate VaR metric.

### Physical risks component

Physical risks define potential climate-related consequences resulting from increased greenhouse gas emissions, and the subsequent financial implications (both burdens and opportunities) for businesses and investors. The **Physical Risk metric** assesses the level of exposure and vulnerability of companies to more frequent and severe extreme weather events, taking into account factors such as geographical location, asset size, and asset value. It focuses solely on the assets owned by a particular company and does not account for the sustainability of the infrastructure, grids, or other necessary components that enable those assets to operate and generate revenue for the company.

This metric combines **chronic climate risks**, which involve long-term shifts in climate patterns such as extreme heat, extreme cold, heavy precipitation, heavy snowfall, and strong winds, as well as **acute climate risks**, which are event-driven physical risks like coastal flooding, river flooding, tropical cyclones, low river flows, and wildfires. Consequently, this metric evaluates the potential economic losses that companies may experience in a changing climate environment based on a specific climate scenario.

It should be stressed that Physical risk metric is currently equivalent to a 'partial Scope 1' of the Transition risk estimate. Indeed, the impact of extreme weather events is estimated at a company's physical asset level only. It does not reflect the impact of an extreme weather damaging the energy supplier of this physical asset, or any key part of its value-chain for it to be operational. It thus remains to date highly under-estimated, as opposed to the Transition Risk.

### Climate VaR climate scenarios

Since 2023, MSCI's Climate VaR climate scenarios are derived from other models and are referred to as the Network for Greening the Financial System (NGFS) scenarios. The NGFS is a network of 114 central banks and financial supervisors created in 2017 that aims to accelerate the scaling up of green finance and develop recommendations for central bank's role for climate change. The NGFS scenarios are based on the three integrated assessment models (IAMs): REMIND-MAGPIE (from the Potsdam Institute for Climate Impact Research), GCAM (from University of Maryland) and MESSAGEix-GLOBIOM (from the 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. A selection of five NGFS scenarios has been made to encompass a spectrum of temperature increases ranging from +1.5°C

to +3°C by 2100. These scenarios also consider two distinct approaches to transitioning to a lower-carbon economy: an Orderly transition and a Disorderly transition.

Scenario name	MSCI name	Comments
Net Zero 2050	1.5°C REMIND NGFS Orderly	Both the REMIND NGFS 1.5°C scenarios are very similar in terms of emissions pathways and temperature warming. Where they differ is in the use of low-carbon technologies, with the Disorderly scenario using more low-carbon sources of technology in various sectors and the Orderly scenario using slightly more carbon sequestration.
Divergent Net Zero	1.5°C REMIND NGFS Disorderly	
Below 2°C	2°C REMIND NGFS Orderly	The REMIND NGFS 2°C scenarios are similar to the 1.5°C scenarios in terms of electricity generation fuel mix in 2050 and, for the Orderly 2°C scenario, in terms of carbon sequestration use. Where they differ is how fast the transition happens, the year emissions reach net-zero and the projected carbon prices needed to reach the temperature target.
Delayed Transition	2°C REMIND NGFS Disorderly	
NDC	3°C REMIND NGFS	The 3°C scenario assumes a slower pace of decarbonization compared to more ambitious scenarios and is solely based on the current Nationally Determined Contributions (NDC) of each country.

Source: AXA IM, MSCI, 2023.

## AXA IM Climate Dashboard: a combination of historical and forward-looking metrics

### Carbon intensity

We report on the weighted average carbon intensity (WACI) by revenues of our assets. For the carbon intensity by revenues, W It is expressed in tons of CO<sub>2</sub> equivalent per USD million of revenues of the Scope 1 + 2 GHG emissions of each investee company and weighted as set out below:

$$\text{Carbon Intensity by Revenues} = \sum_i \omega_i \times \frac{\text{GHG Emissions}_i^{\text{Scope 1+2}}}{\text{Revenue}_i}$$

where  $\omega_i = \frac{AuM_i}{\sum_{i \in I} AuM_i}$ .  $\omega_i$  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 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 CO<sub>2</sub> equivalent per USD million of GDP PPP (Purchasing Power Parity) and weighted by the share of our holdings in all countries, as follows:

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

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

		AuM at end of year	Weighted average carbon intensity (WACI)		Coverage	
		[M€]	Scope 1 + 2 [tCO <sub>2e</sub> / \$M revenues]	Scope 1 + 2 [tCO <sub>2e</sub> / \$M of GDP PPP]	[%]	
<b>AXA IM full listed corporate assets<sup>119</sup></b>	<b>2025</b>	<b>347 234</b>	<b>72</b>		<b>77%</b>	
	<b>2024</b>	<b>349 965</b>	<b>72</b>		<b>77%</b>	
Equities	2025	66 555	61		96%	
	2024	69,003	60		96%	
Corporate Bonds	2025	280 679	75		77%	
	2024	280 962	76		72%	
Sovereign Bonds	2025	173 308			122	86%
	2024	185 033			123	99%
<b>Benchmarks</b>						
MSCI All Country World Index (ACWI)	2025		111			99%
	2024		114		100%	
ICE BofA Global Broad Market Corporate	2025		196		94%	
	2024		191		92%	
JP Morgan GBI Global Govies	2025			173	100%	
	2024			175	100%	

Source: AXA IM, S&P Trucost, Beyond Ratings, World Bank, 2026.

AXA IM's WACI on listed corporate assets has decreased from 76 tCO<sub>2e</sub>/\$M of average investee companies' revenues in 2023 to 72 in 2025 (-5%) and was steady compared to 2024. The most contributing sectors remain the usual high emissions ones: Utilities, Materials, Industrials & Energy. Between 2022 and 2023, the decrease (-26%) was driven by higher revenues and market effects, while between 2023 and 2024, the decrease was rather driven by both investment actions and a decrease in the raw GHG emissions of invested companies.

<sup>119</sup> Reported data on listed corporate assets (equities + corporate bonds) are based on the same scope than the reported carbon intensity reduction part of our NZ targets (for more details, see section 6.1): this includes corporate assets from all AXA IM entities (incl. AXA IM Paris, but not only) and business units (incl. alternative platforms).

		<b>AuM at end of year</b>	<b>Weighted average carbon intensity (WACI)</b>	<b>Coverage</b>
		[M€]	Scope 1 + 2 [tCO <sub>2</sub> e / \$M revenues]	[%]
<b>Real Estate &amp; Infrastructure</b> <sup>120,121,122</sup>	<b>2025</b>	<b>46 892</b>	<b>124</b>	<b>62%</b>
	<b>2024</b>	<b>44 405</b>	<b>140</b>	<b>71%</b>
Real estate	2025	32 135	71	59%
	2024	30 858	82	59%
Infrastructure	2025	14 757	161	74% <sup>123</sup>
	2024	13 547	272	100%

Source: AXA IM based on S&P Trucost, MSCI and Iceberg Data Lab, 2026.

AXA IM Alts is disclosing for the fourth year the WACI of its real estate and infrastructure investment portfolio. The WACI aggregation on direct real asset investments was challenging due to carbon data scarcity – especially for the private debt portfolio – as well as the differences and specificities in carbon accounting across the considered asset classes. For instance, the approach to calculating WACI on real estate and CRE debt portfolios was less straightforward compared to their peers as weighted carbon intensity in both asset classes has traditionally considered floor area (in m<sup>2</sup>) and not real estate revenue or rents as a denominator.

2025 figures includes listed real estate & listed infrastructure for the first year (c. €3.6bn AuM, 7% of total AXA REIM SGP assets) which limits comparability with the previous year. For both Real estate and Infrastructure, listed assets' WACI tend to increase reported WACI figures in the table above, which partly explains the negative in 2024 reported data trend versus 2023.

2025 WACI for real estate investments (direct RE equity property, CRE debt, and – for the second year – listed real estate companies) amounted to 71 tCO<sub>2</sub>/\$M with 59% coverage rate as at end of 2025 against, and infrastructure investment portfolios (direct equity & debt, and – for the second year as well – listed infrastructure companies) displayed a WACI of 239 tCO<sub>2</sub>/\$M at the end of 2025.

Following enhancements to our ESG data collection and analysis processes initiated in 2023, we have progressively strengthened the quality and reliability of GHG emissions data across our infrastructure debt and equity portfolios. Data is now systematically collected directly from investee companies and borrowers, which has significantly increased the availability of reported emissions data over time.

<sup>120</sup> Data on AXA REIM SGP only at end of 2024 and end of 2025 from collected data, including listed real estate (c. €3.6bn AuM at end of 2025, c. 7% of total AuM managed by AXA REIM SGP), and certain infrastructure debt holdings for which no actual GHG data was provided, and proxy GHG data quality was deemed not representative or irrelevant.

<sup>121</sup> For real estate equity assets, Scope 1 and 2 are capturing emissions attributable to the landlord of each asset (i.e., common area of the building), while Scope 3 captures emissions attributable to the tenants.

<sup>122</sup> For real estate and infrastructure, the coverage is based on assets with available data on revenues from underlying issuers, leading to a limited coverage for real estate assets in absolute values and thus to an overall coverage highly driven by infrastructure assets.

<sup>123</sup> For infrastructure equity assets, 2025 ESG data has been used. For infrastructure equity assets, 2025 ESG data has been used. For infrastructure debt assets, as 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.

Starting from the 2025 reporting cycle, we have discontinued the use of proxy estimates for GHG emissions. As a result, emissions indicators now rely exclusively on data reported by investee companies and borrowers. While this change improves the robustness and transparency of reported figures, it has mechanically reduced overall data coverage compared to prior years, decreasing from c.100% in 2024 to 74% in 2025, as assets without reported data are no longer supplemented with modelled estimates.

In parallel, we continued to enhance our ESG data collection framework, including the automation of data collection processes introduced in 2024. These improvements have contributed to a more consistent and auditable carbon dataset, supporting a clearer understanding of portfolio emissions despite the lower reported coverage.

We also revised our Scope 2 methodology over time. In 2024, we prioritized location-based emissions, resulting in a more conservative representation of electricity-related emissions. From 2025, following a dedicated survey of investee companies and borrowers, we now prioritise market-based emissions where available, using location-based data only when market-based figures are not reported. This evolution allows for a better recognition of decarbonization efforts linked to renewable electricity procurement at asset level.

The 2025 assessment of our infrastructure portfolios resulted in a Scope 1 & 2 WACI of 161 tCO<sub>2</sub>/\$M revenues, compared to 272 tCO<sub>2</sub>/\$M in 2024. This decrease is primarily driven by structural effects, notably the transition to an N-1 reporting approach for infrastructure debt assets and portfolio changes, including the disposal of a carbon-intensive LNG terminal, which are further detailed in the table footnotes.

For direct real estate assets, reported emissions currently cover operational emissions linked to the energy consumed to operate the property. Scope 1 emissions correspond to landlord-controlled direct emissions, primarily from on-site fuel combustion, while Scope 2 emissions correspond to landlord-controlled indirect emissions from purchased energy, including electricity, heat or cooling. Scope 3 emissions primarily capture tenant-controlled operational emissions, but may also include other indirect value-chain emissions associated with operational energy consumption, such as upstream transmission and distribution losses. Embodied carbon and operational waste are not currently included in this reporting perimeter.

Assets are included in the reported coverage only where the relevant utilities meet the data completeness threshold of more than 90% coverage in both surface area and months of data. While this may reduce the apparent coverage of the indicator, it supports the quality and reliability of the reported data. Where robust metered allocation between landlord and tenant energy consumption is not available, emissions are allocated based on available operational-control information. This conservative approach may overstate reported Scope 1 and 2 emissions and understate the separately reported tenant-controlled Scope 3 component; AXA IM may refine this allocation where more granular metered data or appropriate allocation methodologies become available.

