



AXA IM – 2024 Report

TCFD / Article 29



BNP PARIBAS
ASSET MANAGEMENT

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Explanation of the report structure

This report aims to address the Article 29 of the French 2019 Energy & Climate Law and its implementation decree¹, 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).

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 AXA IM UK website².

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) 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 at end of 2023 and 2024 managed by **AXA IM Paris**, **AXA REIM SGP** and **AXA IM Prime**, 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 AXA IM's business units), split by main asset class, with the exceptions of i) the progress measured on 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;

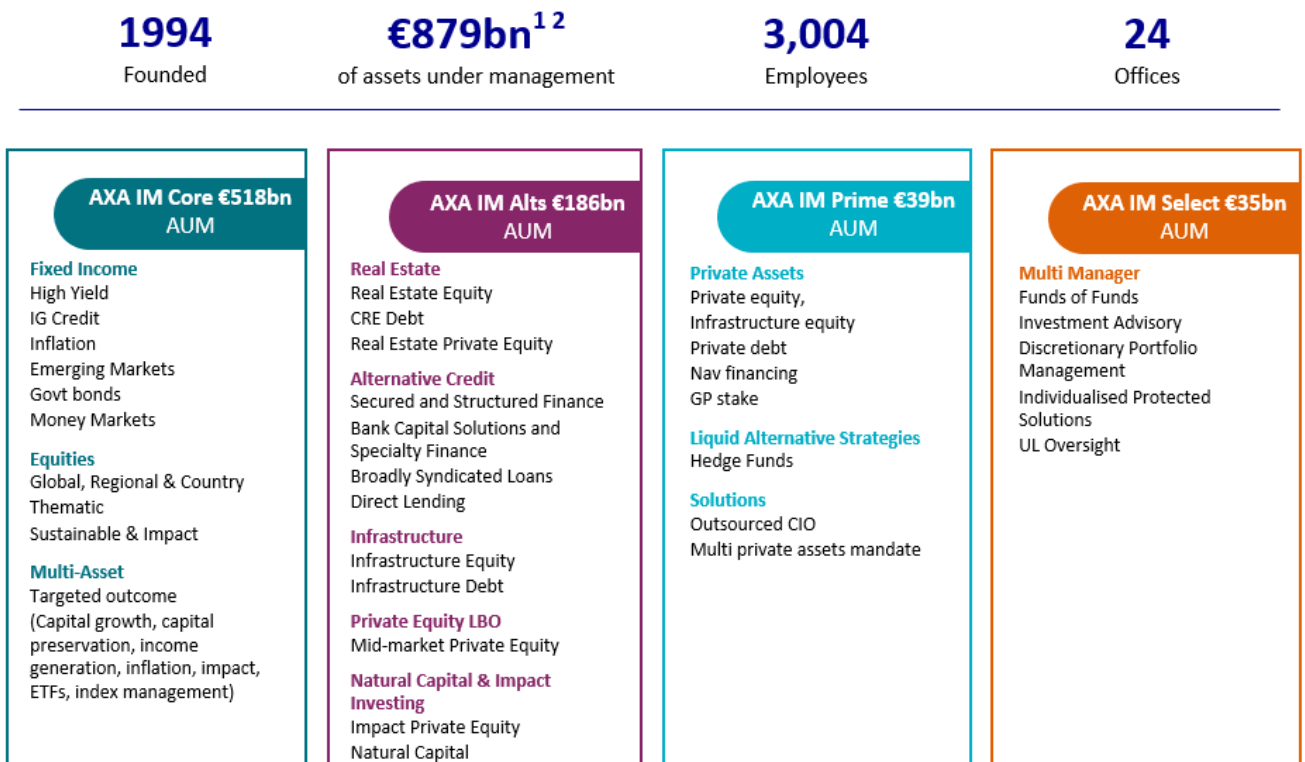
¹ See more on Legifrance (French only): [Décret n° 2021-663 du 27 mai 2021 pris en application de l'article L. 533-22-1 du code monétaire et financier - Légifrance \(legifrance.gouv.fr\)](#)

² See more on AXA IM UK website: [Our Policies and Reports | AXA IM UK \(axa-im.co.uk\)](#)

- 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:
 - o Traditional assets managed by AXA IM Core;
 - o 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 2024, both AXA IM Select France³ and CAPZA disclose standalone Art.29 reports that are available on their respective websites.



Source: AXA IM, data as at 31/12/2024. AUM figures subjected to rounding. (1) Joint ventures and related entities account for €101bn as at 31/12/2024. (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. €6.5bn managed by its private debt subsidiary CAPZA.

³ 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.

2024 in review

Maintaining our ESG leadership in a changing geopolitical context

2024 was marked by a fast-changing geopolitical landscape, continuing to highlight the potential links between ESG risks and opportunities and financial performance over time, with more frequent climate events, and key sustainability challenges becoming more and more intertwined. Throughout the year, and against a more complex backdrop on ESG topics in some countries⁴, we remained committed to delivering on our RI strategy and associated targets, with the objective of supporting the needs of our clients as top priority. In this perspective, we continued to develop ESG scoring, SFDR Sustainable Investments and decarbonisation methodologies in 2024, in particular for alternative asset classes, aiming to ensure they are science-based and robust, consistent, and usable for portfolio management purposes.

On our climate commitments, the scope of AuM covered by NZ targets (i.e., managed in line with a net zero by 2050 pathway)⁵ continued to increase from 65% of AuM at end of 2023, to **68%** as at end of 2024 (including joint ventures – JVs)⁶, an increase which is however only due to changes in global asset allocation.

New NZ targets for AXA IM Alts Infrastructure Equity & Debt assets have also been set and are disclosed in this report (see Sections 6.1 and 6.4), and will be implemented starting 2025⁷. On biodiversity, in fulfillment of our voluntary commitment as a signatory of the Finance for Biodiversity (FfB) Pledge⁸, we have recently structured first targets in application of the recommendations provided by the FfB Foundation on nature target setting for asset managers (see Section 7.1).

Stewardship is another key element of AXA IM's RI framework. 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 2024. 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 strategies⁹. In early 2024, we also announced three main updates to our Corporate Governance & Voting policy to further reinforce ESG expectations on: i) the possibility to cast a dissenting vote against the highest-emitting companies that fail to appropriately report on their climate lobbying activities; ii) wider workforce taken into account for executive pay proposals; iii) bylaw amendments seeking to introduce virtual-only AGM format will be opposed.

In 2024, **exclusions related to tobacco cultivation and production were converted into a new stand-alone RI sectorial exclusion policy**, thus applying to the full bulk of AXA IM's assets with RI exclusions, and no longer only to financial products that are promoting ESG characteristics or sustainable investment as their objective

⁴ Also noting that, at the date of publication of the Report and since early 2025, the Net Zero Asset Managers ("NZAM") initiative has paused its operations to review its commitment statement and subsequently suspended activities to track signatory implementation and reporting. NZAM has said it is conducting a review of the initiative to ensure it remains "fit for purpose in the new global context", following recent developments in the US and different regulatory and client expectations in investors' respective jurisdictions. More information can be found on their website: [Signatories – The Net Zero Asset Managers initiative](#)

⁵ [Sustainability at AXA IM | AXA IM Corporate](#)

⁶ When excluding JVs, this coverage rate reached c. 77% at end of 2024.

⁷ 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.

⁸ [Home - Finance for Biodiversity Foundation](#)

⁹ See AXA IM 2024 Stewardship Report for more information: [Stewardship 2024: Navigating an evolving landscape of interconnected risks | AXA IM Corporate](#)

(i.e. SFDR Article 8 and 9 funds, including our range of sustainable/ACT funds and our impact investments), as was previously the case.

Enhancing ESG product innovation in traditional asset classes

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 2024 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** and one other fund with a carbon transition objective. 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.

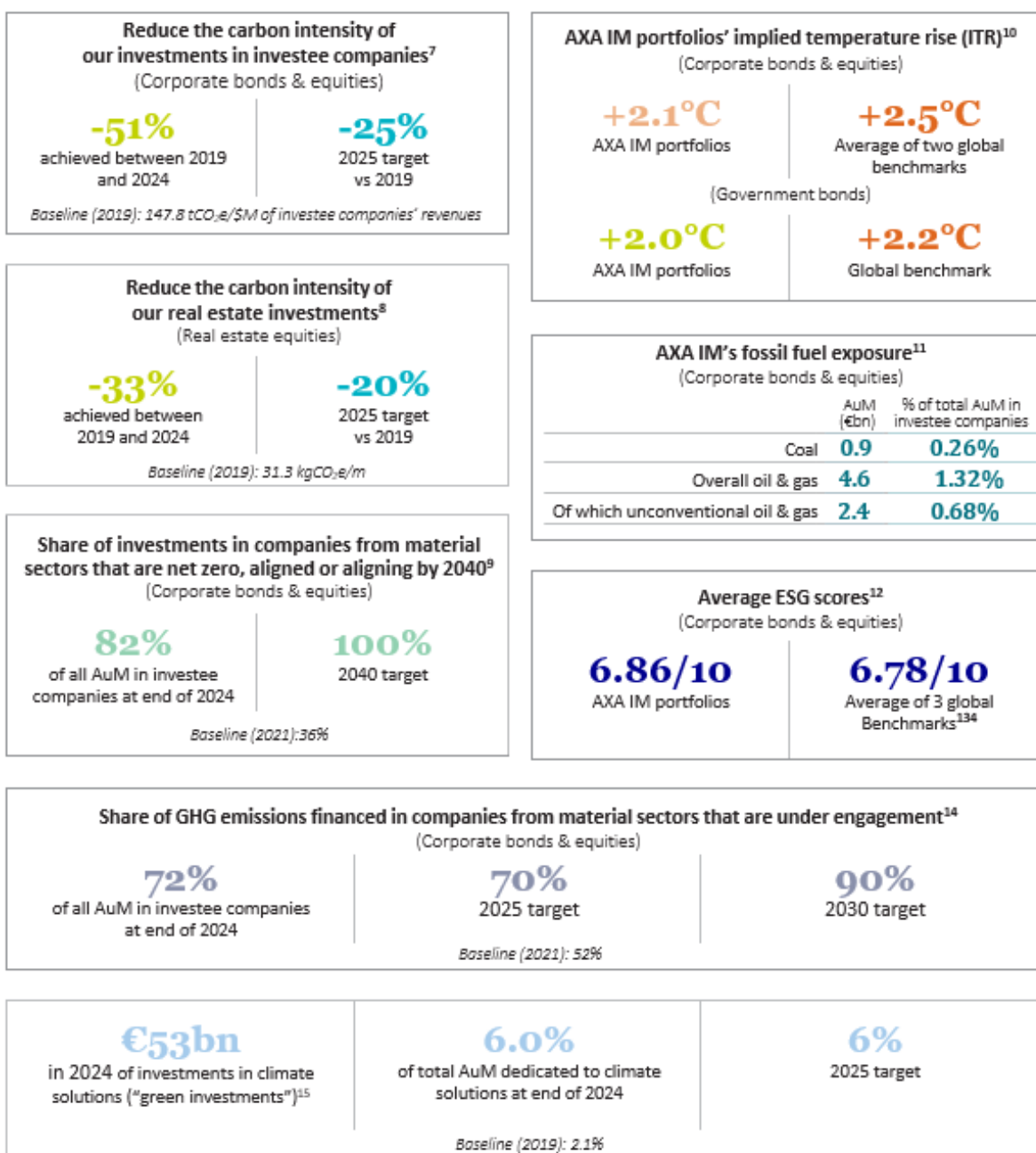
AXA IM remains committed to providing transparency on the integration of ESG criteria at fund level. To cover our clients' needs for a more comprehensive and enriched ESG reporting, we have also implemented in the year several improvements to our fund-level ESG, Engagement and Voting reports.

Implementing and helping to shape effective Sustainable Finance policies

2024 was another year marked by the entry into force of new requirements as part of recent sustainable finance policy developments, which continued to mobilize AXA IM's teams efforts, with first disclosures on the **EU Taxonomy alignment at entity level and for funds with related commitments**, and preparing for new fund and entity-level disclosures under the SDR in UK.

The introduction of major sustainable finance policies in recent years has provided some implementation challenges, including usability issues in the regulations themselves. We consider that usability issues need to be addressed in an orderly manner, taking account of the impacts on different stakeholders across the sustainable finance value chain, as well as the inter-operability challenges faced by global, diversified investors – this is essential to ensure those disclosures do not create unnecessary reporting burden, and support decision-making of stakeholders across the sustainable finance value chain as initially intended. We also believe that the policies should be accompanied by appropriate real economy policies to enable an effective real-world transition towards more sustainable practices, consistent with the goals of the Paris Agreement. This is why in 2024 we have continued to focus our policy advocacy efforts on proposing solutions to improve the usability of these policies so that they deliver their intended objectives.

Key figures in 2024



¹⁰ Scope 1 and 2 only.

¹¹ Idem.

¹² 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.

¹³ 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.

¹⁴ 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).

¹⁵ The global sovereign benchmark used for comparison purposes is the JP Morgan GBI Global Govies.

¹⁶ 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.

¹⁷ ESG scores for traditional assets are based on MSCI ESG scoring model coupled with an overlay of AXA IM's qualitative analysis.

¹⁸ 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).

¹⁹ 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.

²⁰ 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

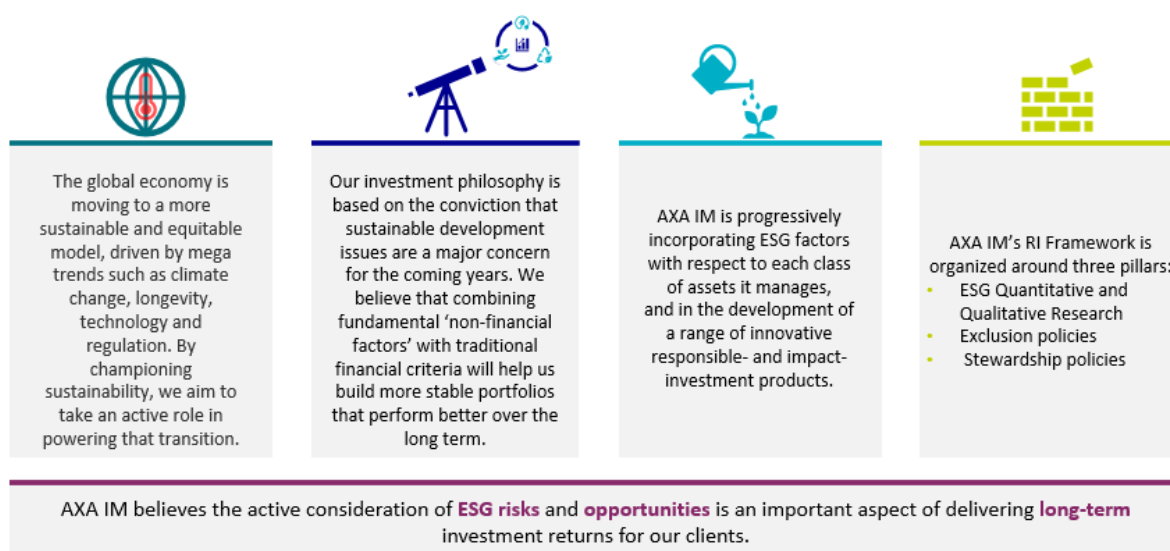
AXA IM has been involved in responsible investment for more than 20 years and is actively engaged in progressively incorporating ESG factors into each area of management expertise, as well as in developing a wide range of responsible- and impact-investment products.

We believe 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.

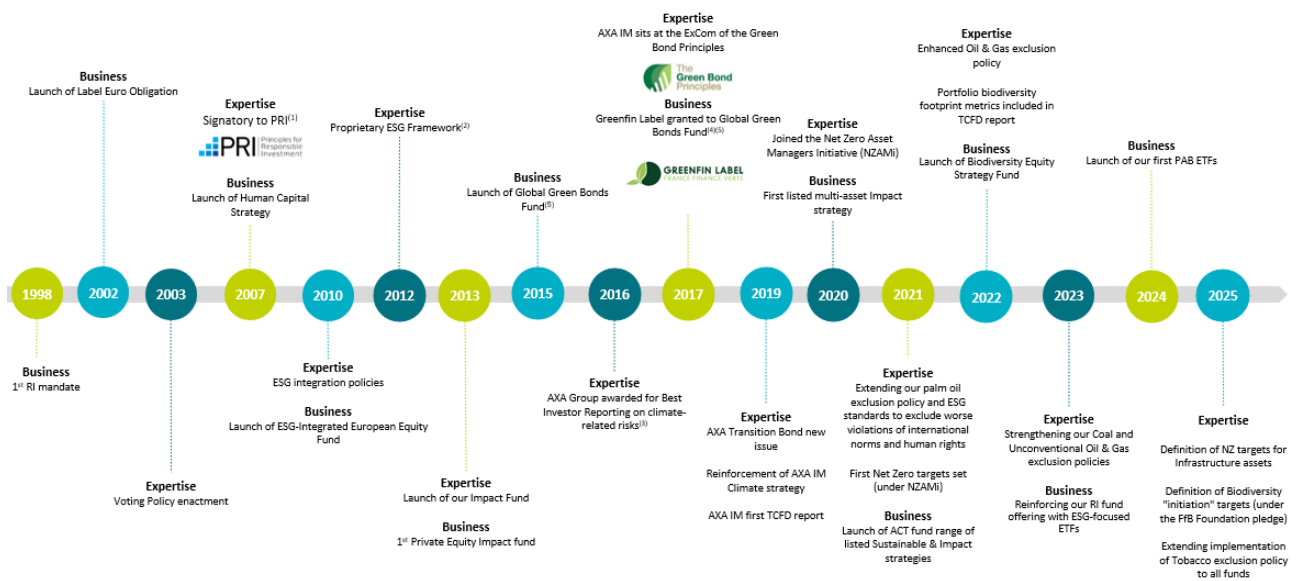
Our investment philosophy is based on the conviction that sustainable development issues are a major concern for the coming years. We believe that combining fundamental ‘non-financial factors’ with traditional financial criteria will help us build more stable portfolios that perform better over the long 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 framework, policies and processes are 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.



Source: AXA IM, 2024.



Source: AXA IM, as at 20/05/2025. (1) Principle for Responsible Investment; (2) In-house RI Platform; (3) Awarded by the Environmental French Ministry in 2016; (4) Launched at the end of 2015 following the COP21 by the French Ministry of the Ecological Transition, the Greenfin label helps to comply and fulfil a fund's commitment to financing the green economy; (5) Before August 2018, the investment strategy's name was Planet Bonds.

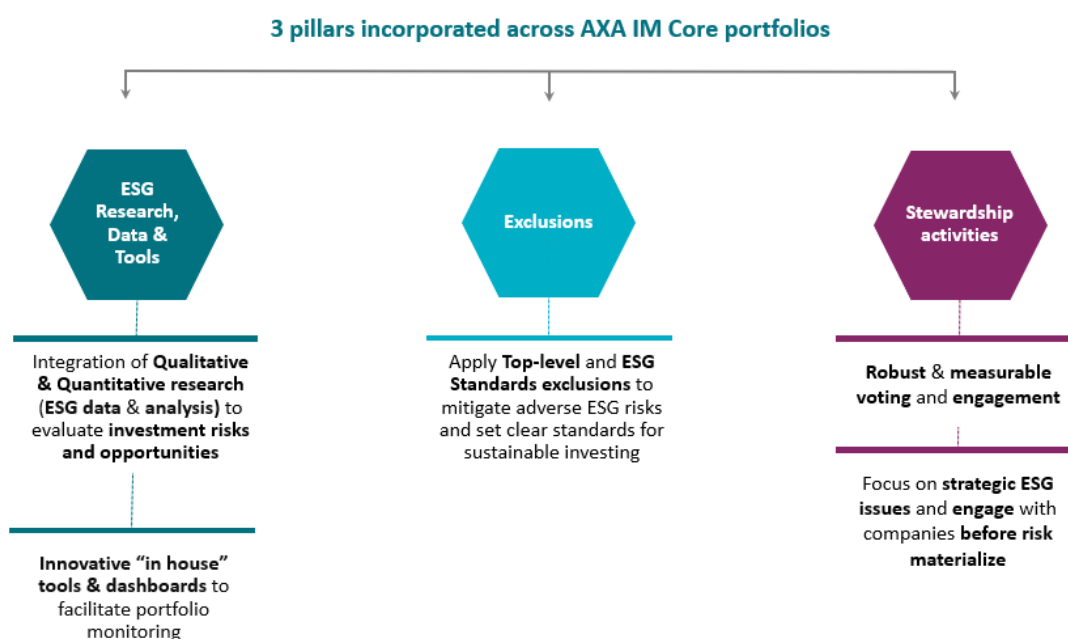
1.2 AXA IM Responsible Investment Framework

AXA IM is 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.

Our RI framework is 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.



Source: AXA IM, 2024.

ESG quantitative and qualitative research

ESG scoring methodologies

Our 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 heterogeneous 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 ongoing 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 are 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 Q² (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, Q² 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 normalisation, 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 standardised 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 AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

2024 updates

In 2024, we kept reinforcing our ESG framework with the following tools for AXA IM Alts and AXA IM Prime:

- as for AXA IM Alts:

- For real estate equity: following a stabilization period for proper integration by investment teams, an update was made in 2024, leveraging on enhance ESG data maturity, adapting to the evolving landscape of RI and internal priorities, utilizing feedback to enhance scoring consistency, and better accommodating the specificities of non-EU countries. An impact analysis revealed a limited negative effect on ESG scores overall, while significantly improving the overall methodology with this updated scoring that will become effective as of 2025;
 - For real estate platform companies: a new ESG scoring methodology has been set in late 2024, inspired from the existing scoring for Real Estate Equity and CRE debt rating (and respecting the same balance/weight between E, S and G factors than these two ones, but with adjusted criteria to fit RE platform specificities);
 - For CRE debt: a new SFDR Sustainable Investment (SI) methodology²¹, which is almost fully aligned with the existing SI approach set for real estate equity;
 - For Infrastructure equity: a refined ESG scoring methodology has been set in late 2024 as for the Infrastructure equity investment platform to strengthen its ESG integration with a more comprehensive system better aligned with ESG regulation and industry standards, which can be clearly articulated to investors, and supports concrete ESG target setting, identification of opportunities and consistent performance monitoring of the investee companies KPIs, and is also aligned with the ESG scoring methodology for Infrastructure debt, and peers’ best practices.
- As for AXA IM Prime:
- For primary, secondary & co-investments: SFDR SI & PAI methodologies have been defined.

AXA IM ESG Dashboard

2024 ESG 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 Q² 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 2024²².

		Asset under management (AuM) at end of year ²³ [in M€]	Scores				Coverage
			Aggregated ESG score (weighted)	E score	S score	G score	
			[0-10]	[0-10]	[0-10]	[0-10]	
AXA IM traditional assets ²⁴	2024	375,551	6.99	6.99	6.19	6.43	97%
	2023	344,480	6.86	6.20	6.18	6.30	94%

²¹ As per SFDR Regulation (EU) 2019/2088 Art.2(17) definition: [Regulation - 2019/2088 - EN - sfdr - EUR-Lex](#)

²² Holdings managed by AXA IM Paris only.

²³ AuM accounted in 2023 and 2024 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.

²⁴ 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

Equities	2024	51,258	7.44	7.58	5.44	5.99	95%
	2023	48,693	7.59	6.92	5.56	6.05	96%
Corporate Bonds	2024	181,196	7.40	7.74	5.39	5.99	95%
	2023	153,648	7.43	7.66	5.27	5.92	92%
Sovereign Bonds	2024	143,097	6.30	6.08	7.36	7.11	100%
	2023	142,139	6.03	4.45	7.33	6.79	100%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		6.78	6.72	5.16	5.57	100%
	2023		6.78	6.62	5.13	5.63	100%
ICE BofA Global Broad Market Corporate	2024		6.75	7.13	5.05	5.82	96%
	2023		6.78	7.19	4.98	5.72	96%
JP Morgan GBI Global Govies	2024		6.18	5.92	7.34	6.99	100%
	2023		5.97	4.79	7.34	6.37	100%

Source: AXA IM, based on MSCI, 2025.

▪ 2023 to 2024

Compared to 2023, we report a slight decrease 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 together²⁵, which are relatively stable from year-to-year, still noting that the E scores our Listed Equities assets have increased significantly in a year, which is notably due to an enhancement by MSCI of the simulated data points and scores for all companies in the Climate Change Metrics coverage universe (used in the ESG score), but might also be linked to the continuous enhancement of AXA IM RI framework including in relation with the implementation of new regulatory requirements notably with the entry into force of SDR in UK which led us to reinforce the ESG approaches for several funds. ESG scores of corporates overall remains above the benchmark which are overall stable compared to 2023, both for listed equities and bonds.

As for sovereign bonds, the weighted ESG scores both of our investments have significantly increased in 2024 compared to 2023, in particular on the E pillar. This is due to the review of MSCI ESG Government Ratings in March 2024, with i) the inclusion of new climate change, biodiversity, and pollution-related factors with improved data to better reflect the importance of these topics in evaluating the long-term sustainability of economies²⁶ and ii) the use of other socio-economic data based on a more data-driven approach that uses

“sovereigns bonds” line in this report, as per SFDR definition. Subnational assets (e.g. municipal bonds) are not included in this report.

²⁵ 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 2023 and 2024 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.

²⁶ The implementation of a new Climate Change and Natural Hazards Risk factor allows to better capture a country’s dependence on fossil fuels and economic exposure to low-carbon technologies, and track record of emissions reduction compared to emissions targets. The new Biodiversity sub-factor incorporates new data for protected biodiversity-rich areas, added to existing biodiversity metrics in the ESG Government Ratings model. The new Pollution and Waste sub-factor incorporates new data related to countries’ waste generation and waste treatment recycling, in addition to existing pollution metrics in the ESG Government Ratings model.

historical Government ESG Scores and not a forward-looking analytical judgment, also leading to a slight rebasing of aggregated ESG scores. The same evolution can be observed on the sovereign bonds' benchmark

2024 ESG 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.

		AuM at end of year ²⁷	Scores			Coverage	
			Aggregated ESG score (weighted)	E score	S score		G score
			[in M€]	[0-10]	[0-10]		[0-10]
AXA IM alternatives assets ²⁸	2024	92,451	6.09	6.31	5.89	5.99	95%
	2023	90,560	5.81	5.90	5.51	6.08	97%
i) Real Estate & Infrastructure ^{29,30}	2024	40,914	6.13	6.05	5.74	6.49	94%
	2023	43,285	5.87	5.84	4.98	6.23	98%
Real estate	2024	27,367	6.22	6.05	5.97	6.67	91%
	2023	30,322	5.71	5.71	5.00	6.25	98%
Infrastructure	2024	13,547	5.96	6.06	5.29	6.12	100%
	2023	12,963	6.26	6.13	4.92	6.19	98%
ii) Alternative credit ³¹	2024	51,537	6.06	6.51	6.00	5.59	95%
	2023	47,275	5.75	5.96	6.00	5.95	97%

Source: AXA IM, based on MSCI, Octus FinDox, 2025.

2023 to 2024

Overall, alternative assets' ESG assessment average score have increased by c. 5% in 2024 compared to 2023. This evolution is explained by asset class bespoke trend, both linked to methodology refinement and ESG improvement actions deployment.

²⁷ 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.

²⁸ 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).

²⁹ 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).

³⁰ For real estate & infrastructure assets, as for 2023 and 2024 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 ASI & ASIS 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 25% in ESG ratings of infrastructure investee companies between 2023 and 2024;

³¹ Worldwide holdings managed by all AXA IM entities (incl. AXA IM Paris) eligible to ESG scoring.

2024 figures includes listed real estate & listed infrastructure for the first year (c. €3.5bn AuM, 7% of total AXA REIM SGP assets) which limits comparability with the previous year. For both Real estate and Infrastructure, listed assets' ESG scores tend to increase reported figures in the table above, benefiting from the robustness of the ESG scoring methodology for listed corporates described in the previous sub-section.

On real estate, average score has been increasing by c. 9% compared to 2023. More generally, we still observe a lower maturity on ESG integration in CRE debt market compared to the RE equity market, as well as higher challenges to collect consistent asset level data. We however expect this average score of CRE debt to improve over time, through enhanced active communication and engagement with our borrowers, the integration of ESG reporting constrains in our loan documentation and increased overall market maturity. For AXA REIM SGP's RE equity portfolios, the methodologies and process developed over the past 2 years have proven efficient in supporting our ambition to improve the ESG performance of the real estate assets we manage. The scoring methodology will continue to evolve over time to reflect market requirements and best practices, with the objective to continue improving assets performance between acquisition and disposal.

The average 2024 ESG rating for our infrastructure investments (equity and debt) has decreased by 4.8 % compared to 2023, from down to c. 6 versus c. 6.3 in 2023. This evolution is mainly due to a methodological change in our Infrastructure Equity ESG rating. An enhancement of the ESG rating methodology was put in place to further account for the most material ESG risks for infrastructure investor³². 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, resulting overall on a decrease in ESG ratings.

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

RI Thematic Research

RI thematic Research for knowledge management and engagement purposes

At AXA IM, we produce 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 are published on the Investment Institute page of our website³³, and listed further below in this report (see Appendix 4). 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.

³² 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, methodologies & reports | AXA IM Corporate](#)

³³ [Sustainability | AXA IM Corporate \(axa-im.com\)](#)

RI Research Themes



Climate Change

- Net Zero Goals / Short-term actions
- Transition pathways assessment
- Disruptive technologies
- Green Assets & Contribution to the Energy Transition
- Carbon risks and regulation



Biodiversity

- Impact of company activities
- Dependencies in sectors most harmed by biodiversity loss
- Biodiversity footprint and measurement
- Opportunities



Social matters & Public Health

- Working conditions, Health and Safety
- Diversity, living wages
- Human rights
- Accessibility & education
- Access to medicine
- Just Transition



Responsible Technology

- Data privacy company practices
- Responsible artificial intelligence
- Digital & Human rights



Governance

- Executive pay
- Business ethics
- Broad structure & composition
- Transparency & controls

Source: AXA IM, 2024. For illustrative purpose only.

Challenges inherent in the transition to a low-carbon economy are massive, global and multi-faceted, requiring all stakeholders to play their roles: corporates, investors, public bodies and regulators. The purpose of Responsible Investment research is to identify key themes at stake in the field of sustainability, in order to identify long-term trends and anticipate related risks & opportunities. It can accordingly inform discussions we have with corporates, and feeds both policies and investment decisions.

With regards to the energy transition, the point is to understand what is at stake on the ground, to ensure our dialogue with corporates remains anchored in the reality of their business activities, integrating both industrial and economical challenges. The on-the-ground feedback we get from Corporates on Hydrogen or Carbon Capture is that the economic equation is not there yet, while the need for infrastructure is prominent. This is typically what we have chosen to highlight in our research papers such as [Infrastructure and the energy transition: Moving electrons and molecules | AXA IM Corporate](#). Assessing how corporates effectively change their business model to transition implies to know what scenarios mean, what they comprise and impose on all stakeholders, including policy makers and the society at large. It was another theme of our 2024 Research themes: [What energy transition scenarios are and how they can be used or misused | AXA IM Corporate](#). In the same vein, contributing to changing the whole ecosystem implies to look at the notion of “avoided emissions”, to ensure we also promote and finance innovation without greenwashing risks, we looked at [Avoided Emissions: Why it matters to investors to account for what does not exist | AXA IM Corporate](#).

The energy transition cannot be looked at in isolation and must integrate social and nature dimensions. While technology is key for innovation, we have explored the different areas where due diligence matters to avoid human rights related risks, both in the upstream and downstream parts of the value chain. The thematic is topical beyond technology of course, from industrial sectors to consumer goods, something we tackled through our participation to an engagement initiative on forced labour/child labour. In a context where the negative impact of global warming is increasingly visible, our research activities also highlighted how it puts under stress both people and the economy, requiring different sectors to act.

Finally, and as there will be no energy transition without a healthy planet, we have pursued our work on nature and biodiversity, highlighting the importance of the Taskforce for Nature-Related Financial Disclosure (TNFD) and COP16 in dedicated papers/pilot studies. More concretely, we continued our engagement with

corporates across sectors to raise awareness, share knowledge and set the first building blocks of future action, whether through collaborative engagement (through Nature Action 100) in sectors most material for biodiversity loss, or digging into specific sectoral concerns, from deforestation in the consumer sector to pollution in the chemical sector (through the Investors Initiative on Hazardous Chemicals). Research is not only instrumental to feed engagement and investors’ decisions, but also in advancing the understanding on Oceans and their role combatting climate change. We reiterated it, digging into the implications of a study published in Nature Science revealing that oxygen was not only consumed but also produced at the abyssal seafloor of the Pacific Ocean, hence without sunlight. This Dark Oxygen Production discovery is only another evidence of the need to align the climate and nature agendas of all stakeholders: after deforestation, oceans must be the next battle-horse of investors.

Corporate Governance also remained a key theme with multiple interconnections with E and S issues. In 2024, we also focused our research and engagement with companies around themes that shaped the 2024 season, including Executive pay and the notion of social acceptability, considering workforce related views and experience when discussing chief executive pay in a time of economic and cost of living crisis; Sustainability governance, ensuring effective board oversight of sustainability issues while navigating conflicting views on ESG in an increasingly polarised world and protecting shareholder rights in relation to potential evolution of the format of company AGMs.

Qualitative research for investment decision-making: impact assessment framework

AXA IM uses 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"> Strategic commitment to generate impact Impact targets and strong sustainability policies Executive compensation includes sustainability criteria 	<ul style="list-style-type: none"> Materiality of the issues being addressed (severity, breadth) Materiality of the solutions provided by the company (scale, depth) 	<ul style="list-style-type: none"> Leading solutions through superior technology or reliability Increased access through broader distribution Affordable pricing 	<ul style="list-style-type: none"> Negative impact on environment or society Controversies Mitigating policies and actions 	<ul style="list-style-type: none"> Transparent measurement and reporting on impact and sustainability

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

Below are two examples of companies that we deem to be “impact leaders”.

Impact Leader
Ecolab Inc.

Ecolab is the global leader in water, hygiene and infection prevention solutions. It provides cleaning and sanitizing solutions to various sectors, and its products and technologies are also used in water treatment, pollution control, energy conservation, and other industrial processes.

Ecolab contributes primarily to SDG targets 6.2, 6.3, and 6.4 through its water and wastewater treatment solutions and the water savings it enables for its customers. There are also significant contributions to SDG targets 3.3 and 3.4, as its solutions help prevent communicable and respiratory illnesses.

The company has fully integrated sustainability in its governance and value proposition and has set itself ambitious targets related to the positive impact it generates.

Impact Leader
EDP Renovaveis SA

EDP Renovaveis SA (EDPR) is a renewable energy company, which engages in the development, construction, and operation of onshore and offshore wind farms and solar plants. It is a subsidiary of Energias de Portugal, the largest Portuguese utility company. The firm generates energy from renewable sources in several locations, with a generation portfolio of 16.6 GW across North America, Europe, South America and the APAC region.

As a pure player in the renewables sector, EDPR makes a clear contribution to SDG 7.2 by generating energy from wind and solar, contributing to the energy transition across multiple markets globally. The company has ambitious renewable expansion plans, and demonstrates a strong commitment to leveraging innovation to advance the development of renewables globally.

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 Q² 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, 2024. 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.

To read more about our [Green, Social and Sustainability Bond \(GSSB\) assessment framework](#).

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 these 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, 2024. 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).³⁴ ”

³⁴ Source: Climate Bonds Initiative

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 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.

Vision for 2025

In 2025, we will continue to promote best practices across the labelled debt market through our engagement activities. In particular, we will monitor the adoption of the EU Green Bond Standard (EU GBS) by issuers (see below). Several themes are emerging in discussions with market participants, and we anticipate extensive dialogues on issuers’ transition plans and the labelled debt formats best suited to finance the transition, especially amidst a slow-down in SLB issuances. As investors, we continue to believe that green bonds, SLBs, and transition bonds can be relevant and complementary tools to support issuers in their transition journey.

We expect some innovation in the market, particularly through the issuance of blue bonds, a sub-set of green bonds that focuses on marine and freshwater conservation, as well as blended finance. The debt-for-nature market is likely to continue expanding as sovereign issuers find viable ways to restructure higher-cost debt to address climate and nature risks. The concept of a “just transition” may gain traction, addressing the social impacts of climate change and policies. We believe that Supranational, Sub-Sovereigns, and Agencies (SSAs), given their respective mandates, are particularly

well-placed to identify suitable projects to issue under a sustainable debt label, supporting an inclusive and equitable shift towards a sustainable economy.

Focus on the EU Green Bond Standard

The EU Green Bond Standard (EU GBS) is meant to be a voluntary, non-legislative standard to enhance the effectiveness, transparency, comparability and credibility of the green bond market and to encourage the market participants to issue and invest in EU green bonds. Building on the ICMA Green Bond Principles notably, the EU GBS is based on four key components:

1. Alignment of the green projects/assets with the EU Taxonomy for sustainable activities;
2. Mandatory publication of a green bond framework;
3. Mandatory reporting, both on the allocation of proceeds and on environmental impact;
4. Mandatory verification of i) the green bond framework and ii) the allocation report by an external reviewer.

We welcome this initiative as it will bring mandatory, high-quality requirements for green bond issuers that aims at issuing EU GBS-certified green bonds. The EU GBS is similar to AXA IM's proprietary green bond assessment framework on many aspects – *e.g.*, high quality of green projects, mandatory reporting. That said, we will continue using our internal assessment methodology, notably excluding fossil fuels like gas and nuclear-related projects, which are eligible under the EU Taxonomy. In addition, while the EU GBS requires issuers to publish a transition plan, it does not address its quality and level of ambition, which is a key aspect of our assessment framework. Lastly, as a global investor, we cannot solely rely on the EU GBS as it predominantly targets EU issuers.

Nonetheless, we view the EU GBS, which started to apply in December 2024, as a positive step towards raising market standards. While it is likely to have a neutral overall impact on our internal analysis, it will facilitate our assessment process and conversations with issuers. Its entry into force is expected to create a distinct tier of green bonds in the market, positioning the EU GBS as a best-in-class standard, with adoption depending on compliance requirements and incentives. So far, in 2025, we have observed appropriate use of this label and hope this trend continues, contributing to the overall robustness and integrity of the green bond market.