For CRE Debt assets, GHG 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.

Assessing and interpreting WACI for private real estate and infrastructure is a highly nuanced exercise especially given the lack of well-established benchmarks. Each year we will continue to refine our analysis as data and methodologies in the market improve in line with our commitment

to invest in low-carbon assets or assets with improving carbon intensities. The merge this year's with data on listed assets from a different data provider (S&P Trucost) adds additional limitation in our ability to interpret year-on-year evolutions.

		AuM at end of year	Weighted average carbon intensity (WACI)	Coverage
		[M€]	Scope 1 + 2 [tCO <sub>2</sub> e / \$M revenues]	[%]
<b>Alternative credit, Natural capital &amp; Impact<sup>124</sup></b>	<b>2025</b>	<b>49 905</b>	<b>74</b>	<b>86%</b>
	<b>2024</b>	<b>52 283</b>	<b>75</b>	<b>75%</b>
Alternative credit	2025	49 166	75	86%
	2024	51,530	76	76%
Natural capital & Impact	2025	739	4	66%
	2024	754	29	71%

Source: AXA IM, based on Octus FinDox, S&P Trucost, ClimateSeed, surveys, 2026.

For Alternative credit, Natural capital & Impact assets, WACI figures have been established using borrowers' carbon metrics sourced from third-party data provider FinDox for the Leveraged loans, Private debt and CLOs universes as well as underlying assets' originator's carbon data sourced from third-party data provider Trucost for the ABS, SRT and ILS universes.

AXA IM Prime invests in fund of fund structures, and therefore relies on carbon footprint data and financial reports from the underlying funds, which can lead to a delay in reporting compared to direct investments. The calculation and reporting of carbon footprint figures by the external managers of the funds in which it invests is underway and will be completed starting 2027 on reporting year 2026.

## Climate temperature

		AuM at end of year	Implied temperature rise	Coverage
		[M€]	[°C]	[%]
<b>AXA IM Core listed assets<sup>125</sup></b>	<b>2025</b>	<b>366 036</b>	<b>+2.06°C</b>	<b>87%</b>
	<b>2024</b>	<b>375 552</b>	<b>+2.08°C</b>	<b>89%</b>
	<b>2023</b>	<b>344 480</b>	<b>+2.09°C</b>	<b>90%</b>
	<b>2022</b>	<b>388 479</b>	<b>+2.14°C</b>	<b>89%</b>
Equities	2025	50 041	+2.28°C	96%
	2022	59 358	+2.36°C	97%
Corporate Bonds	2025	183 264	+2.09°C	84%
	2022	161 192	+2.29°C	82%
Sovereign Bonds <sup>126</sup>	2025	169 457	+1.94°C	87%

<sup>124</sup> Eligible data on worldwide holdings managed by all AXA IM entities (incl. AXA IM Paris).

<sup>125</sup> Eligible data on holdings managed by AXA IM Paris only.

<sup>126</sup> While the reported ITR for listed equities and corporate bonds use MSCI model, the ITR reported for sovereign bonds uses Beyond Ratings' "warming potential" based on the CLAIM model as explained above.

	2022	169 457	+1.94°C	93%
<b>Benchmarks</b>				
MSCI All Country World Index (ACWI)	2025		+2.70°C	100%
ICE BofA Global Broad Market Corporate	2025		+2.48°C	97%
JP Morgan GBI Global Govies	2025		+2.24°C	100%

Sources: AXA IM, MSCI, Beyond Ratings, 2026.

We employed MSCI's ITR methodology to evaluate the alignment of AXA IM's investments in listed equities and corporate bonds with regards to temperature rise. The results indicate that the ITR values are now estimated at **+2.13°C** for listed equities corporates bonds together at end of 2025 (against, +2.15°C as at end of 2024 for all listed corporate assets): a positive trend, yet not aligned with the Paris Agreement long term goals but still well below the standard market benchmarks: +2.70°C on the ACWI (compared to +2.54°C in 2024) and +2.48°C for ICE BofA Global Broad Market Corp (compared to +2.37°C in 2024).

As for sovereign assets, based on the Beyond Ratings' model, the global warming potential of AXA IM's sovereign investments at end of 2025 was back below +2°C at **+1.94°C** (same as at end of 2024). Overall, the temperature of our sovereign assets is also still significantly lower than the benchmark's one, JP Morgan GBI Global Govies, which reached +2.24°C at end of 2025 (compared to +2.36°C in 2024).

Although – as a highly aggregated indicator based on complex forward-looking models (as explained above) – it remains difficult to interpret in depth the link between our portfolios' temperature and the robustness and effective implementation of our RI policies, it seems clear that a progressive alignment of our AuM in listed corporates and sovereign assets towards achieving the +2°C objective is underway and could be achieved in the coming years. However, the ultimate objective remains the achievement of net zero emissions across our portfolios by 2050 and not +2°C compared to the pre-industrial era.

## Cost of climate change

### Climate VaR (1.5°C orderly scenario)

		AuM at end of year	Climate VaR (1.5°C orderly scenario)				Coverage
			Climate VaR	Transition risks	Technology opportunities	Physical risks	
		[M€]	[%]	[%]	[%]	[%]	[%]
<b>AXA IM Core (listed corporate assets)<sup>127</sup></b>	<b>2025</b>	<b>347 234</b>	<b>-9.55%</b>	<b>-10.24%</b>	<b>+1.49%</b>	<b>-0.80%</b>	<b>66%</b>
Equities	2025	66 555	-6.53%	-6.68%	+0.84%	-0.70%	96%
Corporate Bonds	2025	289 679	-10.73%	-11.63%	+1.75%	-0.84%	58%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		<b>-9.43%</b>	-9.27%	+0.66%	-0.84%	100%

<sup>127</sup> Eligible data on worldwide holdings managed by all AXA IM entities (incl. AXA IM Paris).

ICE BofA Global Broad Market Corporate	2025		<b>-16.37%</b>	-16.50%	+1.19%	-1.08%	88%
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Source: AXA IM, MSCI, 2026.

### Climate VaR (1.5°C disorderly scenario)

	AuM at end of year	Climate VaR (1.5°C disorderly scenario)				Coverage	
		Climate VaR	Transition risks	Technology opportunities	Physical risks		
		[M€]	[%]	[%]	[%]		[%]
<b>AXA IM Core (listed corporate assets)</b>	<b>2025</b>	<b>347 234</b>	<b>-9.16%</b>	<b>-10.18%</b>	<b>+1.82%</b>	<b>-0.80%</b>	<b>66%</b>
Equities	2025	66 555	-6.33%	-6.68%	+1.04%	-0.70%	96%
Corporate Bonds	2025	289 679	-10.26%	-11.54%	+2.12%	-0.84%	58%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		<b>-9.45%</b>	-9.44%	+0.81%	-0.84%	100%
ICE BofA Global Broad Market Corporate	2025		<b>-16.37%</b>	-16.79%	+1.48%	-1.08%	88%

Source: AXA IM, MSCI, 2026.

### Climate VaR (2°C orderly scenario)

	AuM at end of year	Climate VaR (2°C orderly scenario)				Coverage	
		Climate VaR	Transition risks	Technology opportunities	Physical risks		
		[M€]	[%]	[%]	[%]		[%]
<b>AXA IM Core (listed corporate assets)</b>	<b>2025</b>	<b>347 234</b>	<b>-2.51%</b>	<b>-1.34%</b>	<b>+0.19%</b>	<b>-1.36%</b>	<b>66%</b>
Equities	2025	66 555	-1.95%	-0.90%	+0.11%	-1.16%	96%
Corporate Bonds	2025	289 679	-2.73%	-1.51%	+0.22%	-1.44%	58%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		<b>-2.75%</b>	-1.45%	+0.08%	-1.40%	100%
ICE BofA Global Broad Market Corporate	2025		<b>-4.23%</b>	-2.52%	+0.15%	-1.86%	88%

Source: AXA IM, MSCI, 2026.

### Climate VaR (2°C disorderly scenario)

AuM at end of year	Climate VaR (2°C disorderly scenario)				Coverage
	Climate VaR	Transition risks	Technology opportunities	Physical risks	

		[M€]	[%]	[%]	[%]	[%]	[%]
<b>AXA IM Core (listed corporate assets)</b>	<b>2025</b>	<b>347 234</b>	<b>-4.65%</b>	<b>-3.57%</b>	<b>+0.32%</b>	<b>-1.40%</b>	<b>66%</b>
Equities	2025	66 555	-3.22%	-2.22%	+0.19%	-1.19%	96%
Corporate Bonds	2025	289 679	-5.21%	-4.11%	+0.37%	-1.48%	58%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		-4.85%	-3.58%	+0.14%	-1.43%	100%
ICE BofA Global Broad Market Corporate	2025		-8.35%	-6.71%	+0.24%	-1.91%	88%

Source: AXA IM, MSCI, 2026.

### Climate VaR (3°C scenario)

		AuM at end of year	Climate VaR (3°C scenario)				Coverage
			Climate VaR	Transition risks	Technology opportunities	Physical risks	
			[M€]	[%]	[%]	[%]	
<b>AXA IM Core (listed corporate assets)</b>	<b>2025</b>	<b>347 234</b>	<b>-4.01%</b>	<b>-2.40%</b>	<b>+0.36%</b>	<b>-1.96%</b>	<b>66%</b>
Equities	2025	66 555	-2.89%	-1.47%	+0.21%	-1.64%	96%
Corporate Bonds	2025	289 679	-4.44%	-2.77%	+0.41%	-2.09%	58%
<b>Benchmarks</b>							
MSCI All Country World Index (ACWI)	2025		-4.31%	-2.54%	+0.17%	-1.96%	100%
ICE BofA Global Broad Market Corporate	2025		-7.20%	-4.84%	+0.26%	-2.66%	88%

Source: AXA IM, MSCI, 2026.

We utilized the Climate VaR model to evaluate the potential future costs/benefits of AXA IM's traditional assets under different climate scenarios (1.5°C, 2°C, or 3°C). As a reminder, this model combines transition risks, technology opportunities, and physical risks. The tables above provide detailed results for each NGFS scenario.

Under the most-optimistic scenario (1.5°C orderly), the aggregated climate risks could result in a potential future cost of c. **-6.5%** (for AXA IM Listed Equities) and **-10.7%** (for AXA IM Corporate Bonds), whereas the benchmarks show **-9.4%** (MSCI ACWI) and **-16.4%** (ICE BofA Global Broad Market Corp). On the other side, under the most pessimistic scenario (3°C scenario), the scenario analysis' results change to **-2.9%** (for AXA IM Listed Equities) and **-4.4%** (for AXA IM Corporate Bonds), compared to **-4.3%** (MSCI ACWI) and **-7.2%** (ICE BofA Global Broad Market Corp). Globally, this shows a certain resiliency of AXA IM listed corporate portfolios compared to the market average.

Looking at the results in themselves, it would, however, be incorrect to conclude that a 3°C scenario is financially preferable for AXA IM's investments, as the Climate VaR consistently remains lower than in the 1.5°C orderly scenario. In reality, following a 3°C scenario has less immediate impact than a 1.5°C orderly scenario, as the latter requires a rapid and substantial increase in carbon

pricing. On the other hand, a 3°C scenario is mainly associated with longer-term physical risks, reflected in the systematically higher VaR for physical risks in the 3°C scenario than in the 1.5°C orderly scenario, still noting such long-term physical risks are certainly underestimated and whose very long-term systemic effects (over several centuries) are not captured by the model whose horizon stops at 2100. In particular, it should be stressed that while the model estimates the physical risks as the costs associated with a specific set of non-exhaustive extreme weather events, it does not reflect the impact of extreme weather events at macroeconomic level, potentially resulting in much more impactful financial risks in the mid and long terms.