Exclusion policies

Informed by our ESG quantitative and qualitative research, our 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.

Our [top-level exclusion policies](#) apply to the majority of assets under management³⁵ are regularly updated to reflect our convictions and comply with the latest recent regulatory developments, including the SFDR³⁶ 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 assets³⁷ 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 ³⁸
Climate risks policy	85%
Ecosystem protection & deforestation policy	85%
Soft commodities policy	85%
Controversial weapons policy	99%
ESG Standards policy	61%

Source: AXA IM, as of 31/12/2024.

³⁵ 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.

³⁶ 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.

³⁷ At end of 2024, 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.

³⁸ Our sectoral and normative exclusion policies apply to all direct product investments under AXA IM’s management, excluding – for technical reasons – funds of funds composed of funds which are not under the management of AXA IM, index funds, funds of hedge funds, nor tenants in real estate portfolios. They apply to AXA IM and all its affiliates worldwide, to joint ventures where AXA IM’s stake is 50% or higher, and to funds for which the management is delegated to one of our joint ventures. JVs are excluded from this figure. Assets managed for AXA Group (*i.e.*, €426bn assets at end of 2024) are also excluded from this calculation, as AXA Group applies its own Responsible Investment policies. This results in €373bn accounted third-party assets.

In sum, our exclusion policies cover the following areas:

Set of Policies	AXA IM RI sectoral policies	AXA IM ESG Standards
Environmental	Climate (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)	
	Ecosystem protection & deforestation / Biodiversity (palm oil & derivatives; soy meal, oil & derivatives; cattle products; timber products)	
Social	Human Rights (controversial weapons)	Labor, society and human rights (violations of international norms and standards; white phosphorus weapons producer; exclusion of investments in securities issued by countries where serious violations of Human rights are observed)
	Soft commodities (food commodities derivatives)	
	Health (tobacco cultivation & products)	
Governance		Business ethics (severe controversies, violations of international norms and standards)
		Corruption (severe controversies, violations of international norms and standards)

Source: AXA IM, 2025.

AXA IM might occasionally exempt 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.

2024 updates

Since June 2024, our exclusion of companies involved in the production of tobacco has moved from our ESG Standards policy applying to RI open-ended funds to our Sectorial exclusion policies applying in principle to all funds under AXA IM’s management - thereby enlarging the scope of our tobacco exclusions. Our Tobacco Exclusion Policy is available [here](#).

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 Doctrine³⁹) 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 standards⁴⁰ remain and, at AXA IM, we continue to advocate for clearer, better articulated definitions, to

³⁹ “Autorité des Marchés Financiers”, the French regulator, which issued its 2020-03 position-recommandation in March 2020 [Informations à fournir par les placements collectifs intégrant des approches extra-financières | AMF \(amf-france.org\)](#)

⁴⁰ Non audited figures. As per [S&P Global Corporate Sustainability Assessment \(CSA\)](#) sustainable investment product categories, at end of 2024, a total of c. €484bn of our AuM integrated sustainability risks & mitigate principal adverse sustainability impacts, notably through the implementation of AXA IM ESG sectorial & normative exclusion policies – or

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

In March 2021, the European Union’s Sustainable Finance Disclosure Regulation (SFDR) came into force. The SFDR is 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). Since January 1st, 2023, the SFDR Level 2 is applicable. To date, the rules – notably with regards to SFDR classification and ‘sustainable investment’ (SI) definition – remain heterogeneous. In spite of regulatory clarifications from the SFDR, the definition of SI remained open to interpretation and subject to external advice. We continue to support the long-term objective of the EU to enhance transparency in sustainable investing and are actively involved in industry groups aimed at positively influencing investors and ultimately channelling flows into sustainable assets. In our view, the availability of comparable data will allow investors to develop a consistent and transparent ESG framework. This requires more efforts, and AXA IM will continue to advocate for and contribute to them and to monitor market practices and regulatory / supervisory guidance, and as such our interpretation SFDR Levels 1 and 2 may evolve over time to reflect regulatory guidance and/or market views.

In that context, 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 investments⁴¹ and for Article 8 financial products that may invest partially in sustainable investments⁴². SI methodologies have also been developed for real estate and impact investments in Private Markets.

equivalent applied by the client –, proactive stewardship, and the incorporation of ESG information into investment decision (representing c. 55% of total AuM managed by AXA IM at that date). Within this scope of funds integrating ESG criteria, c. 6.3% of total AuM 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). At that date, within the total ESG Integrated AuM, c. €50bn (representing c. 5.7% of total AuM) 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, measurable and sustainable impact on society and/or the environment and report against impact criteria aligned to specific UN SDGs – represented c. €4bn from both listed and alternative asset classes.

⁴¹ Eligible assets exclude investments used for hedging or related to cash held as ancillary liquidity.

⁴² [Sustainable Finance | AXA IM Corporate \(axa-im.com\)](#)

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 2024		
	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 ⁴³
AXA IM Core (traditional assets)	€516bn	€419bn	€330bn
AXA IM Alts (real asset classes)	€128bn	€47.5bn	€19.7bn
AXA IM Alts (alternative credit, natural capital & impact)	€55bn	€36.9bn	€9.4bn
AXA IM Prime (private market funds of funds) ⁴⁴	€40bn ⁴⁵	€23.5bn ⁴⁶	€0.7bn

Source: AXA IM, December 2024.

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 7](#)) and on AXA IM Fund Centre⁴⁷.

SFDR categories for AXA IM Core

At end of 2024, **79% of AXA IM Core assets in scope of the SFDR (€330bn of AuM)** either promote environmental or social characteristics and/or demonstrate a sustainable objective and are therefore categorised as respectively Article 8 or Article 9, against 79% at end of 2023 (€323bn) and 78% (€318bn) at end of 2022.

The remaining 21% of AXA IM Core assets in scope of the SFDR are integrating and assessing sustainability risks without promoting environmental or social characteristics or having a sustainable investment objective (€89bn of AuM classified as Article 6).

SFDR categories for AXA IM Alts

At end of 2024, **34% of AXA IM Alts total AuM in-scope of the SFDR (€29.1bn)** either promote environmental or social characteristics and/or demonstrate a sustainable objective and are therefore categorised as Article 8 or 9 in 2024, a significant progress since 2021 (13% in 2021, 18% in 2022 and 28% in 2023).

Due to the lack of or inconsistency of available data, most of Alts financial products are integrating and assessing sustainability risks without promoting environmental or social characteristics or having a sustainable investment objective. AXA IM Alts' Articles 8 and Articles 9 funds focused on:

⁴³ 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.

⁴⁴ During 2023 AXA IM Prime commenced work on the deployment of new funds with an Article 8 or 9 SFDR classification, with one new fund launched in 2023 classified Article 8. The net asset value of this fund at end 2023 was nul.

⁴⁵ Total AuM are reported on a gross basis, encompassing both investment management and advisory activities of AXA IM Prime.

⁴⁶ Total AuM are presented on a gross basis, based on the year-end net asset value of funds directly managed by AXA IM Prime.

⁴⁷ [Funds - AXA IM Global \(axa-im.com\)](#)

- For Real Estate and Infrastructure: **€19.7bn** of the business lines products promote environmental or social characteristics and are categorised as Article 8 (**41%** of total in-scope AuM at end of 2024, against 33% at end of 2023);
- For Alternative credit and Natural capital & Impact: **€9.4bn** of the financial products either promote environmental or social characteristics and are categorised as Article 8 or are impact funds having a sustainable investment objective and are therefore categorised as Article 9 (**25%** of total in-scope AuM at end of 2024, against 17% at end of 2023).

SFDR categories for AXA IM Prime

AXA IM Prime has started to frame some financial products as Article 8 under SFDR. At end of 2024, **3% of AXA IM Prime assets in scope of the SFDR (€0.7bn of AuM)** are categorised as Article 8⁴⁸.

Sustainability-related labels

AXA IM supports the development of sustainability-related labels across European countries, managing as of end of December 2024 **c. €43bn 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. In 2023, our two most significant labels in terms of number of labelled funds, the Towards Sustainability label and the label ISR, underwent significant revisions, with funds expected to be compliant with the revised guidelines by July 2024 and December 2024, respectively. These revised guidelines included:

- For the label ISR, the introduction of exclusions of companies that are harmful from an environmental, social or governance perspective, as well as sovereigns not in line with international fiscal and anti-corruption practices; the outperformance of two sustainability indicators related to the EU PAIs by the fund compared to its benchmark, adherence to an SRI strategy focused on either significantly reducing the investable universe by excluding the worst ESG performers or on outperforming the ESG rating of an ESG-reduced investable universe with higher reduction rate; reinforced stringency on the proportion of the portfolio voted on.
- For the label TS, reinforced exclusion of environmentally harmful companies (specifically those active in oil and gas and/or thermal coal-fired power generation); the outperformance of two EU PAIs (GHG

⁴⁸ AuM presented on a gross basis as explained above, *i.e.*, including both master, feeder and sub-funds managed within AXA IM Prime funds of funds.

intensity and number of Women on Board) compared to the fund’s benchmark; an elevated percentage of companies to be excluded from the investable universe based on their ESG performance for those funds with the SRI strategy to significantly reduce their investable universe; reinforced stringency on the number of companies to vote on.

Following the updated guidelines, over 52% of our TS labelled funds and 70% of our ISR-labelled funds kept their label, implying a limited impact of the increasingly stringent criteria on our labelled funds.

Our Sustainable Labels policy available on our website⁴⁹ provides more information on the processes in place for our ISR, Greenfin and TS-labelled funds.

Sustainable labels	As of 31/12/2024		As of 31/12/2023		As of 31/12/2022	
	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 ⁵⁰	58	38,719	72	36,495	70	29,869
Greenfin ⁵¹	4	2,016	3	1,633	3	1,495
Towards Sustainability ⁵²	9	5,238	19	7,780	23	8,110
RIAA	1	0,453	1	0,426	1	0,414

Source: AXA IM, 2025. 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.

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 name⁵³. 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) exclusions⁵⁴ 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.

AXA IM is progressively implementing these guidelines across in-scope funds, ensuring compliance with the final deadline set by the ESMA on the 21st of May. As of 31st December 2024, 26 of our open-ended funds representing c. €17.5bn AuM were already aligned with the ESMA guidelines. Another 18 of our open-ended funds (representing approximately €5.9bn AuM) transitioned by the 21st of May. The majority of AXA IM funds in scope of the ESMA were already aligned with the guidelines – therefore, the impact of these guidelines on our funds remains limited with less than 10 funds being renamed.

⁴⁹ [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

⁵⁰ [Label ISR - Pour des placements durables et responsables](#)

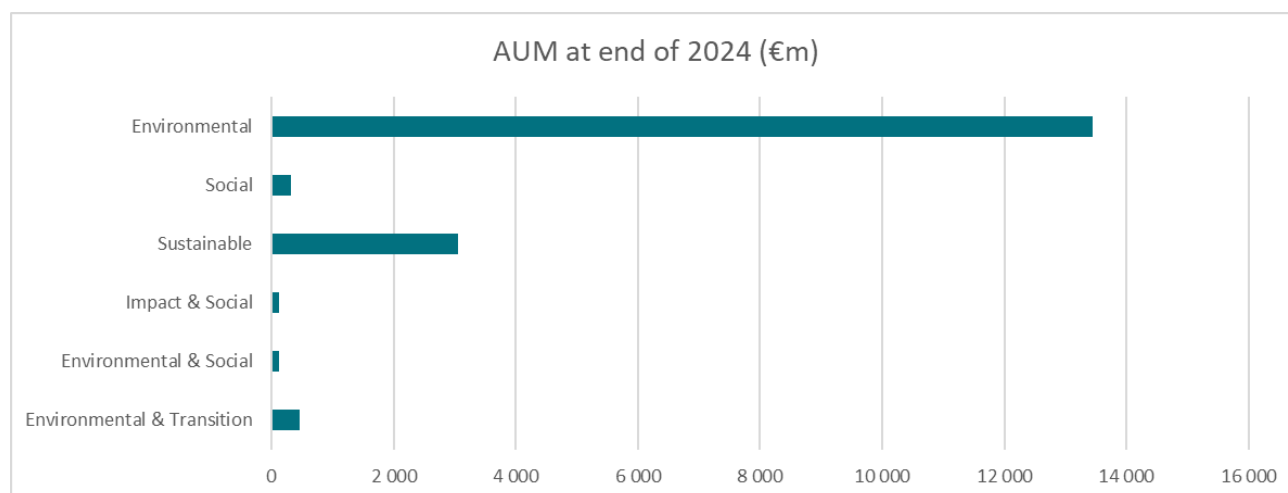
⁵¹ [Le label Greenfin | Ministères Écologie Énergie Territoires \(ecologie.gouv.fr\)](#)

⁵² [Towards Sustainability Initiative | Towards Sustainability](#)

⁵³ [esma.europa.eu/sites/default/files/2024-05/ESMA34-472-440_Final_Report_Guidelines_on_funds_names.pdf](#)

⁵⁴ 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](#)

ESMA-compliant open-ended AuM per ESMA category as of 31st December 2024:



Source: AXA IM, 2025.

Focus on our climate funds

In 2022, AXA IM has launched an active ETF range, notably made up of an active Climate ETFs, which has been then extended to passive Paris-Aligned ETFs launched in 2023 to cater to clients who wish to achieve their goals using the PAB framework within ETF wrapper.

The full ETF range (active & passive) exceeded €2.8bn at end of 2024. As of end of December 2024, more to **60% of the ETF range** is covered by ESG-related exclusion criteria, including **€836M** of AuM in PAB funds.

Additionally, we managed **€354M** of assets in Climate Transition 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 decarbonised world. This incorporation is done throughout our investment process using our proprietary Climate Color framework further described below, which includes both quantitative and qualitative climate analysis.

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 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 strategy⁵⁵, 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 of December 31st, 2024, this strategy represents approximately €344M commitments from both AXA Group and 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 CO₂ achieved through the protection of nature. This urgency and plan for action through Nature-Based Solutions was echoed by the leaders from the Glasgow COP26:

“We, the leaders of the countries identified below, emphasise the critical and interdependent roles of forests of all types, biodiversity and sustainable land use in enabling the world to meet its sustainable development goals; to help achieve a balance between anthropogenic greenhouse gas emissions and removal by sinks; to adapt to climate change and to maintain other ecosystem services”

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 adaptation, 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:

- 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:

⁵⁵ [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)

- 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 CO₂ 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
Forest Carbon Indonesia	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"> - 3M verified carbon credits generated - 22,922 hectares of critical habitat conserved or protected
Mombak	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"> - 12,824 hectares of land under sustainable management - 9,999 hectares of land protected
Madecasse	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"> - 991 hectares of land under sustainable management - 196 hectares of critical habitat conserved or protected - 954 livelihoods supported - 3 IUCN species with strengthened conservation
Fundaeco	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"> - 1M of Verified carbon credits generated - 59,524 hectares of critical habitat conserved or protected
Sistema Bio	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"> - 1.37M avoided/removed emissions (tCO₂e) - 4M tonnes of avoided waste - 308M cubic metres of biogas produced

As of December 31st, 2024, this strategy represented \$489M commitments from AXA Group.

- **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
Climate Mitigation and resilience	<ul style="list-style-type: none"> - Avoided emissions (tCO₂e) - Avoided waste (tonnes)
Financial Inclusion	<ul style="list-style-type: none"> - Individuals empowered - MSMEs empowered
Global Health	<ul style="list-style-type: none"> - Healthcare solutions developed - LMICs reached - Lives saved or improved by provision of healthcare solution
Natural Capital	<ul style="list-style-type: none"> - Land under sustainable management (hectares) - Critical habitats protected/restored (hectares) - Avoided or removed CO₂ emissions - Verified Carbon Credits generated

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 Associes in 2023 and confirmed to be aligned with the principles.

Focus on AXA IM Impact Philanthropy Mechanism

In 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. From 2020 to 2024, AXA IM supported five charities as part of this mechanism.

In 2024, this impact philanthropy mechanism was integrated into a new global and more holistic philanthropy programme named ‘Empowering Sustainable Futures’. This programme enables AXA IM to support organisation committed to developing tomorrow’s leaders through education and supporting areas of society and the environment most impacted by climate change. The projects remain aligned with our impact objectives and with selected United Nations Sustainable Development Goals (“UN SDGs”) such as:

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

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 and has been taking an active role on the GRESB Benchmark Committee. 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 premium⁵⁶. 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. 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 believe it is vital to communicate with clients in the most transparent and comprehensive way possible for those assets which integrate ESG considerations, to give them a complete analysis of our RI framework and help them understand it, and its importance. All the main financial and non-financial information on

⁵⁶ 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.

every fund that has integrated ESG criteria into its investment process is available on our Fund Centre⁵⁷. 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 is now able to provide 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 funds⁵⁸.

Engagement and voting reports have been deployed across our 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. To provide our clients with greater transparency on our stewardship activities, the 2024 enhancement of our fund level engagement report includes a new page dedicated to qualitative engagement case studies on portfolio holdings, which details the engagement objectives and themes addressed with the issuer and provides an overview on the current stage.

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.

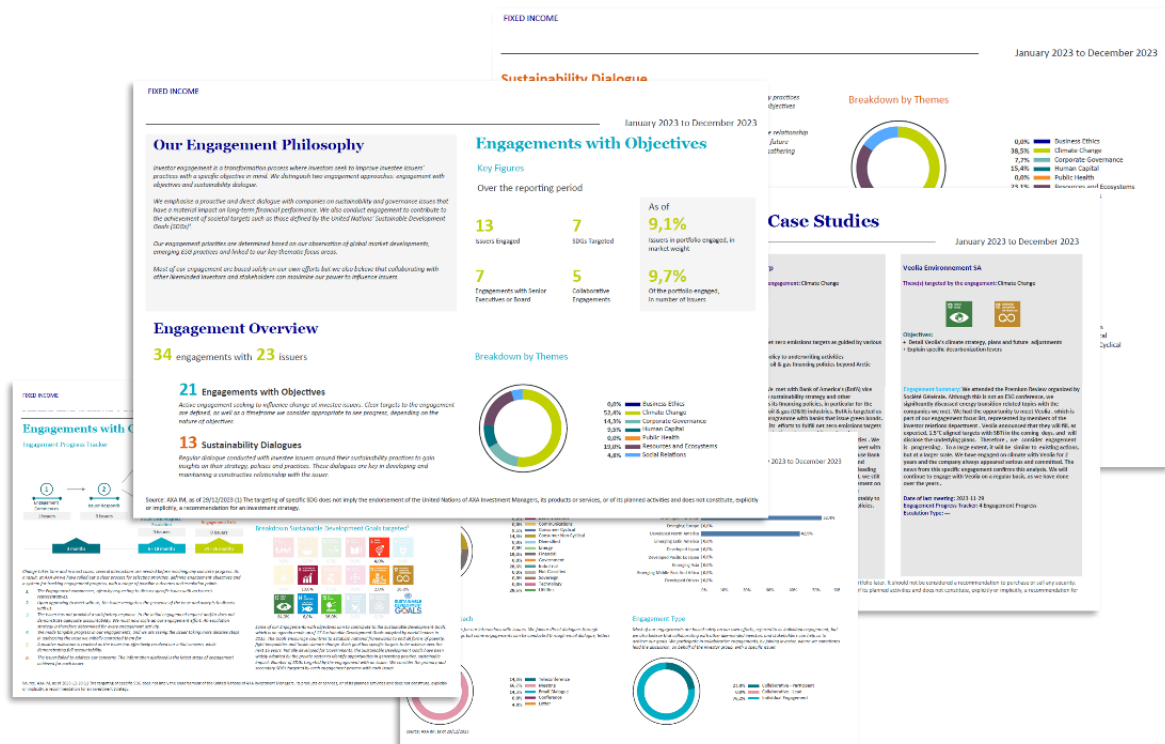
To meet our ambition to foster transparency, in 2023 and 2024, we have devoted our capabilities to improve our fund-level engagement report. Our clients have now access to detailed information about engagement conducted on behalf of their investments. This includes engagement case studies, clear

⁵⁷ [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com)

⁵⁸ For traditional asset classes.