Consequently, AXA IM does not utilize this complex and evolving metric in its day-to-day investment operations, but rather for internal capacity building purposes towards a more resilient and sustainable asset management: this indicator does provide very relevant insights into which assets are most vulnerable to the effects of climate change and how AXA IM manages these risks on a yearly basis.

## 7- Our biodiversity strategy

In 2025, we have continued to reinforce our efforts to better integrate biodiversity in our research, engagement and investment processes with the conviction that:

- Biodiversity ensures functioning of ecosystem services, which underpin human well-being and livelihoods vital to the achievement of most SDGs;
- There is no business on a dead planet: all economic activity depends on nature as biodiversity loss affects and threatens resilience of the businesses we invest in, and hence represents a risk to our investment returns;
- Halting and reversing biodiversity loss by 2030, an objective adopted by 196 states in the Post-2020 Global Biodiversity Framework, is essential to maintain a safe operating space for people and business and to achieve global climate targets;
- Investors have a key responsibility in closing the global biodiversity financing gap, currently estimated at \$942 billion per year<sup>128</sup>.

Provided its fundamental importance for human society and economies, **biodiversity is linked directly or indirectly to all the 2030 Sustainable Development Goals (SDGs)**, and more particularly to **SDG 14 (Life below water)** and **SDG 15 (Life on land)**, but also to **SDG 3 (Good health and well-being)**, **SDG 6 (Clean water and sanitation)**, **SDG 7 (Affordable and clean energy)**, **SDG 11 (Sustainable cities & communities)**, **SDG 12 (Responsible consumption & production)** and **SDG 13 (Climate action)**.

In June 2021, AXA IM signed the Finance for Biodiversity (FfB) Pledge<sup>129</sup>. With this pledge, AXA IM has committed to collaborate and share knowledge, engage companies, assess impact, set targets, and report publicly by 2024, which also steers our Biodiversity strategy.

We consider investors have a role to play to:

- Better understand the drivers of biodiversity loss and the nature-related dependencies, impacts, risks and opportunities in material sectors;
- Engage with companies on their practices and the integration of biodiversity in their strategy and operations in order to reduce their negative impacts and increase their positive contributions;
- Incorporate biodiversity criteria in risks and opportunities assessment as part of investment analysis;
- Set targets and channel capital to contribute to implementing the Global Biodiversity Framework goals and targets: promoting investments in companies with credible nature transition plans or investing directly in enabling solutions or Nature-based Solutions (e.g., Natural Capital).

We believe that the ongoing mainstreaming of biodiversity within the private sector, enhanced actions and disclosure, as well as the development of tools and frameworks for financial institutions will be instrumental in enabling us to progressively fulfil this role, undertaking greater integration gradually over time.

In this spirit, there was a number of key developments in 2024 that we believe will help us to advance collectively:

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<sup>128</sup> BloombergNEF (2024), Biodiversity Finance Factbook, Biodiversity COP16 Edition, Hugh Bromley, October 2024: [assets.bbhub.io/professional/sites/24/Biodiversity-Finance-Factbook\\_COP16.pdf](https://assets.bbhub.io/professional/sites/24/Biodiversity-Finance-Factbook_COP16.pdf)

<sup>129</sup> [Signatories – Finance for Biodiversity Pledge](#)

- The TNFD is gaining momentum in the private sector. With now over 500 organisations having committed to adopting its disclosure framework<sup>130</sup>, more and more businesses are recognising the potential of nature-related disclosure as a catalyst for action;
- Meanwhile, in Europe, the CSRD and the EU Deforestation Regulation (EUDR) are about to drive greater corporate action and transparency on nature;
- The development of biodiversity metrics and data is also progressing as several data providers are currently developing new biodiversity solutions and other datasets have been enhanced (e.g., ENCORE);
- For the first time ever, the Science Based Targets Network (SBTN) officially validated three several nature targets submitted by corporates. In addition, several corporate nature strategies were recognised by the ‘It’s Now for Nature’, a global campaign dedicated to promoting business action on nature.

These are encouraging trends that, in our view, must accelerate in order for an asset manager like AXA IM is to effectively foster the integration of biodiversity considerations across its investment portfolios. These developments help illustrate that the industry is in a phase of transition.

As such, it should be noted that AXA IM has not yet set any 2030 quantitative target for biodiversity as requested by the implementation decree of Article 29 of the LEC, as market-based guidance for setting targets aligned with the aims of the Kunming-Montreal Global Biodiversity Framework remain under development, and we still lack related market-based methodological developments to measure the alignment of investment strategies with the global mid- and long-term goals.

However, in fulfillment of our voluntary commitment as a signatory of the FfB Pledge, and in application of the recommendations provided by the FfB Foundation on nature target setting for asset managers, we recently structured the following “initiation targets” as framed by the FfB Foundation<sup>131</sup>:

<b>Governance</b>	<ul style="list-style-type: none"> <li>• <i>Governance structure in place comprising stewardship and board oversight</i></li> </ul>
<b>Education &amp; training</b>	<ul style="list-style-type: none"> <li>• <i>Training program on biodiversity for all employees including board members through AXA IM “ESG Development Goal” program</i></li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• <i>Exclusion policy (AXA IM Ecosystem Protection &amp; Deforestation) policy in place and annually reviewed including the appropriateness of criteria, with changes validated in AXA IM top-level Responsible Investment governance body (i.e., Sustainability Strategic Committee)</i></li> <li>• <i>Start the assessment of impacts, risks and dependencies through a TNFD pilot, and disclose results in AXA IM's annual TCFD/Art.29 LEC report</i></li> <li>• <i>Voting policy for nature-related resolutions in place and annually reviewed</i></li> <li>• <i>Support the improvement and development of nature-related data, metrics and knowledge to feed action through collaboration with peers, partners and external stakeholders</i></li> <li>• <i>Finance positive impact strategies in Equities or Nature-Based Solutions</i></li> </ul>

<sup>130</sup> <https://tnfd.global/over-500-organisations-and-17-7-trillion-aum-now-committed-to-tnfd-aligned-risk-management-and-corporate-reporting/>

<sup>131</sup> See FfB Pledge Reporting Guidance for Signatories: [FFB Reporting Guidance for Signatories-October-2024.pdf](https://ffbfoundation.org/FFB-Reporting-Guidance-for-Signatories-October-2024.pdf)

These initiation targets should be viewed as commitments to take preliminary actions that will help lay the foundations for future progress and position AXA IM on a trajectory of continuous improvement.

On top of these initiation targets, we currently have a biodiversity strategy structured around four pillars:

- **ESG Research:** By staying constantly connected to our ecosystem of peers and partners, we continuously conduct a strategic monitoring of emerging market trends, innovative tools and instruments to detect early signals and maintain our expertise on nature. We also produce research material to raise awareness internally and externally on nature. Finally, we seek to steer and shape the development of standards through our active participation to collective initiatives;
- **Exclusions:** We integrate specific exclusions through AXA IM's Ecosystem Protection & Deforestation policy, which we updated in January 2025;
- **Engagement** is key to mainstream biodiversity across the broader business community. We engage with the most material sectors and issuers and conduct engagement both individually and collaboratively;
- **Financing positive contributions:** We do this through our Natural Capital Strategy (see 'Natural Capital Strategy' within section 1.3 of this report).

## 7.1 ESG Research

Our research efforts form part of AXA IM's work to align with the long-term goals on biodiversity of the UN CBD GBF. The ESG research we conduct is key to deepen our understanding of the relationship of the economic activities we finance with nature and the levers investors can use to act to minimize impacts and increase positive contributions.

Our approach to biodiversity research is structured around the three following pillars:

- **Build capacities and monitor strategically:** We actively participate in several initiatives (Investor Initiative on Hazardous Chemicals, Finance for Biodiversity Foundation, Nature Action 100) and engage closely with our ecosystem of peers and partners (CDP, Ceres, IIGCC, TNFD, FAIRR, EMIA, etc.) to identify emerging market trends, tools, and metrics, detect early market signals, and new instruments and constantly maintain our expertise on nature. Maintaining up-to-date expertise is crucial for continuously deepening our understanding of our impacts, identifying ways to mitigate them, and supporting the development of positive contributions.
- **Raise awareness and promote education through research material:** We produce and publish thematic research on biodiversity to equip AXA IM's workforce with a solid understanding of the issues at stake, highlight best practices and business cases, showcase effective solutions, and inform investment processes.
- **Steer and shape the development of standards, metrics and tools:** we continue to support the development of tools and data that permit the measurement of nature-related impacts and dependencies. One way we do this is through our partnership with IDL whom we work with on on-going tool development. We currently use IDL's Corporate Biodiversity Footprint (CBF) to assess the biodiversity footprint of our listed assets (see results below) and guide our

engagement efforts<sup>132</sup>. Through our participation to collective initiatives, we also contribute to the development of standards and positively influence our peers. In 2024, we contributed to the development of guidance documents aimed at fostering change throughout the private sector. As examples, we actively participated to the development of Finance for Biodiversity’s “nature target setting guidance for asset managers and asset owners” and “Finance for Nature positive: building a working model”<sup>133</sup>. Finally, in 2024, AXA IM publicly shared the conclusions of a TNFD pilot study conducted on priority sectors. On occasions, we also participate to market consultations (e.g., International Advisory Panel on Biodiversity Credits (IAPB) consultation on biodiversity credits archetypes) and to public advocacy actions such as co-signing letters.

We are convinced that these actions contribute to mainstreaming biodiversity within the private sector and will progressively result increasing investor’s ability to integrate biodiversity into our investment decisions and align with the Global Biodiversity Framework.

## 7.2 Exclusions: our Ecosystem protection & Deforestation policy

AXA IM has been sensitive to the topic of deforestation and ecosystems conversion issues (e.g., land use change) for several years, including through our exclusion policy for investments related to palm oil production since 2014. In 2021, AXA IM decided to extend its palm oil policy to a more comprehensive exclusion policy covering both deforestation and ecosystem protection. AXA IM considers that investment in companies which have a critical impact on deforestation according to the Carbon Disclosure Project (palm oil, timber, cattle and soy products and derivatives) and are involved in controversial practices should be avoided, as well as those involved in “high” and “severe” controversies related to land use and biodiversity<sup>134</sup>, and in palm oil producers which have not achieved any “sustainable palm oil” certification (such as RSPO, ISPO or MSPO) or which have unresolved land rights conflicts or conducting illegal logging or with any other significant human rights incident.

## 7.3 Engagement

Beyond exclusions, AXA IM also continues to promote change within companies involved in deforestation and ecosystem degradation issues through engagement and dialogue<sup>135</sup>.

Despite promising developments in 2024, and the growing momentum, biodiversity remains a niche issue within the private sector. To meet global biodiversity goals and to be able to integrate it more systematically into our investment decisions, it must be further mainstreamed across the broader business community. We firmly believe that our engagement activities play a crucial role in this effort, fostering constructive, long-term dialogue with the companies we invest in to promote biodiversity integration and mainstreaming.