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. Lastly, we have conducted an AXA IM Select ESG Client Survey in October 2023, based on the views of 12,000 consumers in 12 markets across the UK, Europe, and Asia.



ESG reporting remains an area of focus and we will continue to enhance our reporting and provide more customised 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, we continuously engage with our 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. We do 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.

We are 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.

Our 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

The following content is available on our website:

- [Annual Stewardship Report](#);
- [Principles for Responsible Investment \(PRI\) report](#);
- [Exclusion policies](#);
- [SFDR-related disclosures](#).

Going into more detail about our stewardship activities, we are 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, we publish 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.

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 is made available to clients on our Fund Centre⁵⁹:

- 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;

⁵⁹ [Funds - AXA IM Global \(axa-im.com\)](#)

- 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, our purpose is at the core of everything we do: 'to act for human progress by investing for what matters'. This guiding principle not only drives our actions as an investor but also defines our identity as an organisation and employer. We recognise the profound impact businesses can have on addressing society's most pressing challenges, 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 as part of the annual AXA Group Environmental Reporting Campaign. 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

In alignment with our commitment to reduce our emissions, AXA IM has embarked on ambitious plans to achieve emissions and consumption reductions by 2025, as outlined in our AXA IM Sustainability Report. 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 ₂ e)	Business travel (tCO ₂ e)	Car fleet (tCO ₂ e)	Marketing paper (kg/FTE)	Office paper (kg/FTE)	Water (m ³ /FTE)	Unsorted waste (kg/FTE)
2025 % reduction	36%	25%	15%	20%	20%	10%	10%

Energy

In 2024, 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. Our commitment extended to selecting sustainable buildings with advanced energy-efficient technologies, contributing to reduced energy consumption. In 2025 and beyond, we will continue to work closely with our internal teams, landlords and energy providers to implement further energy reductions across our operations and explore additional ways to optimise energy usage.

Car fleet

In 2024, 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. Moving forward into 2025 and beyond, we will continue to prioritise the strengthening of our car fleet policy implementation across all relevant locations, collaborating closely with our global COO and local COOs to ensure consistency and effectiveness. Additionally, we will continue our efforts to decrease the number of cars in our fleet.

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. It means for example taking trains only for journeys of less than 3 hours and reducing long haul business travel, leveraging instead digital solutions to replace some of the face-to-face meetings. Looking ahead to 2025 and beyond, we will continue to review and update our business travel policy, incorporating enhanced guidelines for sustainable travel practice and strengthen the efficiency of our travel policy through senior management communication and awareness campaigns.

Tackling Scope 3 emissions from our supply chain

Our Scope 3 emissions encompass the footprint generated by the activities of AXA IM providers and suppliers. We include it in our measurement and are committed to reducing its associated impact by actively engaging with our partners to encourage sustainable practices throughout 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 continue to work with our consultants from ClimatePartner and our procurement team to design and implement a supplier engagement program. One of the key actions involves engaging –

just as we do as an investor – with our most material suppliers and service providers to understand their sustainability commitments and efforts. Through these engagements, we aim to improve the accuracy and granularity of our supplier emissions data and support suppliers in developing and implementing their own emissions reduction strategies. 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 2024, 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 Biogas Development Programme in China. 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. Widely recognised as the leading international GHG accounting tool, the GHG Protocol is instrumental for governments and businesses in comprehensively understanding, quantifying, and managing GHG emissions. It serves as the foundation for numerous GHG standards and programmes globally and is used in the preparation of hundreds of GHG inventories by companies worldwide.

For 2024, ClimateSeed calculated AXA IM offices emissions to be 35,131tCO₂e, considering a location-based approach. Considering a market-based approach, total emissions amount to 34,777tCO₂e.

It is important to highlight that certain sub-categories of emissions are excluded from our GHG inventory as they are not pertinent to AXA IM's operations. These exclusions typically encompass activities or sources of emissions that are not representative for financial services companies like AXA IM.

Category of emissions	Sub-category	Emission sources	Total GHG emissions (tCO ₂ e)
Scope 1	1-1	Direct emissions from stationary combustion sources	94
	1-2	Direct emissions from mobile sources with combustion engine	671
	1-4	Direct fugitive emissions	287
Scope 2	2-1 (location-based)	Indirect emissions from electricity consumption	569
	2-1 (market-based)	Indirect emissions from electricity consumption	386
	2-2	Indirect emissions from steam, heat, or cooling consumption	150
Scope 3	3-1 (location-based)	Purchased goods or services	21,122
	3-1 (market-based)	Purchased goods or services	21,127
	3-2	Capital goods	2,240
	3-3 (location-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	286
	3-3 (market-based)	Emissions related to fuels and energy (not included in Scope 1 and Scope 2)	110
	3-5	Waste generated in operations	44
	3-6	Business travel	7,814
	3-7	Employee commuting	1,854
TOTAL (location-based approach)			35,131
TOTAL (market-based approach)			34,777

Source: AXA IM, ClimateSeed, 2025.

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. As of December 2024, the percentage of women in our Management Board is 45%. 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 2024, this ratio remains at c. 20%⁶⁰.

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;
- 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

⁶⁰ Now including 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), and excluding AXA IM Select France; c. 19% when including AXA IM Select's entities – which were also integrated in 2024.

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 2024:

- 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 2024 reporting period, the target was yet again reached ahead of schedule, as women made up 36% of our global senior leadership population. This further confirms our progress and ability to maintain this target by end of 2025.

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.

In 2024, we launched the AXA IM Philanthropy Programme ‘Empowering Sustainable Futures’ programme, to reinforce our philanthropic commitment through alignment and connection between all our global and local philanthropy efforts and volunteering initiatives, while actively engaging our employees.

We donate to non-profit organisations from a set portion of selected impact strategies management fees, ensuring the alignment of our investments with our societal impact goals.

Employees in our local offices are invited to suggest non-profit organisations for application to the “Empowering Sustainable Futures” programme, with selection based on clear criteria of eligibility. The selection is guided by an internal philanthropy committee. The projects we fund are measured against tangible outcomes and goals and support several UN Sustainable Development Goals.

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.

In 2024, over 1,300 employees dedicated time and expertise to projects with both a social and environmental impact, including:

- school outreach programmes, to support young people to develop financial literacy and understand the value of savings;
- forest and beaches clean-up initiatives;
- sport challenges to raise funds for non-profit organisations.

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.

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 2024, c. **3%** of AXA IM employees⁶¹ were fully dedicated to RI topics (excluding employees contributing partially to these topics on a day-to-day basis).

AXA IM RI Center, consisting of 13 employees, serves as a transversal actor facilitating the integration of ESG considerations into each BU and leading the overarching Active Ownership strategy, which dictates our involvement with investee companies. In addition, the two teams have the following individual responsibilities:

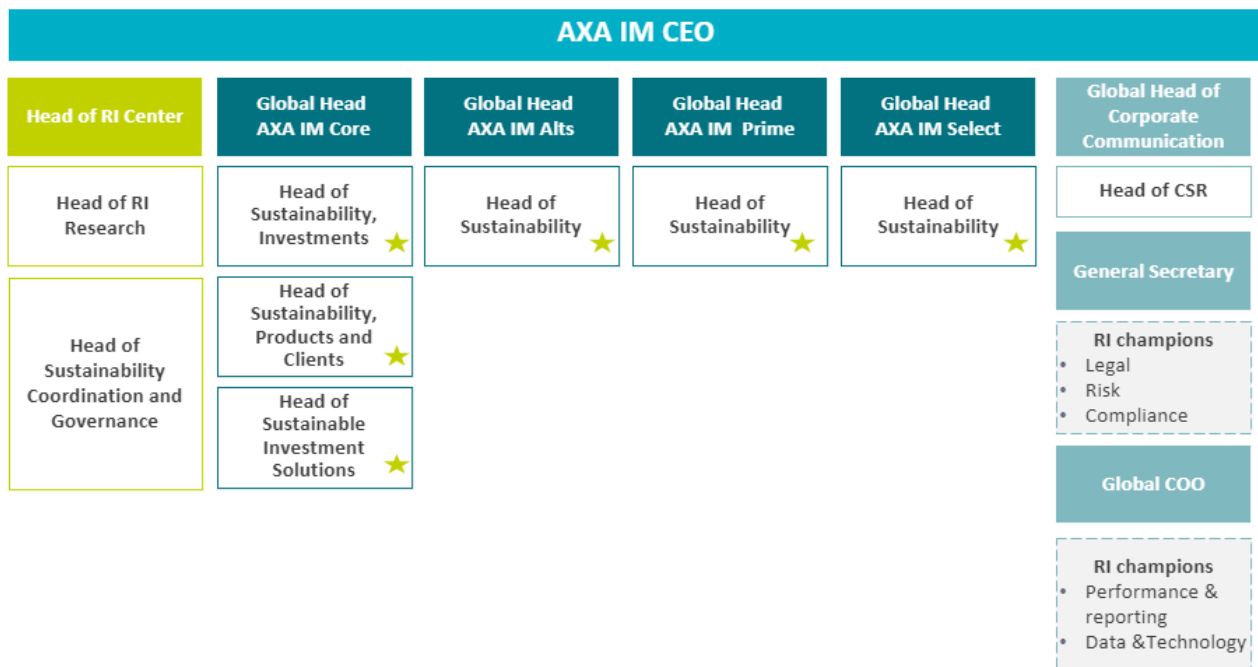
- The **RI Research** team, which leads shareholder engagement as part of the Active Ownership strategy and produces research on key E and S themes ranging from climate and biodiversity to human rights and human capital. They also analyze and communicate on the relevance of these topics to our RI policies. Lessons drawn from the research are integrated into the BUs' investment decisions and used by the team to lead shareholder engagement as part of the Active Ownership strategy;
- The **RI Coordination and Governance** team, 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.

The RI Center works closely together with the several experts within the BUs. Firstly, each BU has its own Head of Sustainability who are in charge of coordinating RI-related projects within their investment platform(s), integrating ESG criteria in decision-making process, supporting investment teams on RI-related topics and making the link between RI-dedicated teams and investment teams.

In addition to these teams, 10 employees from operational functions within the General Secretariat and within the Global COO department are fully dedicated to ESG, to ensure the adaptation of our operational and IT framework to ESG integration and proper level of oversight from control functions.

Finally, 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.

⁶¹ As of 31 December 2024, AXA IM accounted 93 employees fully dedicated to RI topics (excluding employees partially contributing to RI topics) out of a total of 2,875 employees including permanent and temporary contracts and excluding internship. The last figure includes notably all employees from AXA IM Paris, AXA REIM SGP and AXA IM Prime.



Source: AXA IM, 2024. ★ = dotted reporting for Heads of Sustainability within AXA IM's 4 business units to Head of RI Center.

For AXA IM Core

AXA IM Core works 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 integrates RI & ESG into all AXA IM Core investment processes and portfolio construction, 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 develops AXA IM Core's strategy regarding their RI product offering. The Sustainable Investment (SI) Solutions teams works on the quantitative side of ESG integration at AXA IM Core, by developing and implementing the necessary methodologies and leading operational processes. Using these methodologies, the 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 **23 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

AXA IM Alts has RI experts who are fully dedicated to integrated ESG-related risks and opportunities into their specific investment platform, including **34 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, AXA IM Prime has adopted a decentralized approach to its RI and ESG expertise. First, a dedicated ESG team of **5 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

ESG and climate learning and capacity building resource: from 2020 to 2024

Our employees are regularly trained on ESG and RI through internal and external training. AXA IM provides its employees with a dedicated learning journey consisting of internally available ESG and RI courses. Since 2023, each employee has also been required to undertake a personal ESG development goal. AXA IM's ESG offering notably includes the following:

- On climate change, our flagship AXA Group-wide 'AXA Climate Academy' programme, launched in October 2021, with the aim of supporting our collective effort to mitigate the effects of climate change. 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. At the end of 2024, 99% of AXA IM employees have been certified under the AXA Climate Academy programme⁶². Our employees also benefit from a comprehensive curriculum provided by the AXA Climate School, which encompasses climate science, its practical applications, biodiversity, and soon, ocean studies, and other online climate-related courses (e.g., Inequalities and Climate Change, The Collapse of Biodiversity) are also proposed to all employees;
- 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 90 completions at end of 2024 (c. 3% of AXA

⁶² Active employees as of end of December 2024; excluding interns, apprentices, temporary staff, consultants, joint ventures.

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;

- 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 2024, 311 employees completed the foundational real estate ESG course (c. 11% 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 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.

Overall, from 2020 to 2025, 98% of employees have engaged in at least one RI online course between 2020 and 2025, and 891 employees participated in at least one live instructor-led course delivered by external providers or co-delivered with internal RI experts, representing 31% of AXA IM's total workforce (excluding participation in the AXA Climate Academy). Our employees have also access on-demand to many other ESG & sustainability training tailored for the asset management industry.

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).

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, Greenwich) 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 2024, AXA IM spent more than **€2.94** million in third-party ESG-related product and services (c. **7%** of the total market data expenditures in 2024⁶³) compared to €2.55 million in 2023 and €2.36 million in 2022, including data on several specific ESG topics, from the following data providers:

⁶³ Total expenditures in market data represented €42.3M excl. value added taxes (VAT) in 2024, excl. data providers contracted for AXA IM Alts' Real Assets and AXA IM Select.



Source: AXA IM, 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

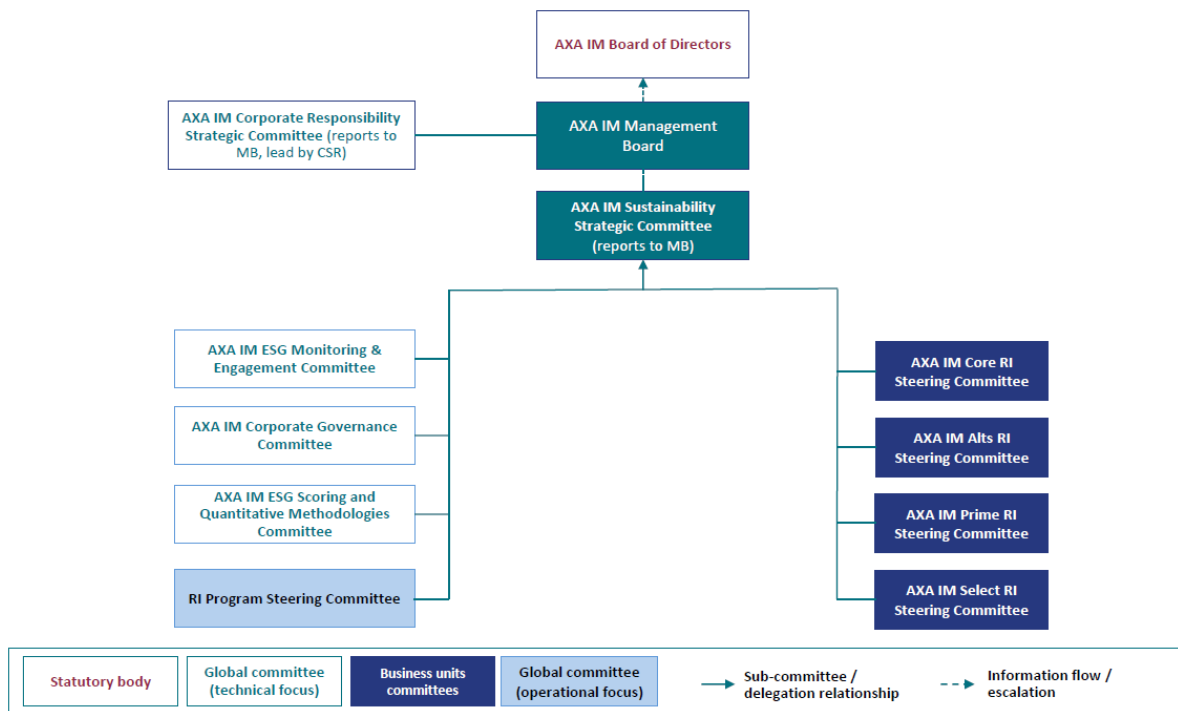
3.1 Our RI governance & committees

AXA IM’s RI governance structure was lastly reviewed in Autumn 2023, notably as part of the integration of the two new AXA IM business lines Prime and Select. The new organisation allows AXA IM to:

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

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

AXA IM RI Governance and Committees



Source: AXA IM, 2025.

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

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 ambition⁶⁴, 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)⁶⁵ 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;
- 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.

This new policy is reflected in the **AXA IM for Progress Monitor**⁶⁶, launch in early 2023, a set of metrics selected due to their material contribution towards AXA IM's ambition of becoming a leading responsible asset manager. AXA IM for Progress Monitor brings together a selection of existing metrics in a simple and transparent way, to better communicate and showcase our journey to net zero.

Initially comprised of eight metrics selected for their strategic importance and material contribution towards our goal of becoming net zero as a business and investor by 2050, AXA IM for Progress Monitor represents the way we know we can effect change on the road to net zero:

⁶⁴ [AXA IM aligns compensation of senior executives to its ESG ambitions | AXA IM Corporate \(axa-im.com\)](#)

⁶⁵ 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](#)

⁶⁶ [AXA IM For Progress Monitor | AXA IM Corporate \(axa-im.com\)](#)

- **Decarbonization** across the main asset classes and for our own operations;
- The importance of **active engagement** as an active asset manager, both internally and externally;
- **Providing solutions to encourage clients to consciously channel capital** to companies and projects that can help accelerate the transition.

AXA IM for Progress Monitor will evolve in time to factor in AXA IM's commitments towards E, S and G criteria. Our progress towards these interim targets is reported annually with the first update given in July 2023, and the last in June 2025: [AXA IM For Progress Monitor | AXA IM Corporate](#)

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.

All principles related to remuneration are set out in the **AXA IM Remuneration Policy**⁶⁷, which accounts for AXA IM's business strategy, objectives, risk tolerance, and the long-term interests of AXA IM's clients, shareholders and employees. It also seeks to ensure sound and effective risk management and behavior which is consistent with the risk profile, strategy, objectives and values of the managed portfolios.

⁶⁷ [Remuneration | AXA IM Corporate \(axa-im.com\)](#)

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 in the below documents:

- ▶ [Corporate Governance and Voting policy](#)
- ▶ [Engagement policy](#)
- ▶ [2024 Stewardship report](#)
- ▶ [Full voting records](#)

4.1 Engagement, collaboration and escalation

Engagement in listed markets in 2024: highlights and data⁶⁸

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 RI Research team leads 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.

⁶⁸ Figures in this section may be rounded.

In 2024, we conducted an overall 550 engagements with 426 entities – showcasing the importance of stewardship in our responsible investment strategy, and its integrated approach. The increase was observed for both categories of engagement, with ‘engagement with objectives’ representing 42% of it, and with ‘sustainability dialogues’ 58%. Overall, the most targeted themes remained climate change (41%, against 37% in 2023), corporate governance and human capital (30% combined against 17% in 2023), and biodiversity & natural capital (17% against 16% in 2023).

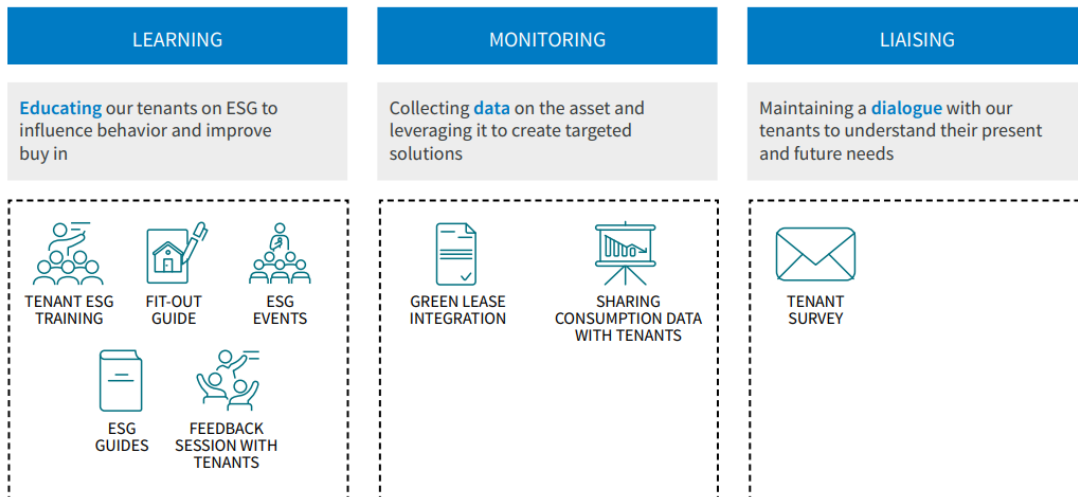
Several of our Engagements with Objectives began in 2022 and 2023, and we are seeing several of them starting to bear fruit, with 68 Engagements with Objectives seen as ‘in progress’ and 7 success milestones in 2024. In some cases, the use of escalation was also necessary due to a lack of progress, which was the case for 16 engagements. Engagement and dialogue are often conducted in collaboration with various teams internally, providing both strategic and technical views of the company’s practices but also demonstrating AXA IM’s integrated stewardship approach, which allows the information gained during engagement to be fed into investment –decision-making. In 2024, 17% of our engagements with objectives were conducted across various teams at AXA IM, often with an ESG specialist and a portfolio manager (in 88% of cases of joint engagements).

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 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 will continue to deploy its engagement approach with a focus on engagement tracking and reporting.

► Vision for 2025

2025 will be the first full year of implementation of the newly formed Engagement Framework with adoption from the full Investment team at Select including the Operational Due Diligence team. It will follow the setup stated above and can be used as a key RI tool at the disposal of the investment team for positive outcomes. In 2025, AXA IM Select will also extend the AXA IM voting policy to all

AXA IM Select subdelegated funds with an objective to complete this project by the end of Q2 2025, before the voting season.

In 2025, stewardship will remain a top priority on our RI roadmap. We aim to focus our engagement specifically on:

- **Climate transition plans:** We will continue to focus on the moving and interdependent parts of the energy transition. In a world where the consumption of fossil fuels is not declining, we will engage with companies on both sides – the producers, mostly of oil and gas, and the consumers, with a focus on high materiality sectors, notably basic materials, heavy industries and the transportation ecosystem -, as well as with the financial sector which is “greasing the wheel”.
- **Biodiversity loss:** deforestation will likely remain a high a priority and we will continue encouraging issuers to strengthen deforestation and conversion-free commitments and disclosure to track progress. For issuers that have reinforced their commitments, the focus will be on concrete actions and implementation mechanisms to deliver on objectives. The implementation of the EUDR (EU Deforestation Regulation), initially expected to take effect in 2024, is now projected for 2025 and is anticipated to drive significant progress in addressing deforestation-related issues. More generally, the publication of the first CSRD reports in 2025 is expected to enhance corporate transparency regarding nature, which should facilitate engagement efforts.
- **Social & human rights issues:** As mentioned in 2024, we see the integration of the “S” pillar considerations developing as a cross-cutting theme. Regulatory pressure such as the first CSRD reports to be published, as well as the development of due diligence regulations across regions are also an important lever for companies to step-up. Even if political uncertainties may reduce ambitions on different regulations, we continue to believe in a gradual shift from a purely net zero focus to a more holistic perspective. Scrutiny on workers’ rights should continue to span all sectors, particularly in those most affected by a profound change of skills, such as automotive where we are seeing a shift to electric vehicles. The thematic of just transition should continue to grow embedding both energy transition and its impact on people. Modern slavery, living wages, working conditions, unionisation and social dialogue are structural issues that have been to some extent overshadowed by climate concerns until recently - but investors are starting to consider these more seriously, as echoed by a growing number of shareholder resolutions at company annual meetings.

For more details on our engagement activities on ESG themes and engagement process, please refer to our [2024 Stewardship report](#)⁶⁹.

4.2 Voting

Voting is an essential part of AXA IM’s efforts to integrate ESG concerns into investment processes and a building block in our stewardship approach. It is guided by our Corporate Governance & Voting policy, which is updated at least annually and whenever necessary to strengthen the link with our thematic engagements. 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

⁶⁹ [Stewardship and Engagement | AXA IM Corporate \(axa-im.com\)](#)

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 2024 voting activity in figures

During 2024, AXA IM voted on a total of 54,550 proposals at 4,929 meetings, representing 98.2 % of the meetings we could vote at. 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. 96% of those proposals and meetings voted at were in accordance with AXA IMs' Corporate Governance & Voting Policy, representing 51,787 proposals voted at 4,718 meetings, and 87% of our equity assets under management. They resulted in:

- An average opposition rate of 14.95%, with at least one vote against cast in 60% of the meetings where we voted;
- The highest level of opposition remains for board issues (37% of votes against management), followed by executive remuneration (25% of votes against).

Influence of dialogue on our voting decisions

In applying our policy when voting, we are cognizant of the fact that companies are dynamic and a 'one size fits all' approach is not appropriate. Therefore, our voting approach is based, above all, on our regular dialogue with the firms we invest in, an understanding of their activities, their sector and the challenges they face, so we can vote in a highly-informed manner.

To reflect this, we started to record, since 2023, all votes influenced, either positively or negatively, by our dialogue and engagement with investee companies. For 2024:

- We recorded 240 votes linked to engagement, 34% of which were influenced negatively (either because a company's explanations were not deemed convincing, our expectations and recommendations have not been considered, or because voting was used as an escalation technique). This means that engagement and dialogue with companies had a positive influence on the vast majority of our votes linked to engagement, illustrating the importance of a quality dialogue between issuers and their shareholders;
- Most of the recorded votes were linked to corporate governance-related engagements (83%), primarily on executive pay-related issues (45%), board-related issues (35%), and audit (8%);
- Climate-related engagements also fed into our voting decisions, in 11% of cases. This is even more striking when looking at votes used as engagement escalation, in which case 78% of them were linked to climate.

► Vision for 2025

For 2025, evolution in our Corporate governance & voting policy will be shaped by our dialogue with investee companies conducted in 2024, and will focus on:

- Vote on sustainability reports: in markets where the non-financial information statement is subject to shareholder approval, we may withhold support if the general quality of the company's sustainability disclosure is insufficient, and the report has not been externally assured.
- More generally, where not already legally required, we encourage companies to submit their non-financial reports to external verification. Although we acknowledge that sustainability assurance standards are still developing, and the level of maturity of sustainability data is still low, we believe that, ultimately, external assurance of non-financial information will reinforce the credibility and reliability of the information reported.

► In this context, we also expect companies' Boards, Audit Committees, or any Committee tasked with the oversight of sustainability assurance, to ensure they have an appropriate level of understanding on sustainability assurance processes to enable informed discussions with assurance providers on the scope, level, and outcomes of the verifications implemented. Moreover, when selecting its assurance provider, the Board and its Audit Committee should ensure a transparent and rigorous process is in place based on objective criteria, including proficiency in sustainability assurance. Finally, to help investors in their understanding of sustainability assurance reports and their outcomes, we also encourage companies to provide transparency and disclosure of potential key sustainability assurance matters, and to proactively engage investors, if need be, explaining which factors influenced the final opinion and which remedial measures will be implemented (if necessary).

For more details on our voting activities in 2024, our voting process and our voting priorities for 2025, please refer to our [2024 Stewardship report](#).

4.3 Public policy engagement: involvement with industry groups and policy makers

The past years marked a steep change for the financial industry in many of the countries and regions where we operate, as major sustainable finance policies have entered into force. They came with some implementation challenges, some due to usability issues in the regulations themselves. Other simply reflect the fact that these regulations are aimed at transforming the way the financial sector but also the real economy operates to ensure they support the transition to a Paris Agreement-aligned world – requiring structural changes to happen across the value chain. Ultimately, we are convinced the long-term goals of many of those regulations are aligned with AXA IM's net zero commitment and can help facilitate the allocation of capital to support the decarbonisation of high-impact sectors as well as innovations in the sustainable solutions necessary for the transition to happen – which shapes our policy views. Usability issues and the sequencing of regulations and guidance have led to significant costs and difficulties for investors in interpreting and implementing the legislation. We therefore consider that usability issues need to be addressed in an orderly manner, considering impacts on different stakeholders across the sustainable finance value chain and bearing in mind the inter-operability challenges faced by global, diversified investors. We also believe that they should be accompanied by the appropriate real economy policies to enable an effective real-world transition towards more sustainable practices, consistent with the goals of the Paris Agreement. Against a more complex international backdrop, there remains in our view a need for stakeholders to come together and regroup to find robust and workable solutions, from asset managers to corporates, from auditors to consultants, and from policymakers to supervisors. This is essential in order for the EU to achieve its 2040 climate targets, and for the asset management industry to continue to successfully implement net zero commitments. We aim to continue to engage with our investor base, provide educational content on those important and evolving policies, and to encourage an understanding of how these may change our way of working and the nature of portfolio investments. In this context, in 2024, our policy advocacy efforts have focused primarily on helping to identify solutions to improve these policies' usability and help them deliver their intended objectives. In particular:

- **Tackling complexity and usability issues in the EU Taxonomy and CSRD:** Acknowledging issues faced by companies in their implementation, our advocacy focused on supporting the EU policymakers in their efforts to enhance usability, in particular through our participation to the [EU Platform on Sustainable Finance 2.0](#) between 2023 and 2025. Through this we aimed to make the use of the EU Taxonomy

“simpler” for all stakeholders across the Sustainable Finance value chain by looking for ways to address the lack of clarity in regulatory guidance, simplifying some of the metrics to make them more useful for decision making and reducing the number of data points by focusing on the most meaningful ones while preserving the integrity of the framework. Through this work, we also emphasized the need for an improved consistency and articulation across the different regulations including the EU Taxonomy, SFDR, CSRD and Markets In Financial Instruments Directive (MIFID) ESG preferences. Echoing this focus, we contributed to the collaborative [investor statement](#) on the Omnibus released early 2025;

- **Supporting the development of inter-operable, robust sustainability standards beyond the EU:** Through our participation to the ISSB Investor Advisory Group, we called for a sufficient inter-operability between sustainability standards like the ISSB and those from the EU, as well as for robust implementation mechanisms supported by capacity building;
- **Enhancing the quality of ESG data:** as investors, we largely rely on data vendors to access “raw” ESG data reported by companies, as well as to provide ESG ratings. Over the past years, we have been actively participating within industry groups as well as directly engaging with policymakers and supervisors to share our expectations on the [EU ESG ratings regulation proposal](#), as well as a U.K. working group set up by the FCA supporting a Code of Conduct for ESG ratings and ESG data providers. We highlighted issues in terms of the robustness and transparency of the ESG datasets that are distributed, which can complicate their use when producing regulatory disclosures (e.g. PAI statements related to SFDR), or when they are considered in investment decisions (e.g. in relation to the Taxonomy Regulation). When doing so, we recommended that the principles enunciated by the [International Organization of Securities Commissions \(IOSCO\)](#) should be followed. We were highly satisfied with the outcomes of the U.K. working group which we contributed to and that led to the publication of a [Code of Conduct](#) in December 2023, already signed by 15 ESG data and rating products providers. In the EU, we also advocated for the regulation to include ESG data products beyond ESG ratings, noting that raw data was increasingly re-disseminated and more and more used by investors, gaining traction over ESG ratings for the purpose of sustainability performance monitoring or sustainability objective definition. We were disappointed by the limited outcomes of the legislative process only capturing ESG ratings but not ESG data products, and in 2024 we continued to advocate for a wider framework at EU level, in line with the level of ambition and requirement already in place at EU level for the rest of the ESG value chain as well as requested at a worldwide level by IOSCO;
- **Addressing the current shortcomings of the SFDR within the European sustainable finance ecosystem.** While we support its overarching objective of providing increased transparency and comparability to our clients, several of the SFDR’s key concepts have remained too vague in our view. These include the definition of what a sustainable investment is, resulting in uneven implementation across the market. We consider the financing of the transition should be better addressed in the revision of the SFDR. We would see benefits in the development of a complementary categorisation regime with clearer minimum criteria, which could be based on metrics including some of the SFDR PAI and the EU Taxonomy, for example – provided the usability of those metrics continues to be improved (e.g., clarification of calculation formula, use of estimates for non-EU companies, etc.). We believe this could address the needs of some of our clients and help facilitate the channeling of flows towards transition and sustainable investments and the funding of the current investment gap to reach EU net zero goals. In our advocacy efforts, we also encouraged a further simplification of and proportionality in the disclosure templates, acknowledging that SFDR templates are complex to prepare and to understand, and might not have had the intended effect in terms of facilitating end-investors’ understanding. Finally, we believe it will be essential to ensure an effective articulation between any revision made to the SFDR and the

new sustainability preferences framework introduced in the EU's Markets in Financial Instruments (MiF) regulation in August 2022. Our advocacy efforts on SFDR have taken place within the [EU Platform on Sustainable Finance](#) as well as within various industry groups. There have also been individual engagements with the European Commission and selected local supervisory authorities;

- **Supporting a smooth implementation of the UK SDR:** in the UK, we also contributed to industry groups on the SDR and engaged directly with policymakers on this regulation, sharing key observations and challenges we were encountering as we prepared for the initial SDR implementation with some funds planning to adopt new labels⁷⁰. We welcome the introduction of clearer rules in the UK and will continue to support efforts to facilitate implementation of this principle-based regulation;
- **Advocating for well-functioning sustainability-related labels:** changes to the rulebooks of the French and Belgian labels were implemented in 2024. Recognizing clients' interest for those labels, we continue to support efforts to ensure the credibility of the labels and helped to maintain the trust of end-investors, particularly retail. We feel the labels should avoid too much complexity and costs for the end clients, and first and foremost should facilitate clients' understanding. Finally, we advocated in favour of usable criteria and rules adapted to the objectives targeted by the labels, as the new rules came into place with some implementation challenges. In the longer term, we will continue to call for an effective articulation of other sustainable finance regulations (e.g. SFDR PAI and the EU Taxonomy), which we consider could ultimately, replace local labelling regimes, if properly functioning;
- Similarly, within the EU and other jurisdictions, we continue to call for simpler, better articulated rules, providing sufficient clarity and comparability to all stakeholders including in particular our clients, and supporting the channeling of flows into sustainable investments in a more effective manner. Duplications at national level should be removed when possible.

⁷⁰ Claire Thibeau (AXA IM), January 2025, [AXA IM adopts SDR labels for three equity funds in the UK.](#)

5- Our share of assets in sustainable and fossil fuel sectors and activities

5.1 Green share of activities

Sustainable share of activities following the EU Taxonomy for sustainable activities

Since 2022, Corporates publish the eligibility and the alignment of their activities with regards to the EU Taxonomy⁷¹. The EU Taxonomy sets out criteria for environmentally sustainable economic activities across six environmental objectives, thereby giving companies and financial actors a tool to communicate their contributions to the transition towards a sustainable economy. As such, it should protect investors against greenwashing companies, mitigate market fragmentation, and help shift investments towards more sustainable activities.⁷² Starting January 1st, 2024, financial undertakings shall disclose the proportion in their total AuM aligned with the EU Taxonomy criteria.⁷³

To date, AXA IM has decided not to use estimated information for the purpose of its EU Taxonomy disclosures (i.e., estimates developed by ESG data providers based on complementary data disclosed by companies or through the use of models) but only data disclosed by corporates, pending for clearer regulatory guidance⁷⁴. This significantly limit the alignment ratio as non-EU investee companies cannot be covered.

At end of 2024 and 2023, based on data reported by issuers and collected by our data providers, we report the following exposure to assets eligible and aligned with the EU Taxonomy for listed assets managed by AXA IM Core (AXA IM Paris only):

		AuM at end of year		Exposure to assets <u>aligned</u> with the EU Taxonomy for sustainable activities (<u>turnover-based</u>)		Coverage	Exposure to assets <u>aligned</u> with the EU Taxonomy for sustainable activities (<u>CapEx-based</u>)		Coverage
		[M€]	[M€]	[%]	[%]	[M€]	[%]	[%]	
		AXA IM Core (listed corporate assets)	2024	232,455	10,042	4.32%	17%	11,114	4.78%
	2023	202,340	2,954	1.46%	21%	7,868	3.89%	15%	
Equities	2024	51,258	1,785	3.48%	21%	1,118	2.18%	20%	
	2023	48,693	1,055	2.17%	21%	1,839	3.78%	23%	
Corporate Bonds	2024	181,196	8,257	4.56%	16%	9,997	5.52%	22%	
	2023	153,648	1,899	1.24%	21%	6,028	3.92%	12%	
Benchmarks									

⁷¹ Alignment refers to an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labor standards, as defined by the EU Taxonomy Regulation.

⁷² Source: [EU taxonomy for sustainable activities \(europa.eu\)](https://europa.eu)

⁷³ Source: [EU Commission Delegated Regulation \(EU\) 2021/2178](https://europa.eu)

⁷⁴ See question 10 in section VII of the Consolidated questions and answers (Q&A) on the SFDR (Regulation (EU) 2019/2088) and the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288): [JC 2023 18 - Consolidated JC SFDR Q&As \(europa.eu\)](https://europa.eu)

MSCI All Country World Index (ACWI)	2024			0.79%	6%		0.43%	6%
	2023			0.40%	6%		0.90%	6%
ICE BofA Global Broad Market Corporate	2024			2.64%	11%		2.34%	13%
	2023			0.75%	11%		2.41%	10%

Source: AXA IM, S&P Trucost, 2025.