As thoroughly described in BNPP AM 2025 Sustainability & Stewardship report, our priority for 2025 was to keep targeting sectors with the highest biodiversity impacts. Therefore, we conducted a biodiversity footprint analysis using CBF data from our partner IDL. These insights, supplemented by external studies, enabled us to establish an engagement priority list, targeting in particular:

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<sup>132</sup> More details on the CBF methodology is available on AXA IM ESG Methodologies handbook available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

<sup>133</sup> [Finance for Nature Positive: Building a Working Model | Finance for Biodiversity Foundation](#)

<sup>134</sup> [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

<sup>135</sup> *Ibid.*

- The agrifood sector, widely recognised as a significant contributor to biodiversity loss, represented approximately 33% of all biodiversity-related engagements. While deforestation and ecosystem conversion remained the central engagement theme, we started engaging companies on regenerative agriculture, a globally recognised solution to multiple crises, including biodiversity loss, climate change, disturbance of water cycles, and social challenges.
- The chemical sector, a significant priority for AXA IM, representing around 22% of our biodiversity-related engagements. Leveraging our active participation in the IIHC, we encouraged several companies to improve transparency on hazardous chemicals portfolios, phase out persistent chemicals, and develop safer alternatives.
- Companies manufacturing products such as cosmetics and toiletries, packaging, and electrical equipment were also an important area of focus.

Engagement can take different forms according to the level of maturity of issuers. For those companies that are discovering biodiversity, it can address the development of a robust foundation which typically imply assessing impacts and dependencies, integrating biodiversity into governance processes or setting nature-related targets. For companies that are more advanced, engagement can focus on specific pressures such as pollution, natural resource overconsumption or target specific themes such as deforestation & ecosystem conversion, regenerative agriculture, circular economy or water. As specified in AXA IM's Corporate Governance and Voting Policy, we may also use our voting rights alongside engagement to support the generalisation of business contribution to the goals and targets of the Kunming-Montreal Global Biodiversity Framework<sup>136</sup>.

## 7.4 Financing positive contributions

In addition to implementing its Deforestation & Ecosystem Conversion Exclusion Policy, AXA IM values forestry and natural capital as an asset class, with a dedicated Natural Capital & Impact investment platform financing directly projects dedicated to the protection, restoration, and sustainable management of natural capital. Managed by AXA IM Alts since 2023, this investment platform applies a rigorous selection process to its assets and forest management partners, as well as thoroughly monitoring the investments on their intended targets and impact. Apart from natural capital, the platform covers environmental impact investments in the realm of resource efficiency and climate resilience, next to projects with social impact.

In other asset classes managed by AXA IM Core and Prime, AXA IM aims for an Improved Forest Management (IFM) and biodiversity improvement (*i.e.*, ecosystemic abundance). The IMF of natural forests can result in greater levels of storage of carbon while maintaining wood production over the long term. Some of IFM techniques adopted by AXA IM include:

- Extending harvest cycles to allow trees to grow larger before they are felled, increasing the average carbon stock across a working forest;
- Thinning of competing trees and vegetation to allow trees to grow faster and bigger;
- Managing conservation zones within forests to support ecosystems;
- Keeping the healthiest, most diverse trees of all size classes and harvesting the rest;
- Properly identifying commercial species prior to cutting so that non-commercial trees are not cut down and abandoned.

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<sup>136</sup> See BNPP AM Voting policy, applicable since January 1<sup>st</sup>, 2026, on AXA IM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

Our approach to biodiversity management reinforces our leadership in experimenting with new ways of maintaining forests for better resiliency, further explore the biodiversity conservancy role of the forests and educate the wider public on the many roles of the forest, specifically:

- Find the best silvicultural scheme for long lasting reconstitution and biodiversity preservation.
- Measure reconstitution and biodiversity.

We also aim to finance positive contributions for biodiversity through our impact fund range. For instance, our dedicated Biodiversity investment strategy in Listed Equity aims to address the urgent global challenge of biodiversity loss while offering investors the potential for sustainable financial returns. Under this investment strategy, we invest in companies contributing to the preservation and restoration of ecosystems, such as those contributing to sustainable food and agriculture, resilient infrastructure and responsible production and consumption. By targeting companies that provide scalable innovative solutions that help to protect and preserve biodiversity, the fund fosters pollution reduction, as well as an efficient use of resources, enabling other companies to reduce their biodiversity footprint<sup>137</sup>.

## 7.5 Estimating AXA IM portfolio's biodiversity footprint

AXA IM currently uses the Corporate Biodiversity Footprint (CBF) developed by Iceberg Data Lab (IDL)<sup>138</sup> and I Care & Consult<sup>139</sup> to measure the extent of a company's estimated negative impact on biodiversity for a given year. This biodiversity footprint is provided by a model calculating environmental pressures generated from the products and services purchased and sold by companies throughout their value chain. The CBF estimates impacts on biodiversity linked to several pressures including land use change, GHG emissions, air pollution and water pollution. The disaggregation of the CBF by environmental pressure and scope (1, 2, and 3 upstream and downstream) provides an indication of where a company, sector, or portfolio's pressures on biodiversity originate from.

AXA IM uses this biodiversity footprinting tool to build awareness and knowledge of the impacts of our investment activities on biodiversity, as well as engage investee companies on their most material nature-related pressures. The CBF allows to work on a corporate level with aggregation capacity at the sector, portfolio, and AUM level, thereby supporting investment processes.

Beyond responding to regulatory requirements, the purpose of this exercise is to conduct a high-level assessment of impacts including a materiality analysis whose results we may utilize for our stewardship and engagement activities, to inform the gradual reinforcement of our biodiversity strategy.

More information on the CBF methodology and how AXA IM is using it is available within AXA IM ESG Methodologies Handbook available on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

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<sup>137</sup> More information on AXA IM listed equity investment vehicles with a dedicated biodiversity investment strategy can be found on AXA IM Fund Centre on BNPP AM website: [Funds - AXA IM Global \(axa-im.com\)](#)

<sup>138</sup> [Iceberg Data Lab](#)

<sup>139</sup> [I Care by BearingPoint - Conseil en stratégie et transition durable](#)

## AXA IM Biodiversity Dashboard

### Estimated Biodiversity Footprint of AXA IM's listed corporate assets: Results

		AuM at end of year	Total biodiversity footprint	Coverage
		[M€]	Corporate biodiversity footprint [km <sup>2</sup> .MSA]	[%]
AXA IM Core listed corporate assets	2025	212 019	-7 524	73%
	2024	223 834	-6 132	78%
Equities	2025	49 871	-1 439	93%
	2024	51 168	-1 432	89%
Corporate bonds	2025	162 147	-6 179	68%
	2024	172 666	-4 700	75%
<b>Benchmarks</b>				
MSCI All Country World Index (ACWI)	2025	(assuming same AuM than AXA IM Core Equities)	-1 647	94%
	2024		-1 773	96%
ICE BofA Global Broad Market Corporate	2025	(assuming same AuM than AXA IM Core Corporate bonds)	-7 533	84%
	2024		-6 985	91%

Source: AXA IM, Iceberg Data Lab, 2025. NB: Figures above are weighted by enterprise value and AuM. They are not rebased.

The absolute CBF of AXA IM's listed corporate assets as at end of 2025 is -7 523km<sup>2</sup>.Mean Species Abundance (MSA)<sup>140</sup> (against 6 132 as at end of 2024), and represents the estimated impacts on biodiversity of our investments for the year due to environmental pressures generated on biodiversity across the value chain by the companies in which we invest. On an intensity basis, the CBF of our listed corporate assets is -0.035 km<sup>2</sup>.MSA/M€ invested at end of 2025, compared to -0.027 at end of 2024. The most contributing sector is Consumer Staples (see below). Assuming the same AuM as our Equity platform, allocated following ACWI's weights, ACWI would have a worst CBF than our AuM. The same logic applies to Fixed Income versus the ICE BofA Global Broad Corporate Index.

The biodiversity footprint above was calculated for AXA IM Paris' listed corporate assets representing c. €212bn as of end 2024 with IDL's CBF model 3.0 and a coverage level of 73% of all AXA IM Paris' listed corporate assets. As recommended by the Partnership for Biodiversity Accounting Financials (PBAF)<sup>141</sup>, the biodiversity footprint on both an absolute and intensity basis were attributed to AXA IM's share of investments using each corporate's enterprise value multiplied by our AuM. Interpretations should therefore have these economic factors in mind.

According to this assessment, the negative impacts of our investments on biodiversity are mainly caused by their contribution to land occupation and land use changes, followed by water pollution.

<sup>140</sup> Figure has not been rebased on coverage. The Mean Species Abundance (MSA) expresses the average relative abundance of native species in an ecosystem compared to their abundance in a pristine ecosystem undisturbed by human activities and pressures. See also AXA IM ESG methodologies handbook on BNPP AM website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

<sup>141</sup> [PBAF Standard v 2022 Biodiversity impact assessment – Footprinting, PBAF, June 2022.](#)

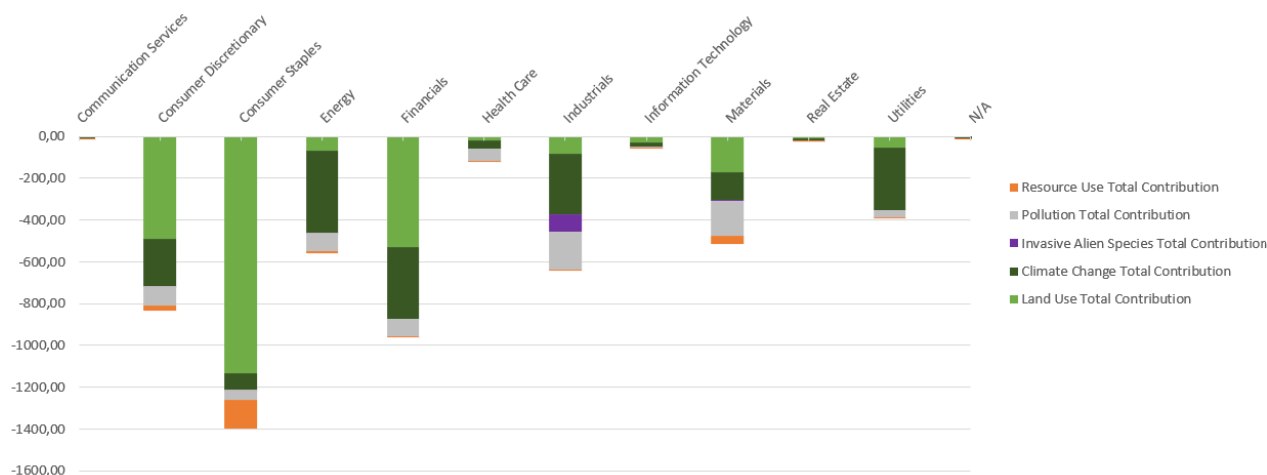
These results are consistent with the findings of many scientific and economic studies, including the Global Assessment Report on Biodiversity and Ecosystem Services published by IPBES<sup>142</sup>.

### Estimated Biodiversity Impacts of AXA IM’s listed corporate assets: Focus on Key Sectors

Based on the results of this assessment, we have identified the GICS sectors<sup>143</sup> with the highest potential biodiversity impacts relative to AXA IM’s listed investments under scope. While research has emerged on high-impact sectors, this footprinting exercise has provided us with a more customized analysis of our portfolio, reflecting our investee companies’ business models using bottom-up data whenever possible.

Although the figures presented above include financials, which come out as the leading sector contributing to AXA IM’s overall biodiversity footprint (with c. 18% of the total footprint), this is driven by its weight in our AuM under scope (c. 27% of all corporates AuM with data). In that context, we have chosen to limit our focus to material sectors having more direct impacts on biodiversity and issuers that are corporates only.