		AuM at end of year	Exposure to assets <u>eligible to the EU Taxonomy for sustainable activities (turnover-based)</u>		Coverage	Exposure to assets <u>eligible to the EU Taxonomy for sustainable activities (CapEx-based)</u>		Coverage
			[M€]	[M€]		[%]	[%]	
AXA IM Core (listed assets)	2024	232,455	22,437	9.65%	25%	19,782	8.51%	19%
	2023	202,340	8,616	4.26%	22%	15,267	7.55%	16%
Equities	2024	51,258	4,955	9.67%	25%	5,142	10.03%	24%
	2023	48,693	2,794	5.74%	25%	4,955	5.74%	25%
Corporate Bonds	2024	181,196	17,482	9.65%	25%	14,641	8.08%	17%
	2023	153,648	5,822	3.79%	21%	10,312	6.71%	13%
Benchmarks								
MSCI All Country World Index (ACWI)	2024			2.75%	7%		2.51%	7%
	2023			1.50%	7%		2.48%	7%
ICE BofA Global Broad Market Corporate	2024			5.91%	15%		5.37%	12%
	2023			3.01%	12%		4.69%	10%

Source: AXA IM, S&P Trucost, 2025.

The observed increase in EU Taxonomy alignment and eligibility data in 2024 compared to 2023, despite no significant increase in data coverage, is mainly explained by the progressive implementation of the EU Taxonomy disclosure requirements for corporates: in 2023, companies were only required to report on the first two environmental objectives (climate change mitigation and adaptation), and, since 2024, companies had to additionally report eligibility data for the remaining four environmental objectives (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems). And while alignment reporting for the four new environmental objectives was voluntary in 2024, many companies still chose to report it. This expansion led to a broader base of activities being assessed, which naturally increased the reported eligibility and alignment figures, even though the number of reporting companies (*i.e.*, data coverage) remained roughly the same. Companies have also become more familiar with the EU Taxonomy framework and reporting templates, and 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.

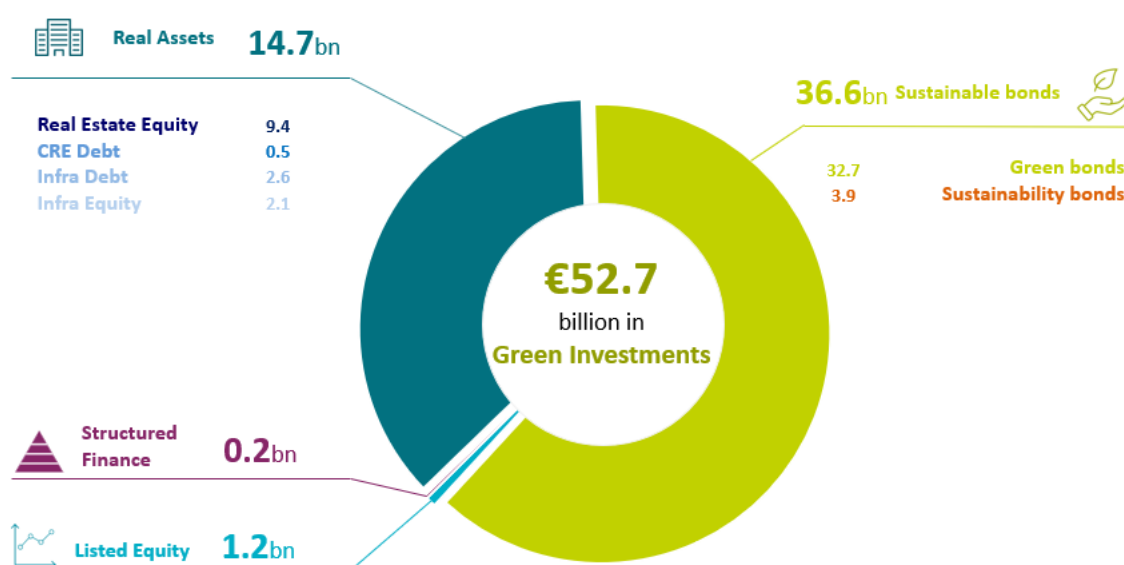
Nevertheless, an internal working group was initiated in 2024 to define a data collection process to calculate the EU Taxonomy eligibility and alignment for direct real assets managed by AXA IM Alts (i.e., at asset level).

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 and in line with the definition set by AXA Group.

Green investments (project-led green share): €52.7bn of AuM⁷⁵

AXA IM has 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 2019.⁷⁶ 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:



Source: AXA IM, as of 31/12/2024. 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.,

⁷⁵ Source: AXA IM as of 31/12/2024.

⁷⁶ 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...](#)

BREEAM, HQE, LEED, DGNB, Minergie) and a minimum Energy Performance Certificate (EPC) rating of “B” or equivalent for non-European assets;

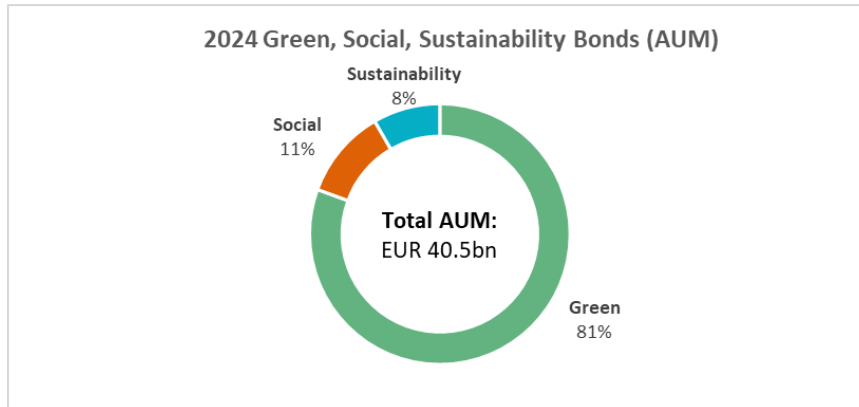
- **Forestry:** sustainably managed forests as demonstrated by an FSC or PEFC certification;
- **CRE debt:** similar to Real estate, loans securitized by single assets with an environmental certification (new construction or in use) with minimum level “Excellent”, “Gold” or equivalent (*e.g.*, BREEAM, 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:

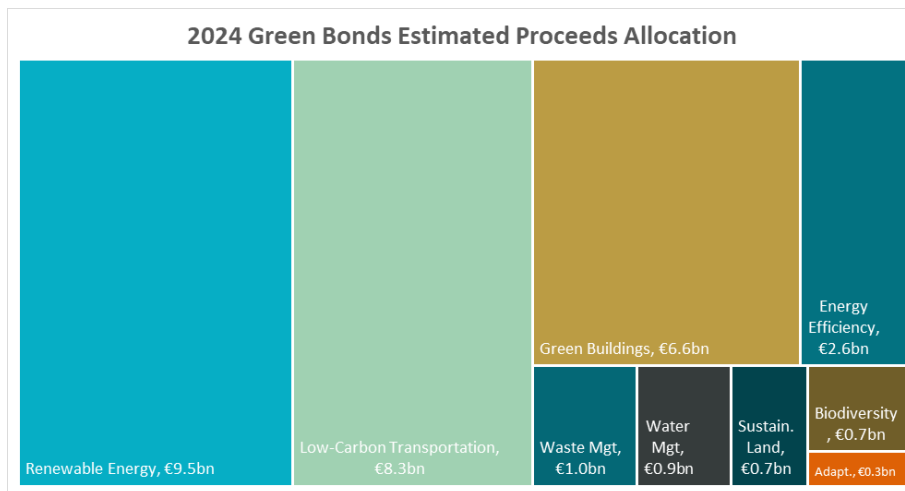
Asset Class	Example of investment
Real Estate	AXA IM Alts completed the development of a 62-storey, 278-metre skyscraper in the City of London. The flagship development was completed with an EPC rating of A+ and obtained BREEAM Excellent and WiredScore Platinum labels. In operations, the building uses 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.
Forest	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 ₂ e carbon was achieved.
Infrastructure	Spanning an offshore area of 462km ² 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)

At end 2024, AXA IM managed c. €40.5bn in green, social, and sustainability bonds (GSSBs), including c. €32.7bn in green bonds, an increase of **33.5%** vs 2024. In addition, we invested c. €4.5bn in social bonds, and c. **€3.9bn** in sustainability bonds.

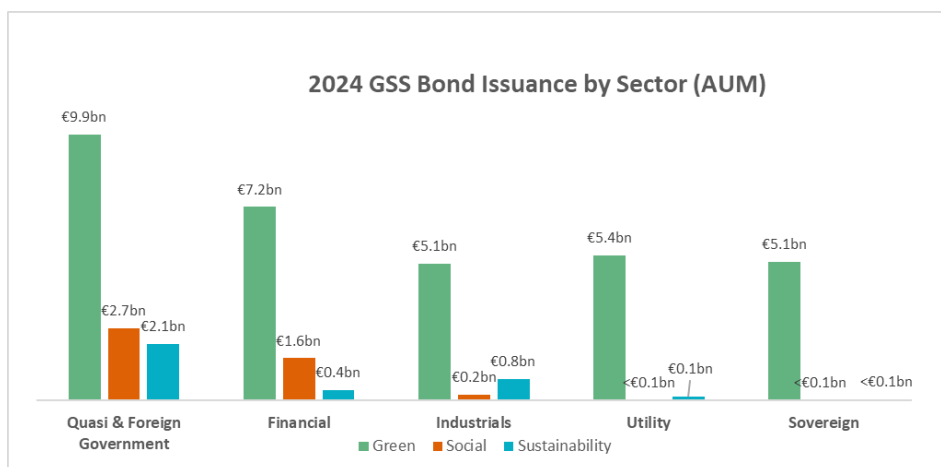


Source: AXA IM, as of 31/12/2024.



Source: AXA IM, as of 31/12/2024. N.B.: Data is estimated using issuers' forward-looking disclosures, when available.

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.



Source: AXA IM, as of 31/12/2024.

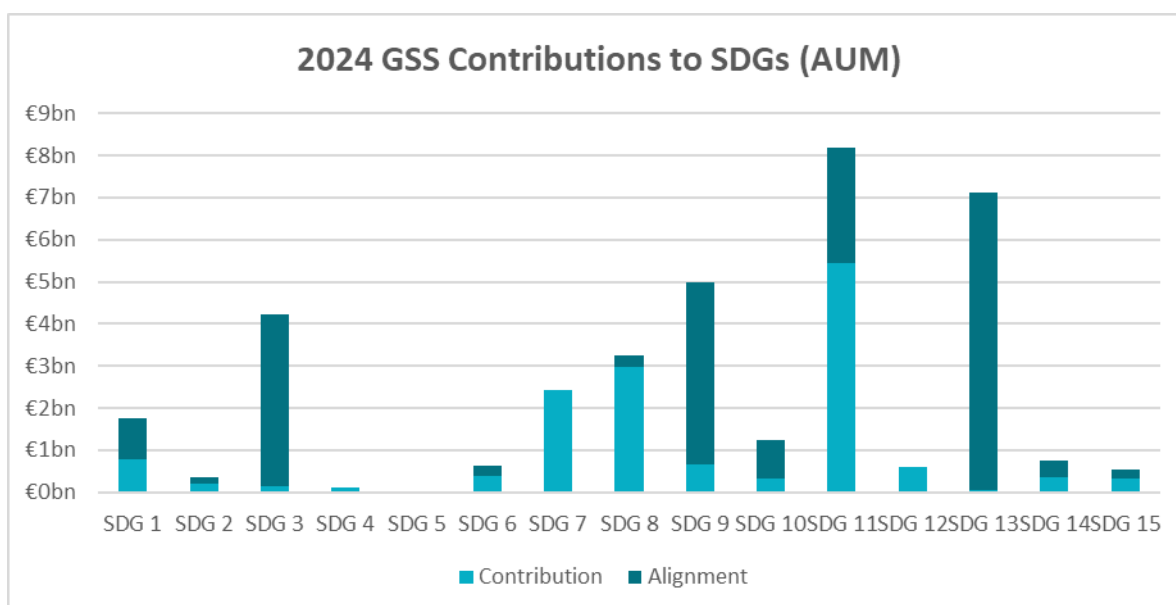
Under **AXA IM GSSB assessment framework**⁷⁷, as part of our analysis of GSSB, we measure their **contribution** and their **alignment** to the **SDGs**. There is no consensus yet on the way to approach the SDGs in the GSSB

⁷⁷ [Green Bonds | AXA IM Core \(axa-im.com\)](https://www.axa-im.com)

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.



Source: AXA IM, as of 31/12/2024.

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

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 overestimate 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 ⁷⁸	Exposure in non-OECD countries		

⁷⁸ The list of OECD countries is based on OECD member countries at end of 2024.

		[M€]	[%] ⁷⁹	[M€]	[%] ⁸⁰	[M€]	[%] ⁸¹	[x]	[year]
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

Source: AXA IM, based on S&P Trucost and Urgewald, 2025.

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 misleading⁸². 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 a third of our exposure to the 80 companies where we had data in 2019 (from €908M to €587M, and still with 29 less issuers exposed like in 2023), for which the majority were issuers banned under our exclusion policy. In the meantime, using the more recent data in our possession, we can observe a decrease of both our absolute and relative exposure to thermal coal in the past year, while not having particularly reduced the number of issuers with exposure on. In 2024, like in the previous two years, around two third of our remaining exposure to thermal coal were invested in two large mining & metals companies, both with a relatively low share of revenues generated from thermal coal (<10% in both cases). The remaining residual exposure to coal in 2024 (both looking at figures with 2019 and 2024 coal data) is due to the exposure to some utilities' companies which have a very low exposure to thermal coal and on which we have significant investments. Overall, we mostly observe a certain sensitivity of year-to-year evolutions in our relative exposure to thermal coal as this exposure is overall relatively very low.

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.

⁷⁹ Relative to total exposure to listed corporate assets managed by all AXA IM business units.

⁸⁰ *Idem*, in OECD countries only.

⁸¹ *Idem*, in non-OECD countries only.

⁸² 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.

Our oil & gas exposure on listed assets

As mentioned above, at the COP26, 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 below⁸³.

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€] ⁸⁴	[%] ⁸⁵
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%
Equities	2021	1,362	1.56%
	2022	1,690	2.85%
	2023	1,379	2.06%
	2024	693	1.00%
Corporate Bonds	2021	6,652	3.56%
	2022	4,551	2.85%
	2023	3,916	1.67%
	2024	3,917	1.39%

Source: AXA IM, based on S&P Trucost and Urgewald, 2025.

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 2024, and both in listed equities & corporate bonds.

⁸³ 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.

⁸⁴ AXA IM total exposure to listed corporate assets (all AXA IM entities).

⁸⁵ 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.

In the past years, in spite of the implementation of our exclusion criteria on unconventional oil & gas (*i.e.*, oil sands) in April 2023⁸⁶, 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, in 2024 in particular, 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 activities⁸⁷;
- 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 activities⁸⁸.

		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) ⁸⁹	
		[M€] ⁹⁰	[%] ⁹¹	[M€] ⁹²	[%] ⁹³
AXA IM Core (listed corporate assets)	2021	3,847	1.40%	1,188	0.43%
	2022	3,244	1.42%	889	0.40%
	2023	2,924	0.97%	1,016	0.34%
	2024	2,374	0.68%	881	0.25%
Equities	2021	963	1.10%	424	0.49%
	2022	1,219	2.05%	344	0.58%
	2023	1,065	1.59%	295	0.44%
	2024	610	0.88%	188	0.27%
Corporate Bonds	2021	2,884	1.54%	764	0.41%
	2022	2,025	1.27%	545	0.34%

⁸⁶ 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.

⁸⁷ 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

⁸⁸ More information on these exclusion criteria can be found on AXA IM Sustainable Labels policy, available on AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

⁸⁹ Under this approach, we screen the exposure using Merrill Lynch sector classification.

⁹⁰ AXA IM total exposure to listed corporate assets (all AXA IM entities).

⁹¹ 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.

⁹² *Idem*.

⁹³ *Idem*.

	2023	1,876	0.80%	727	0.31%
	2024	1,764	0.63%	693	0.25%

Source: AXA IM, based on S&P Trucost and Urgewald, 2025.

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’)⁹⁴ 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 assets⁹⁵.

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€]	[%] ⁹⁶
AXA IM Alts (alternative assets) ⁹⁷	2024	2,653	5.03%
	2023	2,299	4.51%
Real estate ⁹⁸	2024	0	0%
	2023	0	0%
Infrastructure ⁹⁹	2024	1,225	8.82%
	2023	1,311	9.89%
Alternative credit, Natural capital & Impact ¹⁰⁰	2024	1,428	2.58%
	2023	988	2.06%
AXA IM Prime (private markets fund of funds) ¹⁰¹	2024	296	1.7% ¹⁰²
	2023	248	0.2% ¹⁰³

⁹⁴ 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

⁹⁵ In its Climate & Biodiversity report, AXA Group is also disclosing its fossil fuel exposure, but based on a relatively different approach. On another side, AXA Group only accounts for exposure to issuers covered by Urgewald databases, while we complete Urgewald’s sample of issuers with S&P Trucost data on some others.

⁹⁶ 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.

⁹⁷ AXA REIM SGP total exposure.

⁹⁸ 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 in 2024 for the first year (c. €3.8bn AuM at end of 2024, c. 8% of total AuM managed by AXA REIM SGP), and excluding listed real estate in 2023 (c. €4.2bn AuM at end of 2023).

⁹⁹ 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.

¹⁰⁰ Data on worldwide holdings managed by all AXA IM entities (incl. notably AXA IM Paris assets).

¹⁰¹ AXA IM Prime total exposure.

¹⁰² 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.

¹⁰³ 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).

Source: AXA IM, based Octus FinDox, S&P Trucost and collected data, 2025.

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

This methodological change resulted in a reclassification of all our infrastructure investments in 2024, expanding the pool of fossil fuel exposed ones compared to 2023 in our reporting scope¹⁰⁴. In 2025, fossil fuel exposure stood at roughly 9% which is unchanged versus last year's data. This 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, 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 0.7% of managed 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 2024, 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.

¹⁰⁴ At the end of 2023, 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. Notably, gas pipelines which have not been operational throughout 2023 have been excluded from this year's reporting scope. As for data at end of 2024, no asset exclusion was initiated on ESG data.

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 sooner¹⁰⁵, 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 targets¹⁰⁶:**
 - AXA IM published its first net zero target in October 2021, as part of the first NZAM progress report¹⁰⁷. This target was subsequently revised in April 2022¹⁰⁸, to cover **68% of all AuM** as at end of 2024¹⁰⁹;
 - 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 standards¹¹⁰;
 - 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 2030¹¹¹**, and **100% aligned, net-zero or climate solution by end of 2040¹¹²**;
 - 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.
- **Stewardship¹¹³:**

¹⁰⁵ Find more on AXA IM Sustainability journey on AXA IM website: [Sustainability at AXA IM | AXA IM Corporate](#)

¹⁰⁶ 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.

¹⁰⁷ See NZAM 2021 progress report, December 2021: [NZAM-Progress-Report.pdf \(netzeroassetmanagers.org\)](#)

¹⁰⁸ See NZAM Initial target disclosure report, May 2022: [NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf \(netzeroassetmanagers.org\)](#)

¹⁰⁹ These objectives are not currently implemented to alternative credit, private debt and other alternative asset classes (e.g., derivatives): see below for more details

¹¹⁰ 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.

¹¹¹ Excluding one LNG terminal asset will be sold in the meantime.

¹¹² Excluding one airport asset that will should be sold in the meantime.

¹¹³ See AXA IM's Stewardship & Engagement policies: [Stewardship & Engagement | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#)

- 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.
- **Exclusions¹¹⁴**: 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. This commitment will be implemented over time, through a step-by-step ratcheting-up of our exclusion criteria, with as next step the lowering of the exclusion threshold of revenues from thermal coal mining & power generation from 15% to 10% in 2026 in OECD countries.

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.

Going forward, our aim is to continue to grow the proportion of net zero-aligned AuM as reliable methodologies become available for all asset classes, which will occur in 2025 as we have now initiated NZ targets for our direct infrastructure equity & debt investments.

¹¹⁴ See AXA IM’s exclusion policies: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

AXA IM Net zero targets – Update at end of 2024

At end of 2024, €600bn (\$623bn) 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. 68% of total AuM, 77% of total AuM excl. JVs).

The reported AuM covered of our NZ targets at end of 2024 includes:

- 100% of listed corporate (incl. listed real estate) and sovereign exposure;
- c. 82% of real estate equity AuM, *i.e.*, all RE equity assets on which AXA IM Alts has direct leverage to trigger climate action at asset level¹¹⁵;

and does not cover at this stage:

- **Infrastructure debt and equity**: AuM covered by new net zero targets set in early 2025 will be integrated in 2025¹¹⁶;
- **CRE 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 also consider the operational implementation of the strategy to make sure our commitments are monitored in a robust and efficient manner.

As committed in 2022 and since 2023, we report on an annual basis on progress towards these targets in this report (see table below).

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

¹¹⁵ 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.

¹¹⁶ 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 2023	Progress measured in 2024	Comments
Corporates (Fixed Income and Listed Equity)						
Weighted average carbon intensity (WACI) reduction	-25% by 2025 and -50% by 2030 (compared to 2019)	<i>tCO₂e/\$M of investee companies' revenues (% compared to baseline)</i>	147.8 tCO ₂ e/\$M revenues at end of 2019	-48.6% at end of 2023 (compared to 2019)	-51.2% at end of 2024 (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.
Share of AuM in material sectors net zero, aligned or aligning by 2040	100% by 2040	<i>% of corporates AuM in material sectors net zero, aligned or aligning according to AXA IM Climate colour framework</i>	36% at end of 2021	80% of corporates AuM at end of 2023	82.5% of corporates AuM at end of 2024	This encompasses issuers categorised as 'Dark blue', 'Blue' and 'Light blue' according to AXA IM Climate colour framework described below (see section 6.4) ¹¹⁷ . 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. 33k at end of 2024 against c. 2k at end of 2022).
Share of AuM dedicated to climate solutions	6% by 2025	<i>% of total AuM managed by AXA IM invested in climate solutions</i>	2.1% of total AuM dedicated to climate solutions (end of 2019 data)	4.7% of total AuM at end of 2023	6.0% of total AuM at end of 2024	Based on AXA IM's Green Investments definition as described in this report (see section 5.1). 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.
Share of financed emissions in material sectors net zero or aligned	50% by 2025 (rebased)	<i>% of financed emissions in corporates from material sectors are already net zero or aligned according to AXA IM Climate colour framework</i>	46% of financed emissions at end of 2021 (rebased) 29.5% of financed emissions at end of 2021	30.6% of financed emissions at end of 2023 (rebased) 30% of financed emission at end of 2023	30.4% of financed emissions at end of 2024 (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 (see section 6.4). The reported figures exclude issuers with no carbon data (i.e., 'Grey' in our framework). As in 2022 our data coverage increased significantly (i.e. with lower grey issuers), the progress since 2022 is proportionally lower. When including 'Grey' issuers in the calculation (in the denominator), we find a steady share in 2023 and 2024 compared to 2021 with c. 30% (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.
Share of financed emissions in material sectors under engagement	70% by 2025 90% by 2030	<i>% of financed emissions in corporates from material sectors subject to direct or collective engagement and stewardship actions</i>	52% of financed emissions at end of 2021 (42% from collaborative only ¹¹⁸ and 38% from individual only)	68.9% of financed emissions at end of 2023 (42.4% from collaborative only, and 42.6% from individual only)	71.9% of financed emissions at end of 2024 (39.3% from collaborative only, and 63.6% 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+.

¹¹⁷ AXA IM Climate colour framework is based on the Net Zero Investment Framework (NZIF) developed by the [Paris Aligned Investment Initiative \(PAII\)](#)

¹¹⁸ Collaborative Engagement used for this calculation is the Climate Action 100+ engagement list.

Targets	Unit(s)	Baseline	Progress measured in 2023	Progress measured in 2024	Comments	
Sovereigns						
Beat the global benchmark	Beat the CCPI ¹¹⁹ 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	56.2 / 100 at end of 2023 data (compared to 48.1 / 100 for the ICE BofA World Sovereign Bond Index)	56.2 / 100 at end of 2024 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).
Real Estate						
Carbon Intensity Reduction	-20% landlord operational carbon intensity reduction by 2025	kgCO ₂ e/m ² (+ % compared to baseline)	31.3 kgCO ₂ e/m ² at end of 2019	-32,6% at end of 2023 compared to 2019	-32.6% at end of 2024 compared to 2019	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 optimise building energy use and minimise 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 ¹²⁰ .
Alignment with CRREM pathway	50% of direct real estate AuM under CRREM pathway ¹²¹ 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)	69% at end of 2023 (based on FY 2022 data)	61% at end of 2024 (based on FY 2023 data)	Baseline is based on a reference portfolio against CRREM V1 composed of 80 assets located in France, Germany, UK, Italy and Belgium against CRREM V1(9). 2023 and 2024 figures are measured against CRREM V2. Following a change in the methodology, the 2024 figure covers c. 100% of the total real estate equity AuM in scope (including assets not owned for the entire reporting year, <i>i.e.</i> , acquired over 2022 or 2023) vs c. 35% in 2023 ¹²² . This change explains the decrease of aligned assets in 2024 compared to 2023. 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.

¹¹⁹ [Climate Change Performance Index \(CCPI\)](#)

¹²⁰ 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.

¹²¹ [Decarbonisation Pathways – CRREM Global](#)

¹²² While the 2023 figure only relied on actual energy consumptions and excluded Switzerland, US, Australia and Japan (where no data were available), the 2024 figure relies 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. 100% 2024) and ii) have a consistent understanding of the whole building energy performance.

6.2 Exclusions: our Climate risks policy

As part of our ESG integration process, we exclude firms which fail to meet the climate change criteria set out in our Climate risks policy¹²³. 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%. As part of our commitment to exit thermal coal from all OECD countries by 2030, it was agreed to lower this threshold even further to 10% in 2026. 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.

At end of 2024, **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).

¹²³ [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

6.3 Stewardship

Since early 2022, we have significantly enhanced our 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

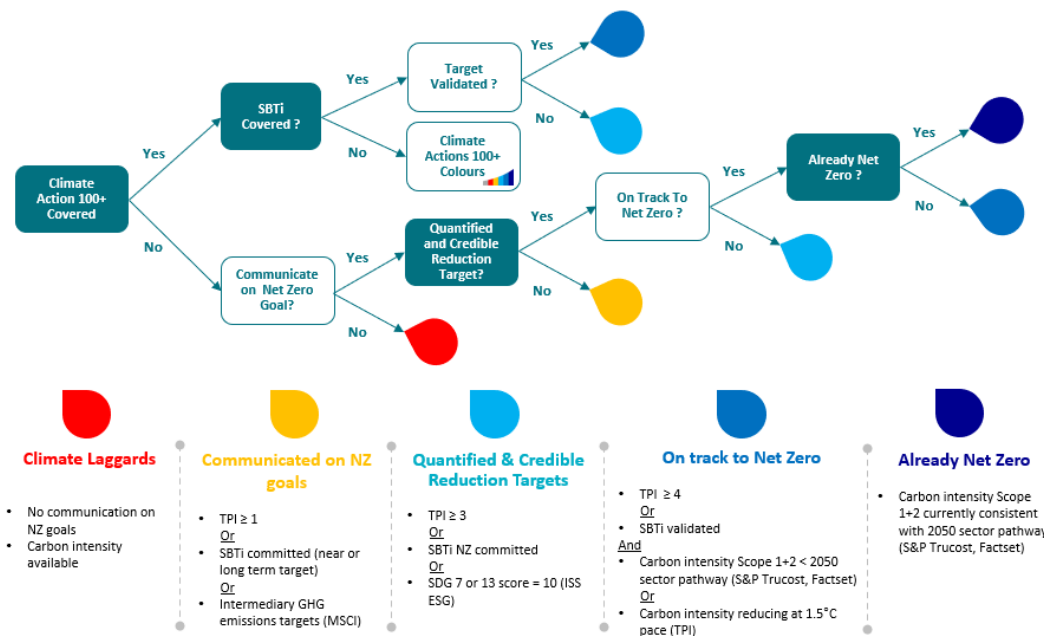
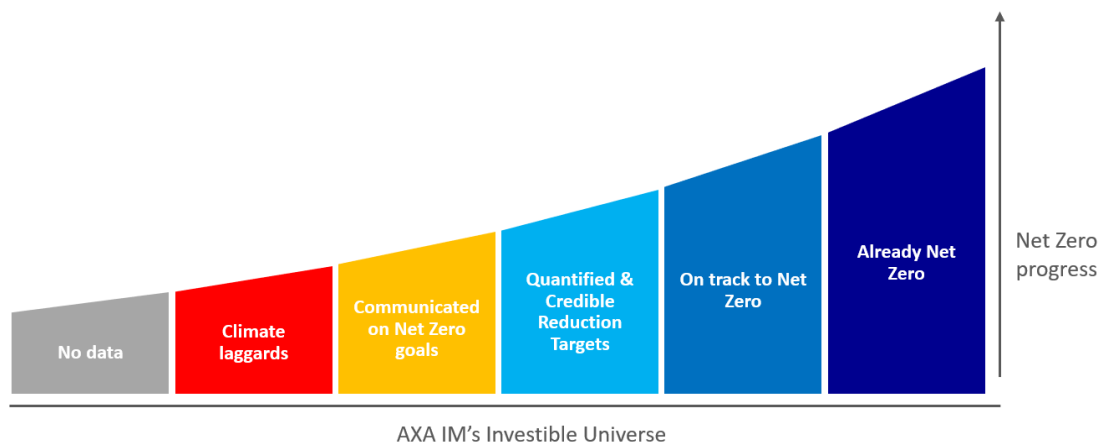
Corporates that are engaged in a robust decarbonization pathway are positively contributing to environmental sustainability in a way that is consistent with a Net zero emissions future. In that perspective and to support the implementation of its Net zero commitment, AXA IM has developed in 2021 a climate colour framework inspired by the NZIF Guidance on Target setting¹²⁴.

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":

- Corporates that are already well positioned to reach carbon neutrality with carbon intensity currently consistent with their 2050 sector target are "**Dark Blue**";

¹²⁴ [NZIF IIGCC-Target-Setting-Guidance.pdf](#)

- 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”.



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 criteria¹²⁵:

- **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 AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

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)¹²⁶ score of the ICE BofA World Sovereign Bond Index¹²⁷ 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

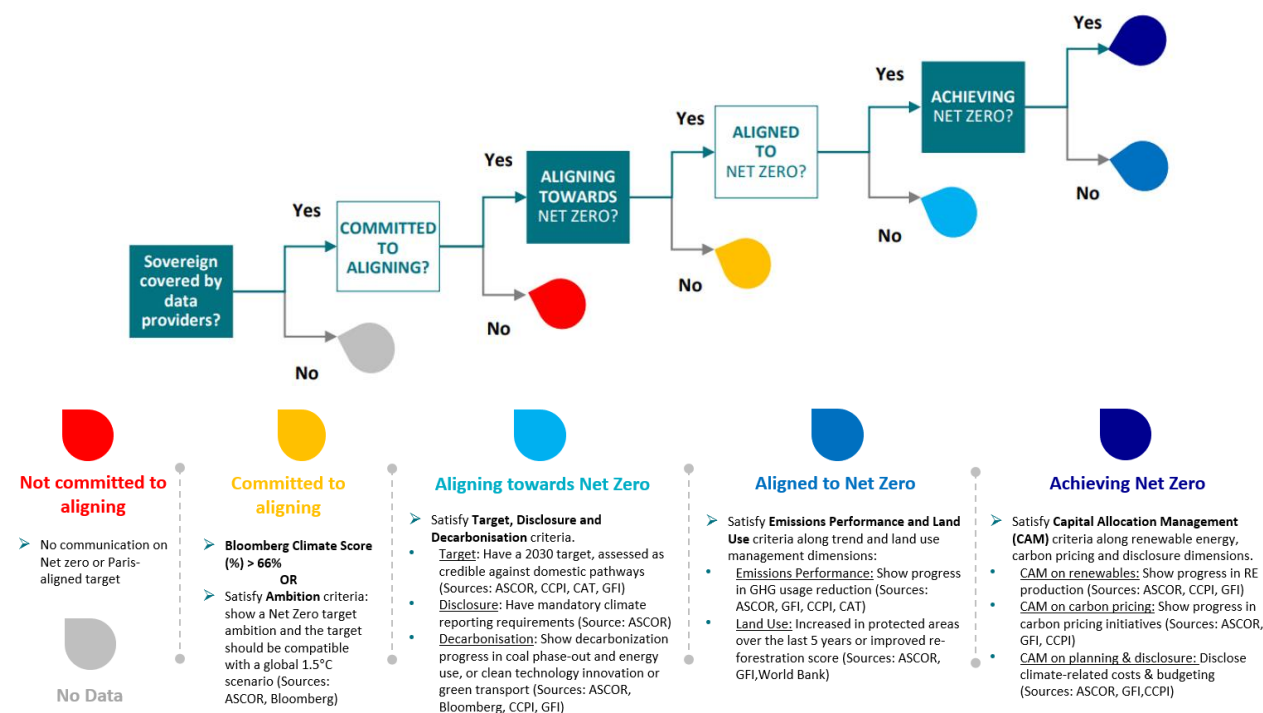
¹²⁵ According to the NZIF, "higher impact companies should be assessed against all six core criteria" while "criteria 7-10 are the complementary indicators that should be assessed and companies encouraged to meet to the extent possible". For this framework, we have decided to add criteria n°8 on climate governance as an additional core criterion because we consider governance is a key component of any strategy.

¹²⁶ [Climate Change Performance Index \(CCPI\)](#)

¹²⁷ [Fixed Income Indices](#)

intermediary targets, mandatory climate-related disclosures, defined decarbonization plans (which includes a minimum commitment to not build 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 KPIs¹²⁸, 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.



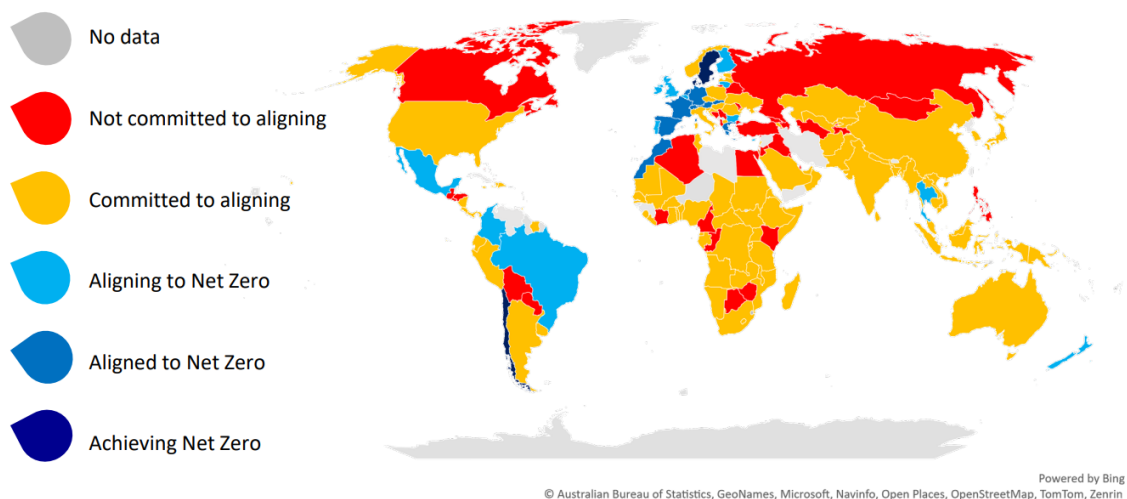
Source: AXA IM, for illustration purpose only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

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:

¹²⁸ 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 AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

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 decarbonisation 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 2030¹²⁹**, and **100% aligned, net-zero or climate solution by end of 2040¹³⁰**;
- For Infrastructure Debt: Similarly, infrastructure debt will be adopting interim 2030 Paris alignment targets. Those will be disclosed when finalized¹³¹.

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.

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 AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

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 NZIF¹³², the United Nations convened NZAOA and the SBTi's framework for financial institutions. Investors are now turning towards new types of analyses and 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

¹²⁹ Excluding one LNG terminal asset will be sold in the meantime.

¹³⁰ Excluding one airport asset that will should be sold in the meantime.

¹³¹ Detailed interim targets for Infrastructure Debt assets will be disclosed in due time, once the methodological approach will be finalized.

¹³² See "Net Zero Investment Framework 1.5°C Implementation Guide", Paris Aligned Investment, 2021: [PAII-Net-Zero-Investment-Framework Implementation-Guide.pdf \(parisalignedassetowners.org\)](#)

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 underestimated, 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 CO₂ 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 $\omega_i = \text{AuM}_i / \sum_{i \in I} \text{AuM}_i$. ω_i is the weight of each individual invested instrument as a proportion of I , the subset of the universe of invested instruments belonging to a particular asset class (e.g. listed equities) where data is available on numerical carbon intensity.