This is in line with initial TNFD reporting guidance for financial institutions that does not currently include financials in its list of priority sectors<sup>144</sup>. AXA IM supports the view that investors should first prioritize their efforts to halt and reverse biodiversity loss on corporates who, by nature, have direct impact potential on ecosystems. While this does not discount the inclusion of financials in future efforts, current methodological and disclosure limitations to estimating the impacts of their financing on biodiversity may result in preliminary conclusions that do not yet adequately reflect the full extent of the impact of their activities on biodiversity, therefore hindering the use of such information.



AXA IM’s CBF contribution by corporate sectors and type of Composite Biodiversity Pressures. Source: AXA IM, Iceberg Data Lab, 2026.

Accordingly, the top five most material corporate sectors for AXA IM from a negative impact perspective are Consumer Staples, Consumer Discretionary, Materials, Energy and Industrials, and— together representing 71% of the biodiversity footprint of the AuM under scope although only

<sup>142</sup> [Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#). Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, 2019.

<sup>143</sup> GICS Level 1.

<sup>144</sup> Sector list and mapping for core financial institution metric on exposure to sectors from Sector guidance Additional Guidance for Financial Institutions version 1.0, TNFD, September 2023: [Additional guidance for financial institutions – TNFD](#)

representing 21% of AXA IM listed corporates AuM with data (and not excluding Financials from these statistics).

We have chosen to refine our sector analysis further, using a more granular sectorial view to identify the industries and sub-industries<sup>145</sup> with the highest contributions to their sector-level biodiversity footprint. This is shown in the figure above. Accordingly, we describe and provide illustrative examples of the biodiversity pressures of the most material industries and sub-industries within the Consumer Staples and Materials sectors: Food, Beverage & Tobacco, Consumer Distribution & Retail, and Chemicals.

### **Consumer Staples: Focus on Food, Beverage & Tobacco and Consumer Distribution & Retail**

Within Consumer Staples, the Food, Beverage & Tobacco and Consumer Staples Distribution & Retail industries, which cover most of the agri-food sector value chain, comprise the highest share of the sector's estimated biodiversity footprint. This finding is consistent with many academic studies demonstrating that, amongst all economic sectors, the agri-food industry contributes the most to biodiversity loss.

The occupation of land, and the contribution to land use change and the loss of natural habitat are the main sources of impacts and are mostly related to the production of agricultural commodities upstream in the value chain. These impacts are mostly driven by the consumption of animal products because they require more land for grazing and feed than plant-based food. This is why companies like Danone, through their sourcing of milk for the manufacture of dairy products, can have significant biodiversity footprints. While other companies like PepsiCo can also exert biodiversity pressures because they source high volumes of snacks ingredients like grains and potatoes that are grown intensively. Companies in the retail sector like Walmart may also have significant indirect impacts through the products they purchase and distribute. This impact reflects the key role distribution and retail companies can play by supporting upstream value chains that are sustainable or in transition, as well as promoting sustainable products to their customers.

The agri-food sector also contributes to biodiversity loss through other pressures: by emitting approximately 22% of global annual GHG emissions according to IPCC<sup>146</sup>, this sector is a key contributor to anthropogenic climate change. In addition, the withdrawal of water for irrigation contributes to water scarcity and droughts which further impact biodiversity and ecosystems. The use of phytosanitary products as well as the misuse of fertilizers in this sector are also negatively impacting biodiversity through a variety of mechanisms often acting synergistically, including eutrophication, acidification, ecotoxicity, etc.

### **Materials: Focus on Chemicals**

Within materials, the chemical sector portfolio has the largest estimated impacts where the majority of biodiversity pressures stem from land use change followed by water pollution. Land use pressures can come from upstream mining and extraction activities for chemical manufacturing inputs. For example, for companies such as Arkema and Evonik, Scope 3 upstream mining-related land use changes from the raw materials used for additives, catalysts, paint and coatings products represent a significant portion of their biodiversity footprints. Water pollution in the chemical sector stems from potential harm to aquatic ecosystems (freshwater ecotoxicity) from risks of environmental release across the product lifecycle, as well as from downstream plastic pollution

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<sup>145</sup> GICS Levels 2 and 3

<sup>146</sup> [Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. IPCC, 2023](#)

risks for polymer manufacturers. In addition, all forms of pollution risks can occur from the production and use of hazardous chemicals, particularly persistent substances such as PFAS. Companies like BASF that have agrochemical activities can have higher potential water pollution risks, and overall biodiversity impact potential due to business exposure to pesticides which can be particularly harmful during the use phase.

## Limitations

Biodiversity footprinting metrics like the CBF should be interpreted as representing estimated, modeled impacts on biodiversity, capturing some but not all potential pressures. As a measurement proxy for likely biodiversity impacts of investee companies, they can be used to better understand potential risk exposure at a point in time and used to support gradual biodiversity mainstreaming in investment processes. While they can provide an initial understanding of impacts, model and inherent limitations mean these should progressively be complemented with a diversity of other research, tools, and metrics.

While insightful, biodiversity footprinting results should still be interpreted with caution as they are calculated using a modelling approach relying on several hypotheses and assumptions at each calculation step. Any interpretation should bear the following limitations in mind:

- The level of integration of corporate bottom-up data in IDL's model is constrained by corporate disclosure. With the first wave of CSRD disclosures, an increasing amount of bottom-up corporate data should be integrated into IDL's model. This should progressively lead to more accurate estimations.
- Certain factors are not yet included in IDL's current model. Namely, not all biodiversity pressures are covered (for example invasive alien species, and sea use change, natural resource use and exploitation), some pressures may be partially calculated for certain sectors and value chain segments, (e.g. plastic pollution), and while impacts are calculated for freshwater and terrestrial biodiversity, they do not cover marine biodiversity;
- Synergistic effects are not taken into account in IDL's model. In the environment, pressures interact with one another, often causing even bigger impacts on ecosystems than the sum of individual pressures;
- MSA only reflects one dimension of biodiversity (species abundance) while science considers that at least 21 variables are essential to accurately describe biodiversity<sup>147</sup>. The MSA indicator would likely have to be completed by a variety of other indicators to capture negative impacts more fully on biodiversity;
- Economic indicators can influence the results, namely enterprise value which is used for attribution may cause distortions.

Due to the abovementioned limitations, the estimated biodiversity impacts presented in AXA IM Biodiversity Dashboard above are likely underestimated. It may also be subject to evolve as a consequence of improvements in footprinting methodologies. Nevertheless, we view biodiversity footprinting as providing much needed data and information to progress on our journey of integrating biodiversity into investment processes.

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<sup>147</sup> Essential Biodiversity Variables: [What are EBVs? – GEO BON](#)

## Conclusions

The CBF aggregated at entity level has permitted us to have a preliminary view on the most material sectors and companies within our portfolio of listed assets, providing orders of magnitude, merit order ranking, and biodiversity pressure insights. This exercise and the iterative use of the CBF and other related metrics as they continue to develop can help inform the assessments needed to progressively integrate biodiversity more systematically into our investment decisions.

This biodiversity impact assessment will contribute to the on-going knowledge-building on our nature-related dependencies, impacts, risks and opportunities. It will serve to help orient our engagement and stewardship activities, notably selecting and prioritizing sectors and issuers. As other nature-related metrics such as dependencies and positive impacts grow in maturity, value chain coverage, and ability to discriminate at the company level, we intend to pilot them to further our knowledge on nature-related impacts, dependencies, risks and opportunities.

## 8- Our ESG risk management process

### 8.1 Identification and mitigation of key sustainability risks

#### General approach to identify and mitigate sustainability risks

When necessary, AXA IM manages the sustainability risks of our financial products and investment advice using an approach derived from the integration of ESG criteria. This approach is applied to our research and investment processes and relies notably on our sectoral and normative exclusion policies and our proprietary ESG scoring methodologies, both described in section 1.2.

We believe that these elements contribute to the management of sustainability risks in two complementary ways. First, exclusion policies aim to **exclude asset exposed to the most severe sustainability risks** identified in the course of our investment decision-making process. Second, the use of ESG scores in the investment decision process enables AXA IM to seek lower sustainability risks. When relevant for the concerned strategies, it also helps us decide whether to focus on assets with an overall better ESG performance, to seek lower sustainability risks, or to ascertain on a current level of ESG performance of our assets and when possible improve it over time. Complementing these global approaches, AXA IM has 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 for specific non-listed asset classes (*i.e.*, private markets funds of funds and funds of hedge funds).

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

This framework is complemented with:

- **In-house ESG research** on key themes including climate change, biodiversity, gender diversity, human rights and human capital management, responsible tech, and corporate governance, which is supported by broker research as well as regular meetings with companies, participation to conferences and industry events. This research helps us to better understand the materiality of these ESG challenges on sectors, companies, asset types and countries;
- **Internal qualitative ESG and impact analysis** at the company-, asset- and country- level;
- **ESG key performance indicators (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 review via sector specific proprietary ESG scoring methodologies;

- **Stewardship strategy**<sup>148</sup>: We adopt an active and impactful approach to stewardship (engagement and voting) by using our weight as a global investment manager to influence company, key stakeholders and market practices. In doing so, we strive to reduce investment risk and enhance returns as well as drive positive impacts for our society and the environment. These are key to achieving sustainable long-term value creation for our clients. Our engagement policy is further described below.

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

### AXA IM Emerging Risk Management framework

The Emerging Risk Management Framework aims to ensure the consistency of the process of identification, assessment, mitigation, and management of the emerging risks faced by AXA IM. Emerging risks are those which may develop in the future, or which already exist and are continuously evolving. They are marked by a high degree of uncertainty, and some of them may even never emerge. Emerging risks can have potentially serious consequences if they are not anticipated in a timely manner. They are defined as either new risks, or risks that already exist but one or more of the components of the risk's current dynamics are not adequately understood, be it hazard, exposure and/or vulnerability to the hazard.

Chief Risk Officers are responsible for early detection of risks. The objective of Emerging Risk Management Framework is to reinforce the anticipation and monitoring dimension of risk management, and is designed to enhance AXA IM's understanding of these risks and allow us to adapt our business and processes accordingly. By encouraging a foresight approach, it is also an opportunity for risk management functions to contribute to the strategy of the company.

The Emerging Risk Management Framework includes:

- **Risk identification**: The risk identification is performed through interviews with key stakeholders from a large number of AXA IM departments (including investment platforms, Client group, Legal, Regulatory development team, Innovation team, RI teams, Human Resources, etc.) and with inputs from AXA IM executives;
- **Risk prioritization**: All risks are assessed according to their severity and their impact time horizon. Risks are then prioritized based on the severity assessment performed and any other relevant prioritization criteria;
- **Mitigation actions**: As part of this exercise, existing mitigation plans are identified, and new mitigation plans are agreed where relevant.

The outcomes of the emerging risks exercise are discussed at the AXA IM Global Risk Committee. Since 2022, we have been progressively integrating the identification of ESG-related risks within our Emerging Risk Management Framework. As such, risks related to ESG, including, climate change, biodiversity and more broadly linked to the deployment of sustainability-related regulations

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<sup>148</sup> See AXA IM's Stewardship & Engagement policies: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

are included in the top emerging risks identified for AXA IM. To mitigate these risks, a specific internal governance is now in place, involving stakeholders dedicated to sustainability-related topics.

### **Main identified sustainability risks**

Sectors and activities excluded as part our AXA IM sectoral and normative exclusion policies (see section 1.2 on “Exclusion policies”) constitute the main ESG risks identified. Key ESG themes covered by our engagement strategy constitute another layer of identification.

As the quantitative assessment of financial risks linked to the materialization of ESG criteria is not systematic at AXA IM, the table below lists the main ESG risks identified through the application of our RI framework, without these being considered exhaustive or definitive:

ESG thematic	ESG topic	Description of identified risk	Type of risk	Related sectors / activities	Action plan to mitigate identified risks		
					Integration in AXA IM exclusion policies	Integration in AXA IM engagement policies	Quantification of financial risks <sup>149</sup>
Environmental	Impacts of climate change	Potential impacts and financial implication resulting from increased greenhouse gas emissions ( <a href="#">see section 6.5 on 'Physical risks'</a> )	Systemic and physical risks	All	n/a	No	Yes, using Climate VaR (see section 6.5)
	Impacts of biodiversity loss & ecosystem collapse	Potential impacts and financial implication resulting from loss of ecosystem assets and services ( <a href="#">see section 7.</a> )	Systemic and physical risks	All	n/a	No	No
	Fossil fuel	Potential financial implication related to the implementation of energy transition policies resulting in loss of value from fossil fuel-related activities	Transition risks	Thermal coal mining and energy production; oil sands production and oil sands-related pipelines; shale and tight oil and gas; arctic oil and gas	AXA IM Climate risks policy	Yes	Yes, using Climate VaR (see section 6.5)
	Deforestation	Potential financial implication related to the implementation of forestry protection policies in countries with high risk of land use change	Transition risks	Palm oil & derivatives; soy meal, oil & derivatives; cattle products; timber products	AXA IM Ecosystem protection & deforestation policy	Yes	No
	Speculation on food commodities	Potential economic consequences and financial implication related to the commodities price market volatility	Reputational risks	Food commodities	AXA IM Soft commodities policy	n/a <sup>150</sup>	No

Source: AXA IM, 2025

<sup>149</sup> Beyond climate change for which financial value-at-risk model exists, quantification of the financial risk of any other ESG criteria using forward-looking data is not yet available in the market. On biodiversity (incl. deforestation), we plan to move progressively towards quantification of financial risks in the mid-term as we anticipate significant financial materiality related to biodiversity loss & ecosystem collapse. However, this is still pending additional guidance to corporates and financial institutions helping the industry to strengthen biodiversity strategies, in particular development of similar value-at-risk models for natural resources and ecosystemic services, for which there is not predicted date at this stage. As for social and governance issues, we do not plan to quantify financial risks using forward-looking data as our current approach consisting in providing qualitative research and in identifying severe controversies appears consistent from a financial risks management perspective. We will update our continuous improvement plans regarding quantification of financial risks related to ESG criteria each year.

<sup>150</sup> As exclusion of soft commodities is done at an instrument level across all food commodities futures and ETFs.

ESG thematic	ESG topic	Description of identified risk	Type of risk	Related sectors / activities	Action plan to mitigate identified risks		
					Integration in AXA IM exclusion policies	Integration in AXA IM engagement policies	Quantification of financial risks <sup>151</sup>
Social	Controversial weapons	Potential financial, reputational and legal implications related to invest in banned and controversial weapons	Reputational and/or litigation risks	Controversial weapons	AXA IM Controversial weapons policy, AXA IM ESG Standards policy	Yes	No
	Health	Potential financial, reputational and legal implication related to invest in companies with health and/or nutrition controversies	Reputational and/or litigation risks	Food & beverage, pharmaceutical	n/a	Yes	No
		Potential financial, reputational and legal implications related to invest in tobacco	Reputational and/or litigation risks	Tobacco products	AXA IM Tobacco policy	Yes	No
	Human rights incl. labor and society	Potential financial, reputational and legal implications related to invest in companies or countries with labor, society and/or human rights controversies (incl. cyber security and data privacy, gender and ethnic diversity)	Reputational and/or litigation risks	All (incl. companies and countries where serious violations of Human rights are observed, and white phosphorus weapons production)	AXA IM ESG Standards policy	Yes	No
Governance	Business ethics & corruption	Potential financial, reputational and legal implications related to invest in companies or countries with business ethics and/or corruption controversies	Reputational and/or litigation risks	All	AXA IM ESG Standards policy	Yes	No

Source: AXA IM, 2025.

<sup>151</sup> Beyond climate change for which financial value-at-risk model exists, quantification of the financial risk of any other ESG criteria using forward-looking data is not yet available in the market. On biodiversity (incl. deforestation), we plan to move progressively towards quantification of financial risks in the mid-term as we anticipate significant financial materiality related to biodiversity loss & ecosystem collapse. However, this is still pending additional guidance to corporates and financial institutions helping the industry to strengthen biodiversity strategies, in particular development of similar value-at-risk models for natural resources and ecosystemic services, for which there is not predicted date at this stage. As for social and governance issues, we do not plan to quantify financial risks using forward-looking data as our current approach consisting in providing qualitative research and in identifying severe controversies appears consistent from a financial risks management perspective. We will update our continuous improvement plans regarding quantification

Except for some specific activities such as oil & gas production in Arctic, the main sustainability risks are identified at a global scale overall without specific geographical discrimination. In addition, in some cases, our ESG quantitative and qualitative research provides specific assessments based on criteria or issues materialized at certain specific geographical scopes.

## 8.2 Internal controls & audit

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

### Standard level of internal controls

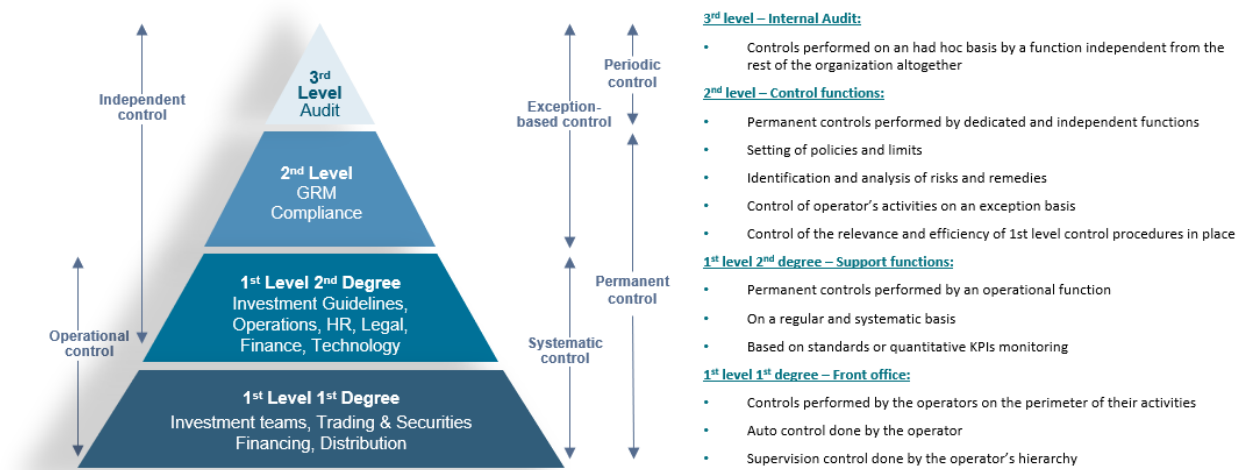
ESG-related investment guidelines consist of the implementation of our exclusion policies, as well as of eligibility criteria and rules specific to funds which have been awarded sustainability-related labels. Our dedicated internal risk management structure consists of multiple layers, thereby ensuring the criteria are respected throughout the investment process.

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

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

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

monitor regulatory changes related to responsible investment, to define our position, set up action plans and to adapt our commercial offer. In addition, we participate and share our views with industry bodies such as the EFAMA and regulators.



Source: AXA IM, 2025.

## Additional level of internal control for Real estate direct property

Direct property provides us with ability to collect directly actual data. As an example, a large number of ESG data are collected and stored in an ESG data management platform for real estate properties. The data are collected directly in the platform by the property managers, supervised by our asset management team. We utilize both internal and external data controls to ensure the quality of the data. Throughout the data collection process automated and manual data controls are undertaken within the platform and by asset managers, the RI team and an external auditor.

Automated alerts have been set in our platforms to flag any inconsistency in the data collected or flag potential risks. Several alerts, which flag sensitive information, are a mandatory stage of the data collect process for our property managers, who are incentivised on their ability to comply on our data collect requirement.

At the end of the data collect process, qualitative and quantitative data automatically populate the ESG rating form and the GRESB rating form in Deepki. Asset Managers are required to verify and validate the data directly implemented in the form. In case of a discrepancy, they need to correct the data in the input sections. At the end of the review, they are required to formally validate they have reviewed the information.

After the end of the data collect, the RI team performs additional data control, using an Excel extract of all the data reported, by performing several consistency tests. If discrepancies are identified, the RI team contacts the ESG leads to collect explanations and evidence on the data and check the data accuracy. Data are also communicated to fund teams for them to perform additional consistency checks based on their knowledge of the assets. If an issue is flagged, it is communicated to the RI team who coordinates with the Asset Management team.

Finally, AXA IM has mandated PwC as an independent third-party auditor to audit data collected, at AXA REIM SGP entity level, as well as for each fund participating to the GRESB ([see Appendix 6](#)). Data process and quality are audited against the international framework “Assurance engagements other than audits or reviews of historical financial information” (ISAE 3000) for Limited Assurance Report. The audit takes place from April to June.

## 8.3 Factoring climate risks in Real assets management

Resilience is the second pillar of AXA IM Alts' ESG strategy. The impacts of climate change represent a number of new risks to our investments. For AXA IM Alts, the most material are physical risks (such as from increasing extreme weather events) and transitional risks (such as from changes to regulations as major economies work toward a low-carbon future). These changes also bring new opportunities to add value. We are rapidly building our ability to identify and act on these risks and opportunities, improving the resilience of our investments and strengthening their ability to withstand some of the impacts of climate change.

### Extreme weather events costs and physical risks assessment of Real assets

Physical risks are those that are already arising as a result of the rise in temperatures and of the increase in extreme weather events occurrence and magnitude. Potential costs of climate change damages could equate up to 10% of the global current GDP value in a world at 1.5°C and up to 23% in a world at 3°C, which represent what current countries' commitments support<sup>152</sup>. The last IPCC report on the impacts of a global warming of 1.5°C<sup>153</sup> showed that such temperature rise above historical levels would lead to unprecedented impacts for the nature and human beings.

Our work on physical risks is exploratory and can be categorized in three parts:

- Assessment of Real Estate portfolio exposure to climate risks;
- Assessment of listed assets physical risks exposure using Carbon Delta extreme weather events costs.

### Integration of physical risk assessment of real estate portfolios in the investment decision

Physical climate risks are integrated into the management of our real estate funds across the investment lifecycle, from acquisition and development through to active ownership and portfolio monitoring. At acquisition stage, physical climate risk screening is used to identify material exposure to natural hazards and to inform due diligence, investment decision-making and, where relevant, the need for more detailed analysis or targeted resilience measures. During the holding period, physical risk insights support the prioritisation of asset-level actions, capital planning and ongoing monitoring as part of broader ESG and asset management processes.

In recent years, this approach has been significantly strengthened through the enhancement of our physical climate risk assessment capabilities and the onboarding of Swiss Re's Risk Data Services (RDS) platform for the real estate portfolio. RDS was selected following a thorough market review and provides a more advanced framework for assessing physical climate risks through broader hazard coverage, forward-looking climate modelling and financial loss quantification. Importantly, it also supports a clearer distinction between location-based exposure and asset-specific vulnerability, allowing for more decision-useful insights at both asset and portfolio level.

This enhanced approach supports a more structured and comparable assessment of physical climate risk across our real estate portfolio, while recognising that resilience is ultimately managed

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<sup>152</sup> CRO Forum, 2019.

<sup>153</sup> See IPCC (2018), Global warming of 1.5°C, An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty: [SR15 Full Report High Res.pdf \(ipcc.ch\)](#)

at asset level. Where material risks are identified, more detailed analysis may be undertaken to better understand vulnerability, assess the relevance of potential adaptation measures and support investment, underwriting and asset management decisions. In this way, physical climate risk assessment is not treated as a standalone compliance exercise, but as an input into the active management of assets and the long-term protection of value.

More broadly, our work in this area reflects the increasing maturity of market practice and investor expectations. We continue to refine our methodology and processes in line with evolving regulatory requirements, client needs and industry developments, with the objective of moving from fragmented screening outputs toward a more integrated resilience framework that links climate hazards, asset vulnerability and adaptation planning in a practical and decision-useful way.

We also contribute to broader industry efforts to improve the consistency, comparability and decision-usefulness of physical climate risk assessment, including through pilot work linked to the Institutional Investors Group on Climate Change (IIGCC)'s [Physical Climate Risk Appraisal Methodology \(PCRAM\) 2.0](#). We have supported the development and application of PCRAM through real estate-focused pilot work, including the first [real estate-focused case study](#), which helps advance more integrated approaches to resilience planning, adaptation assessment and investment decision-making.

### **Transition risk assessment of real estate portfolios: a holistic approach to resilience**

In addition to physical climate risks, we assess the transition risks associated with the shift to a low-carbon economy across our real estate portfolios. This includes, in particular, exposure to evolving regulation, changing market standards and the risk that assets with weaker environmental performance may face reduced liquidity, higher operating costs or additional capital expenditure requirements over time. Transition risk considerations are therefore integrated into both investment analysis and ongoing asset management, with the objective of preserving long-term asset value and supporting portfolio resilience.

As part of this approach, Energy Performance Certificates (EPCs) are used as an initial and broadly available indicator of transition risk. They help identify assets that may require performance improvements over time and provide a practical basis for prioritising actions across acquisition, asset management and business planning. In markets where minimum energy performance requirements are becoming more stringent, EPCs also provide a useful reference point for understanding potential exposure to regulatory and liquidity-related risks.

We complement this with CRREM analysis in order to refine our view of alignment with decarbonisation pathways. CRREM provides science-based, asset-level trajectories for energy and carbon performance, helping to benchmark buildings against long-term climate objectives and to identify potential stranding risks. While the application of such tools remains dependent on the availability and quality of underlying asset data, they provide a valuable framework for supporting more forward-looking decision-making and prioritisation.

More broadly, our approach to transition risk continues to evolve through the strengthening of data quality, monitoring capabilities and asset-level action planning. This supports a more practical and integrated management of transition risk, linking regulatory and market expectations with targeted improvement measures aimed at enhancing the long-term competitiveness and resilience of the assets we manage.

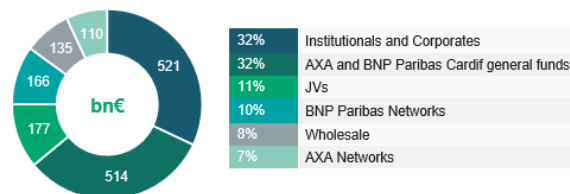
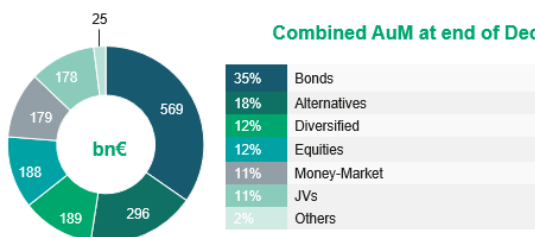
# Appendices

## 1. BNPP AM at a glance

**A comprehensive and differentiating range of solutions with a focus on performance**

**Leadership in alternative assets and expertise in insurance portfolio management**

**Breadth and strength of investment capabilities and international distribution network**



Source: BNPP AM, as of 31 December 2025. Assets under management including assets under advisory.

## 1. Industry surveys

Survey	AXA IM ranking / score	Date	Link
<b>PRI assessment report</b>	Policy Governance & Strategy: 5 ★ Direct – Listed Equity – Passive equity: 4 ★ Direct – Listed Equity – Active quantitative: 5 ★ Direct – Listed Equity – Active fundamental: 5 ★ Direct – Fixed income – SSA: 5 ★ Direct – Fixed income – Corporate: 5 ★ Direct – Fixed income – Securitised: 5 ★ Direct – Fixed income – Private debt: 4 ★ Direct – Real estate: 4 ★ Direct – Infrastructure: 4 ★ Direct – Private equity: 5 ★ Indirect – Listed Equity – Passive: 4 ★ Indirect – Listed Equity – Active: 4 ★ Indirect – Fixed income – Passive: 4 ★ Indirect – Fixed income – Active: 4 ★ Indirect – Private equity: 4 ★ Indirect – Infrastructure: 4 ★ Indirect – Hedge funds: 3 ★ Confidence building measures: 4 ★	November 2025	<a href="#">2025 PRI assessment report</a>
<b>ShareAction</b>	B; 73% (ranked 3 <sup>rd</sup> /77, moving up 4 compared to the 2023 ranking and 8 compared to the 2020 one) 82% score (ranked 25 <sup>th</sup> /70, moving up to 10 positions compared to the 2024 ranking and 7 compared to the 2023 one)	May 2025 February 2025	<a href="#">ShareAction   Point of No Returns 2025</a> <a href="#">ShareAction   Voting Matters 2024</a>
<b>H&amp;K Responsible Investment Brand Index (RIBI) report</b>	Avant-Gardist (Top Category)	April 2025	<a href="#">RIBI 2025 - Responsible Investment Brand Index (RIBI)</a>

<b>Influence Map</b>	C+	November 2025	<a href="#">InfluenceMap The State of Asset Manager Stewardship on Climate Lobbying</a>
<b>Reclaim Finance's assessment of the climate practices of asset managers</b>	AXA IM is assessed on various criteria regarding investments in coal, and oil & gas respectively, both on our holdings in these activities and our implemented exclusion policies.	December 2025	<a href="#">Assessment of the climate practices of asset managers - Reclaim Finance</a>
<b>Global Real Estate Sustainability Benchmark (GRESB)</b>	In 2024, we submitted larger than average scope of assets to GRESB (ca. €60bn of AUM in total against \$4.5bn average for our peer group), across 14 funds, within diversified sectors. We maintained our performance against our company target to obtain the 4-star status with an average score of 84/100 which continues to reflect our leading ESG position. Five funds obtained 5 stars, which is the highest performance status, seven funds increased or maintained their score and three obtained additional stars compared to previous year. These results demonstrate our ability to integrate ESG at scale within our Real Estate portfolios and our continued effort to improve our assets ESG performance.	October 2024	<a href="#">GRESB Score for asset managers</a>

## 2. Mapping tables with Article 29 implementation decree and TCFD recommendations

### Article 29 of the French Energy Climate Law<sup>154</sup>

Decree section	Content	Reference sections in the report	Information included ('Yes'/'No'/'Partial')			Explanation for missing information & related action plan (where 'No' or 'Partial')
			AXA IM Paris	AXA REIM SGP	AXA IM Prime	
Art 1er-III- 1°	<b>Entity ESG general approach</b>	1.2 AXA IM Responsible Investment Framework	Yes	Yes	Yes	n/a
	<b>Means to inform clients</b>	1.4 Our ESG disclosure communication	Yes	Yes	Yes	n/a
	<b>SFDR. Art. 8 &amp; 9 financial products</b>	Appendix 7. List of financial products referred as Article 8 or 9 under the SFDR	Yes	Yes	Yes	n/a
	<b>List of initiatives, codes and principles</b>	Appendix 2. List of AXA IM initiatives, codes and principles	Yes	Yes	Yes	n/a

<sup>154</sup> [Article 29 - LOI n° 2019-1147 du 8 novembre 2019 relative à l'énergie et au climat \(1\) - Légifrance](#)

Art 1er-III- 2°	Internal resources and means	2.1 Our human resources 2.3 Our technical resources	Yes	Yes	Yes	n/a
	Reinforcement of internal capabilities	2.2 Our training & internal capacity building resources	Yes	Yes	Yes	n/a
Art 1er-III- 3°	ESG Strategy oversight process	3.1 Our RI governance & committees	Yes	Yes	Yes	n/a
	Remuneration policy	3.2 Integration of ESG factors into remuneration policy & ESG objectives	Yes	Yes	No	<i>For AXA IM Prime: AXA IM's ESG-linked deferred compensation scheme not applying to AXA IM Prime to date: approach under development to be validated in 2024 or 2025.</i>
	Inclusion of ESG criteria in the internal rules of the Board of Directors	3.1 Our RI governance & committees	Yes	Yes	Yes	n/a
Art 1er-III- 4°	Scope of the stewardship strategy	4.1 Engagement, collaboration and escalation	Yes	Yes	Yes	n/a
	Voting policy presentation	4.3 Voting	Yes	No	No	<i>For AXA REIM SGP and AXA IM Prime: Although voting may occur in alternative asset classes, AXA IM Corporate Governance &amp; Voting Policy would not be applicable considering the specificities of such asset class.</i>
	Engagement strategy results	4.1 Engagement, collaboration and escalation, see sub-section "Engagement in 2023: highlights and data"	Yes	Yes	Yes	n/a
	Voting strategy results	4.3 Voting	Yes	No	No	<i>For AXA REIM SGP and AXA IM Prime: Same as above.</i>
	Investment decisions following engagement	4.1 Engagement, collaboration and escalation	Yes	Yes	Yes	n/a
Art 1er-III- 5°	EU Taxonomy eligibility & alignment	5.1 Green share of activities, see sub-section: "Sustainable share of activities following the EU Taxonomy for sustainable activities"	Partial	No	No	<i>For AXA REIM SGP and AXA IM Prime: No disclosure of the alignment of assets with the EU Taxonomy criteria, in the absence of mature &amp; appropriate methodologies for alternative and other private assets (ongoing development of appropriate methodologies and choice of suitable data provider). For AXA IM Paris: no disclosure on alternative credit assets (same rationale as above)</i>
	Fossil fuel exposure	5.2 Exposure to fossil fuel activities	Yes	Yes	Yes	n/a
Art 1er-III- 6°	Climate strategy aligned with the Paris Agreement	6.1 AXA IM Net zero targets	Partial	Partial	No	<i>For AXA IM Paris and AXA REIM SGP: Target applicable up to 2050 applied to listed corporate &amp; sovereigns assets and direct real</i>

						<p>estate equity assets, and broken down by asset class with intermediate horizons including 2030 on some targets, but no global target for AXA IM up to 2030.</p> <p><u>For AXA IM Prime:</u> no long-term climate strategy on private markets funds of funds to date (currently in the process of defining its long-term climate change mitigation strategy); as at end of 2023, AXA IM Prime has joined the International Climate Initiative (iCI) and has some of its assets already covered by AXA IM existing NZ targets in other asset classes (for funds of funds being AXA IM funds including listed corporates and/or sovereigns and/or real estate equity assets).</p>
	<b>Methodologies used within the Paris Agreement Alignment strategy</b>	6.1 AXA IM Net zero targets 6.4 Implementing our Net zero targets	<b>Yes</b>	<b>Yes</b>	<b>No</b>	
	<b>Results / Progress on achievements</b>	6.1 AXA IM Net zero targets (as for progress measured on achieving our NZ targets) 6.5 Climate forward-looking metrics, see sub-section "AXA IM Climate Dashboard" (as for historical and other forward-looking climate metrics)	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<u>For AXA IM Prime:</u> see above
	<b>Policies to progressively exit coal and unconventional hydrocarbons</b>	6.2 Exclusions: our Climate risks policy	<b>Partial</b>	<b>Partial</b>	<b>Partial</b>	<p><u>For AXA IM Paris, AXA REIM SGP and AXA IM Prime:</u> No commitment on a phase-out plan from unconventional oil &amp; gas like for coal.</p> <p>At this stage, AXA IM's strategy related to unconventional hydrocarbons is made up of our exclusion of oil sands production and oil sands-related pipelines, shale and tight oil and gas and Arctic oil and gas under AXA IM Climate risks policy.</p>
	<b>Monitoring, changes, frequency of evaluation and updates</b>	6.1 AXA IM Net zero targets (as for progress measured on achieving our NZ targets)	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<u>For AXA IM Prime:</u> see above
<b>Art 1er-III- 7°</b>	<b>Biodiversity strategy aligned with long term goals</b>	7- Our biodiversity strategy	<b>Partial</b>	<b>Partial</b>	<b>Partial</b>	<p><u>For AXA IM Paris, AXA REIM SGP and AXA IM Prime:</u> No quantified biodiversity impact mitigation strategy &amp; targets set in the absence of sufficiently mature methodologies and technical guidance to measure the alignment of investment strategies with</p>

						<p>medium- and long-term objectives on a global scale.</p> <p>At this stage, AXA IM's continuous improvement plan linked to its biodiversity strategy is made up of i) our research and engagement efforts, ii) our exclusion, through AXA IM's Policy on protecting ecosystems and combating deforestation, and iii) continued progress in measuring our biodiversity footprint.</p>
	<b>Analysis of the contribution to the reduction of main pressures and impacts on biodiversity</b>	7.3 Introducing biodiversity-specific indicators	<b>Yes</b>	<b>No</b>	<b>No</b>	<p><u>For AXA REIM SGP and AXA IM Prime:</u> No disclosure of the biodiversity footprint nor analysis of the contribution to reduce the main pressures &amp; impacts on biodiversity as for alternative and other private assets in the absence of sufficiently mature and appropriate methodologies and guidance (approach still under development).</p>
	<b>Disclosure of biodiversity footprint</b>		<b>Yes</b>	<b>No</b>	<b>No</b>	
<b>Art 1er-III- 8°</b>	<b>Identification, assessment, prioritization, management of ESG risks</b>	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	n/a
	<b>Description of the main ESG risks considered and analysed</b>	8.1 Identification and mitigation of key sustainability risks	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	n/a
	<b>Frequency of review of the risk management framework</b>	8.1 Identification and mitigation of key sustainability risks, see sub-section "Main identified sustainability risks"	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	n/a
	<b>Action to reduce the entity's exposure to the main ESG risks</b>		<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	n/a
	<b>Quantitative assessment of ESG-related financial impacts</b>		<b>Partial</b>	<b>Partial</b>	<b>No</b>	<p><u>For AXA IM Paris, AXA REIM SGP and AXA IM Prime:</u> No quantification of ESG-related financial risks beyond climate-related financial risks through the use of MSCI Climate VaR methodology, pending for relevant &amp; appropriate methodologies (not scheduled at this stage); AXA IM Prime not using the Climate VaR to date (approach still under development).</p>
	<b>Indication of the evolution of choice of methodologies and results</b>		<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	n/a

## Recommendations of the TCFD<sup>155</sup>

Sections	Recommended Disclosures	Reference Sections
<b>Governance Strategy</b>	Board's oversight of climate-related risks and opportunities	3.1 Our RI governance & committees
	Management's role in assessing and managing climate-related risks and opportunities	3.1 Our RI governance & committees
	Identified Climate-related risks and opportunities over the short, medium, and long term	6.5 Climate forward-looking metrics 8.1 Identification and mitigation of key sustainability risks, see sub-section "Main identified sustainability risks"
	Impact of climate-related risks and opportunities on investment strategy	6- Our climate strategy
	Climate-related scenario analysis (including a 2°C or lower scenario)	6.1 AXA IM Net zero targets 6.5 Climate forward-looking metrics
<b>Risk Management</b>	Identification and assessment process of climate-related risks	6- Our climate strategy 8.1 Identification and mitigation of key sustainability risks 8.3 Factoring climate risks in Real assets management
	Climate-related risks management process	8- Our ESG risk management process
	Integration of climate-related risks identification, assessment and management processes into overall risk management framework	8.1 Identification and mitigation of key sustainability risks 8.2 Internal controls & audit 8.3 Factoring climate risks in Real assets management
<b>Metrics and Targets</b>	Metrics used to assess climate-related risks and opportunities	6.5 Climate forward-looking metrics
	Disclosure of Scope 1, 2 and, if appropriate, Scope 3 GHG emissions and related risks	6.1 AXA IM Net zero targets 6.5 Climate forward-looking metrics
	Targets used to manage climate-related risks and opportunities and performance	6.1 AXA IM Net zero targets 6.5 Climate forward-looking metrics

## Hong Kong's Securities and Futures Commission (SFC) Conclusions on the Management and Disclosure of Climate-related Risks by Fund Managers<sup>156</sup>

Section	Content	Reference sections in the report	Information included ('Yes'/'No'/'Partial')	Explanation for missing information & related
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<sup>155</sup> [IFRS - ISSB and TCFD](#)

<sup>156</sup> [Circular to licensed corporations Management and disclosure of climate-related risks by fund managers | Securities & Futures Commission of Hong Kong \(sfc.hk\)](#)

			AXA IM Paris	AXA REIM SGP	AXA IM Prime	action plan (where 'No' or 'Partial')
<b>Manner and frequency of disclosures</b>	<b>Ensure that the information disclosed is proportionate to the degree climate-related risks are considered in the investment and risk management process</b>	n/a (see product-level reporting on AXA IM Fund Centre)	Yes	Yes	Yes	N/a
	<b>Make adequate disclosures of information to fund investors</b>	1.4 Our ESG disclosure communication	Yes	Yes	Yes	N/a
	<b>Review disclosures at least annually and inform fund investors of material changes</b>	n/a (see product-level reporting on AXA IM Fund Centre)	Yes	Yes	Yes	N/a
<b>Baseline requirements on governance related disclosures at entity level</b>	<b>Governance structure</b>	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
	<b>Board's roles and oversight, including their review of the risk management framework for climate-related risks and the process and frequency by which they are informed</b>	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
	<b>Management's roles and responsibilities, including their process for being informed and monitoring the progress of efforts to manage climate-related risks</b>	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
<b>Baseline requirements on investment management and risk management related to disclosures at entity level</b>	<b>Steps taken to incorporate relevant and material climate-related risks into the investment management process</b>	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	N/a
	<b>Process for identifying, assessing, managing, and monitoring climate-related risks, including tools and metrics used</b>	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	N/a
<b>Enhanced standards on risk management</b>	<b>Engagement policy at the entity level, preferably with examples on how</b>	4.1 Engagement, collaboration, and escalation	Yes	Yes	Yes	N/a

<p>nt related disclosures at entity or fund level</p>	<p>material climate-related risks are managed in practice</p> <p><b>Portfolio carbon footprints of the Scope 1 and 2 GHG emissions associated with the funds' underlying investments at the fund level, including the calculation methodology, underlying assumptions and limitations, and the proportion of investments covered</b></p>	<p>6.5 Climate forward-looking metrics – AXA IM Climate Dashboard: a combination of historical and forward-looking metrics - Carbon intensity</p>	<p><b>Yes</b></p>	<p><b>Yes</b></p>	<p><b>No</b></p>	<p><i>For AXA IM Prime: AXA IM Prime invests in fund-of-fund structures, and therefore relies on carbon footprint figures and financial reports from the underlying funds, which can lead to a delay in reporting compared to direct investments. The calculation and reporting of carbon footprint figures by the external managers of the funds in which it invests is underway and will be completed in the second half of 2024.</i></p> <p><i>For AXA IM Paris and AXA REIM SGP: Please also refer to their respective PAI statements, which are complementarily described in the AXA IM Sustainable Finance Disclosure Statement (SFDR), both available on the AXA IM website: <a href="#">Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English</a></i></p>
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### 3. List of financial products referred as Article 8 or 9 under the SFDR

The list of SFDR of financial products classified Article 8 or 9 is available within AXA IM Fund Centre on BNPP AM website: [Fund Centre - AXA IM - Core](#)

The products or strategies discussed in this document may not be registered nor available in your jurisdiction.

To the extent SFDR has been applicable for a relatively short period of time, the classification under SFDR is subject to adjustments and amendments, as certain aspects of SFDR may be subject to new and/or different interpretations than those existing at the date of this report. As part of the ongoing assessment and current process of classifying its financial products under SFDR, AXA IM reserves the right, in accordance with and within the limits of applicable regulations and legal documentation applicable to its financial products, to amend the classification of a particular fund to reflect changes in market practice, in its own interpretations, in SFDR-related laws or regulations or in currently-applicable delegated regulations, in communications from national or European authorities or court decisions clarifying SFDR interpretations. Investors are reminded that they should not base their investment decisions on the classification presented pursuant to SFDR.

#### **4. Description of the principal adverse impacts (PAI) on sustainability factors: AXA IM Paris + AXA REIM SGP**

The principle adverse impacts of AXA IM Paris and AXA REIM SGP are described in their respective PAI Statements, and are complementarily described in the AXA IM Sustainable Finance Disclosure Statement (see Section II regarding AXA IM approach to consider adverse sustainability impacts, and Appendix 1 regarding consideration of PAI at both entity and product levels), all available on BNP AM website (see AXA IM section): [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#)

This document aims to meet the disclosure requirements set out in Article 29 of the Energy-Climate Law (via Article L. 533-22-1 of the Monetary and Financial Code), which requires asset management companies to make publicly available a document outlining their policy for incorporating environmental, social, and governance (ESG) criteria into their investment strategy, the measures taken to contribute to the energy and ecological transition, and the strategy for implementing this policy.

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Data on certain non-financial metrics may be limited, notably in terms of coverage across the asset classes managed by the investment management companies, or may reflect reporting periods prior to the year of this report due to lack of data availability.

Climate or sustainability-related metrics and underlying emissions data are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. There is a limited availability of relevant data: such data is not yet systematically disclosed by issuers, or, when disclosed by issuers or collected from third-party data providers, it may be incorrect, incomplete or follow various reporting methodologies. The data sources and methodologies are expected to evolve and improve over time and may materially impact targets and the achievement of targets.

This Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the investment management companies future business, financial condition, results of operations, performance and strategy as they relate to the climate objectives and other goals set forth herein. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates" or words of similar meaning. Such statements are based on the investment management companies management's current views and assumptions and, by nature, involve known and unknown risks and uncertainties; therefore, undue reliance should not be placed on them. In particular, the actual achievement of the climate-related and other goals set forth in this report may differ materially from those expressed or implied in such forward-looking statements. Furthermore, many of the factors impacting the achievement of our climate goals may be more likely to occur, or more pronounced, as a result of catastrophic events, including weather-related and other catastrophic events, pandemics, terrorist-related incidents or acts of war.

The investment management companies commitments set out in this report, such as but not limited to the Net Zero targets and the goal to achieve net zero emissions, reflect the investment management companies management's current expectations, and are subject to a number of assumptions, variables and uncertainties, including actions of issuers in which we invest in, suppliers and other third parties, as well as a variety of political, economic, regulatory, civil society and scientific developments beyond the investment management companies' control. There can be no assurances that our targets and the timetable for any transition will be achieved in whole or in part.

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