For the carbon intensity of sovereign assets, we rely on World Bank data, which accounts for GHG emissions produced during consumption of solid, liquid, and gas fuels and gas flaring. It is expressed in tons of CO₂ equivalent per 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 $\omega'_i = \text{AuM}_i / \sum_{i \in S} \text{AuM}_i$. ω'_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 ₂ e / \$M revenues]	Scope 1 + 2 [tCO ₂ e / \$M of GDP PPP]	[%]
AXA IM full listed corporate assets ¹³³	2024	349,965	72		77%
	2023	301,483	76		83%
Equities	2024	69,003	60		96%
	2023	66,989	65		96%
Corporate Bonds	2024	280,962	76		72%
	2023	234,494	79		79%
Sovereign Bonds	2024	185,033			123
	2023	182,139		133	96%
Benchmarks					
MSCI All Country World Index (ACWI)	2024		114		100%
	2023		130		100%
	2024		191		92%

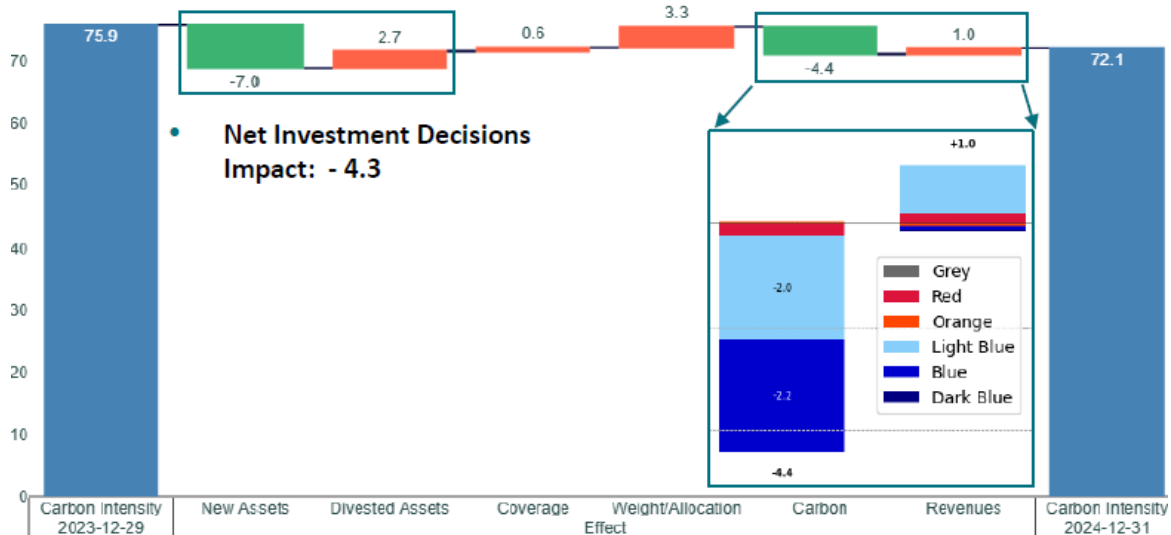
¹³³ Reported data on listed corporate assets (equities + corporate bonds) are based on the same scope than the reported carbon intensity reduction part of our NZ targets (for more details, see section 6.1): this includes corporate assets from all AXA IM entities (incl. AXA IM Paris, but not only) and business units (incl. alternative platforms).

ICE BofA Global Broad Market Corporate	2023		198		92%
JP Morgan GBI Global Govies	2024			175	100%
	2023			191	100%

Source: AXA IM, S&P Trucost, Beyond Ratings, World Bank, 2025.

AXA IM's WACI on listed corporate assets has decreased from 76 tCO₂e/\$M of average investee companies' revenues in 2023 to 72 in 2024 (-5%). 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:

- Net investment actions had an effect of -4.3 tCO₂e/\$M. From a sectorial perspective, the biggest contribution comes from Utilities (-2.8 out of the -4.3) followed by Materials (-0.7 out of the -4.3);
- The overall trend of raw GHG emissions in invested companies contributed to -4.4tCO₂e/\$M. This downward trend is almost entirely lead by companies internally classified 'Blue' / 'Light Blue' with our Climate Colour Framework for Corporates described in section 6.4 (i.e., issuers aligned or aligning with net zero).



Carbon intensity attribution by type of effect (between end of 2023 and end of 2024). Source: AXA IM, 2025.

		AuM at end of year	Weighted average carbon intensity (WACI)	Coverage
		[M€]	Scope 1 + 2 [tCO ₂ e / \$M revenues]	[%]
Real Estate & Infrastructure^{134,135,136}	2024	44,405	n/a	71%
	2023	34,395	n/a	80%
Real estate	2024	30,858	82	59%
	2023	21,912	96	43%
Infrastructure	2024	13 547	272	100%
	2023	12,583	160	88%

Source: AXA IM based on S&P Trucost, MSCI and Iceberg Data Lab, 2025.

AXA IM Alts is disclosing for the third 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 m²) and not real estate revenue or rents as a denominator.

2024 figures includes listed real estate & listed infrastructure for the first year (c. €3.5bn 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.

2024 WACI for real estate investments (direct RE equity property, CRE debt, and – for the first year – listed real estate companies) amounted to 82 tCO₂/\$M with 59% coverage rate as at end of 2024, and infrastructure investment portfolios (direct equity & debt, and – for the first year – listed infrastructure companies) displayed a WACI of 272 tCO₂/\$M at the end of 2024.

Following an ESG data collect and analysis process enhancement for infrastructure investments, we have improved our access to investee companies and borrowers GHG emissions data (Scope 1 & 2) in 2023 and 2024. GHG emissions coverage has increased by 10% compared to 2022 (from 90% in 2022, to 100% in 2024), using either data directly from investee or borrower companies, or from Iceberg Data Lab¹³⁷ where actual data was not available. In 2024, we have automated our ESG data collect. As a result, the assessment of the quality of our carbon data improved, allowing for a better understanding of our carbon footprint, although further improvement is still needed especially in terms of coverage expansion. We also revised our

¹³⁴ Data on AXA REIM SGP only at end of 2022 and end of 2023 from collected data, excluding listed real estate (c. €4.2bn AuM at end of 2023, c. 8% 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.

¹³⁵ 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.

¹³⁶ 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.

¹³⁷ Quality of proxy data is assessed and only used to complement actual data received from investee companies when deemed of satisfactory quality. Otherwise, in the absence of actual data, investments are excluded from reporting scope.

Scope 2 methodology in 2024. Previously, we reported the higher value between location-based or market-based emissions (when both were available) or the only available figure. This year, following a survey of our investee companies and borrowers, we have prioritized location-based emissions when available, or the sole available data otherwise. This more conservative approach reflects actual electricity consumption, regardless of companies' efforts toward green electricity procurement, and has resulted in our reported Scope 2 emissions becoming approximately three times higher. If market-based emissions were prioritized over location-based ones, our Scope 2 would have likely been lower than the current reported figure given that some of our investee companies and borrowers have green procurement programs in place.

The 2024 assessment of our infrastructure debt and equity portfolios carbon emissions resulted in a Scope 1 & 2 WACI of 272 tCO₂/\$M of revenues, an increase of c. 70% compared to the restated previous year WACI¹³⁸. This can be explained by two main factors:

- The aforementioned change in Scope 2 methodology;
- A better access and higher use of GHG emission data directly received from investee companies and borrowers due to the enhancement of our ESG data collect process and engagement.

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

For indirect real estate (*i.e.*, CRE Debt), 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.

For infrastructure, the emissions are based on a blend of modelled data (provided by third party data provider) and directly-disclosed data (collected from the borrower or investee companies). For modelled data, coverage is based on assets with available data using a modelling approach based on revenue streams from underlying issuers associated with specific Nomenclature of Economic Activities (NACE) codes.

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.

¹³⁸ The approach to compute WACI in 2024 and 2023 has been adjusted to better reflect the carbon intensity of invested assets, in line with the TCFD and SFDR computation rules

		AuM at end of year	Weighted average carbon intensity (WACI)	Coverage
		[M€]	Scope 1 + 2 [tCO ₂ e / \$M revenues]	[%]
Alternative credit, Natural capital & Impact ¹³⁹	2024	52,283	75	75%
	2023	47,951	85	74%
Alternative credit	2024	51,530	76	76%
	2023	47,275	86	74%
Natural capital & Impact	2024	754	29	71%
	2023	676	47	42%

Source: AXA IM, based on Octus FinDox, S&P Trucost, ClimateSeed, surveys, 2025.

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 fundof 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 2026 on reporting year 2025.

Climate temperature

		AuM at end of year	Implied temperature rise	Coverage
		[M€]	[°C]	[%]
AXA IM Core listed assets	2024	375,552	+2.08°C	89%
	2023	344,480	+2.09°C	90%
	2022	388,479	+2.14°C	89%
Equities	2024	51,258	+2.15°C	95%
	2023	48,693	+2.14°C	94%
	2022	59,358	+2.36°C	97%
Corporate Bonds	2024	181,196	+2.15°C	83%
	2023	153,648	+2.16°C	83%
	2022	161,192	+2.29°C	82%
Sovereign Bonds ¹⁴⁰	2024	169,457	+1.96°C	95%
	2023	142,139	+2.00°C	96%

¹³⁹ Eligible data on worldwide holdings at end of 2023 managed by all AXA IM entities (incl. AXA IM Paris).

¹⁴⁰ 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%
Benchmarks				
MSCI All Country World Index (ACWI)	2024		+2.54°C	99%
	2023		+2.56°C	100%
ICE BofA Global Broad Market Corporate	2024		+2.37°C	93%
	2023		+2.33°C	93%
JP Morgan GBI Global Govies	2024		+2.24°C	100%
	2023		+2.47°C	100%

Sources: AXA IM, MSCI, Beyond Ratings, 2025.

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 **2.15°C** both for listed equities corporates bonds at end of 2024 (against 2.14°C and 2.16°C respectively as at end of 2023) a positive trend, yet not aligned with the Paris Agreement long term goals but still well below the standard market benchmarks: 2.54°C on the ACWI (compared to 2.94°C in 2022 and 2.56°C in 2023) and 2.37°C for ICE BofA Global Broad Market Corp (compared to 2.63°C in 2022 and 2.33°C in 2023).

As for sovereign assets, based on the Beyond Ratings' model, the global warming potential of AXA IM's sovereign investments at end of 2024 was back below +2°C at **1.96°C** (compared to 1.94°C at end of 2022 and 2.00°C at end of 2023). Overall, the temperature of our sovereign assets is also still significantly lower than the benchmark's one, JP Morgan GBI Global Govies, which reached 2.37°C at end of 2024 (compared to 2.48°C in 2022 and 2.47°C in 2023).

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€]	[%]	[%]	[%]	[%]	
AXA IM Core (listed corporate assets)	2024	232,455	-7.96%	-8.92%	+2.38%	-1.40%	74%
Equities	2024	51,258	-5.43%	-5.74%	+1.36%	-1.03%	94%
Corporate Bonds	2024	181,196	-8.94%	-10.17%	+2.78%	-1.54%	68%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		-8.16%	-7.91%	+0.95%	-1.20%	99%

ICE BofA Global Broad Market Corporate	2024		-12.63%	-12.78%	+1.78%	-1.66%	86%
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Source: AXA IM, MSCI, 2025.

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€]	[%]	[%]	[%]	[%]	
AXA IM Core (listed corporate assets)	2024	232,455	-8.45%	-10.49%	+3.45%	-1.40%	74%
Equities	2024	51,258	-6.01%	-6.88%	+1.92%	-1.03%	94%
Corporate Bonds	2024	181,196	-9.41%	-11.91%	+4.05%	-1.54%	68%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		-9.41%	-9.59%	+1.38%	-1.20%	99%
ICE BofA Global Broad Market Corporate	2024		-14.54%	-15.49%	+2.58%	-1.66%	86%

Source: AXA IM, MSCI, 2025.

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€]	[%]	[%]	[%]	[%]	
AXA IM Core (listed corporate assets)	2024	232,455	-3.20%	-1.71%	+0.52%	-2.01%	74%
Equities	2024	51,258	-2.24%	-1.08%	+0.30%	-1.45%	94%
Corporate Bonds	2024	181,196	-3.58%	-1.95%	+0.60%	-2.23%	68%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		-3.21%	-1.71%	+0.20%	-1.70%	99%
ICE BofA Global Broad Market Corporate	2024		-4.79%	-2.76%	+0.37%	-2.40%	86%

Source: AXA IM, MSCI, 2025.

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€]	[%]	[%]	[%]	[%]	

AXA IM Core (listed corporate assets)	2024	232,455	-5.21%	-3.84%	+0.68%	-2.04%	74%
Equities	2024	51,258	-3.43%	-2.34%	+0.39%	-1.48%	94%
Corporate Bonds	2024	181,196	-5.91%	-4.44%	+0.80%	-2.26%	68%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		-3.21%	-1.71%	+0.20%	-1.70%	99%
ICE BofA Global Broad Market Corporate	2024		-4.79%	-2.76%	+0.37%	-2.40%	86%

Source: AXA IM, MSCI, 2025.

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€]	[%]	[%]	[%]	
AXA IM Core (listed corporate assets)	2024	232,455	-4.05%	-1.75%	+0.35%	-2.65%	74%
Equities	2024	51,258	-2.71%	-1.05%	+0.21%	-1.87%	94%
Corporate Bonds	2024	181,196	-4.57%	-2.02%	+0.41%	-2.96%	68%
Benchmarks							
MSCI All Country World Index (ACWI)	2024		-3.72%	-1.65%	+0.14%	-2.22%	99%
ICE BofA Global Broad Market Corporate	2024		-5.81%	-2.88%	+0.24%	-3.17%	86%

Source: AXA IM, MSCI, 2025.

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. **-5.4%** (for AXA IM Listed Equities) and **-8.9%** (for AXA IM Corporate Bonds), whereas the benchmarks show **-9.4%** (MSCI ACWI) and **-14.5%** (ICE BofA Global Broad Market Corp). On the other side, under the most pessimistic scenario (3°C scenario), the scenario analysis' results change to **-2.7%** (for AXA IM Listed Equities) and **-4.6%** (for AXA IM Corporate Bonds), compared to **-3.7%** (MSCI ACWI) and **-5.8%** (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 2024, 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 SDG;
- 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 year¹⁴¹.

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) Pledge¹⁴². 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 target: 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:

¹⁴¹ BloombergNEF (2024), Biodiversity Finance Factbook, Biodiversity COP16 Edition, Hugh Bromley, October 2024: assets.bbhub.io/professional/sites/24/Biodiversity-Finance-Factbook_COP16.pdf

¹⁴² [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 framework¹⁴³, 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 Foundation¹⁴⁴:

Governance	1. <i>Governance structure in place comprising stewardship and board oversight</i>
Education & training	1. <i>Training program on biodiversity for all employees including board members through AXA IM “ESG Development Goal” program</i>
Strategy	<ol style="list-style-type: none"> 1. <i>Exclusion policy (AXA IM Ecosystem Protection & 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> 2. <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> 3. <i>Voting policy for nature-related resolutions in place and annually reviewed</i> 4. <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> 5. <i>Finance positive impact strategies in Equities or Nature-Based Solutions</i>

¹⁴³ <https://tnfd.global/over-500-organisations-and-17-7-trillion-aum-now-committed-to-tnfd-aligned-risk-management-and-corporate-reporting/>

¹⁴⁴ See FfB Pledge Reporting Guidance for Signatories: [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 [biodiversity impact fund range](#) supporting companies with solutions-based products and services as well as 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. Specifically on nature and biodiversity, we have published the following research papers in 2024:
 - [New standards and frameworks arm investors in the battle against biodiversity loss](#)
 - [TNFD: A catalyst for biodiversity action](#)
 - [Dark oxygen: A step towards increased climate and nature alignment?](#)
 - [COP16: A crucial step towards achieving global biodiversity targets](#)
 - [COP16: Important outcomes despite crucial issues unresolved](#)
- **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 efforts¹⁴⁵. 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"¹⁴⁶ and "Finance for Nature positive: building a working model"¹⁴⁷. Finally, in 2024, AXA IM publicly shared the conclusions of a TNFD pilot study conducted on priority sectors¹⁴⁸. 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 protection¹⁴⁹. 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 biodiversity¹⁵⁰, 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 dialogue¹⁵¹.

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.

¹⁴⁵ More details on the CBF methodology is available on AXA IM ESG Methodologies handbook available on AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

¹⁴⁶ https://www.financeforbiodiversity.org/publications/nature_target-setting_framework_for_asset_managers_and_asset_owners-2/

¹⁴⁷ <https://www.financeforbiodiversity.org/publications/finance-for-nature-positive-building-a-working-model/>

¹⁴⁸ <https://www.axa-im.com/insights/tnfd-catalyst-biodiversity-action>

¹⁴⁹ [AXA IM expands its palm oil policy to protect ecosystems and fight deforestation | AXA IM Corporate \(axa-im.com\)](#)

¹⁵⁰ [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

¹⁵¹ [Stewardship & Engagement | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#)

As thoroughly described in AXA IM 2024 Stewardship report, our priority for 2024 was to target 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:

- 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 Framework¹⁵².

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 impact¹⁵³.

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;

¹⁵² See AXA IM Corporate Governance & Voting policy on AXA IM website: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

¹⁵³ [Impact Investing | AXA IM Alts \(axa-im.com\)](#)

- 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.

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 footprint¹⁵⁴.

7.5 Estimating AXA IM portfolio's biodiversity footprint

AXA IM currently uses the Corporate Biodiversity Footprint (CBF) developed by Iceberg Data Lab (IDL)¹⁵⁵ and I Care & Consult¹⁵⁶ 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: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)

¹⁵⁴ More information on AXA IM listed equity investment vehicles with a dedicated biodiversity investment strategy can be found on AXA IM Fund Centre: [Funds - AXA IM Global \(axa-im.com\)](#)

¹⁵⁵ [Iceberg Data Lab](#)

¹⁵⁶ [I Care - Conseil en stratégie et environnement \(i-care-consult.com\)](#)

AXA IM Biodiversity Dashboard

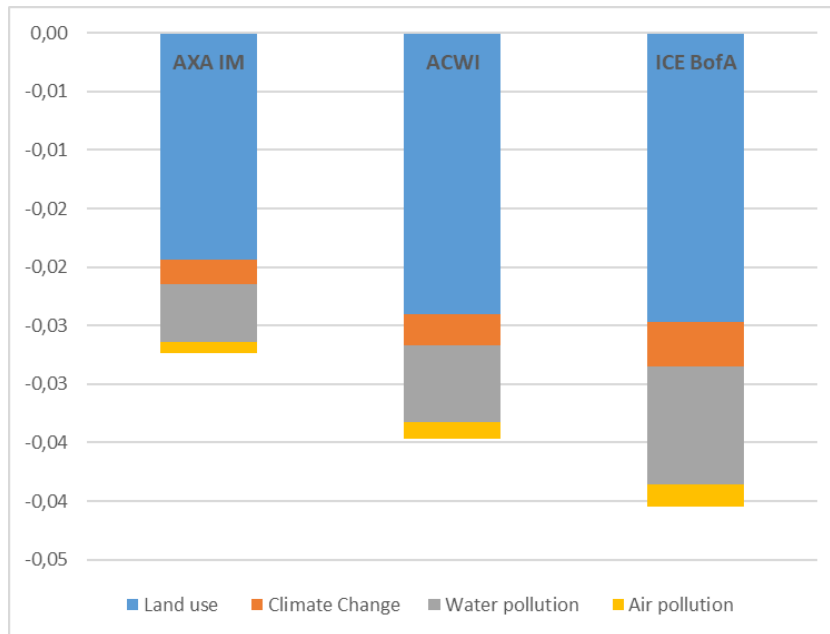
Estimated Biodiversity Footprint of AXA IM's listed corporate assets: Results

		AuM at end of year	Portfolio biodiversity footprint	Coverage
		[M€]	Corporate biodiversity footprint [km ² .MSA]	[%]
AXA IM Core listed corporate assets	2024	223 834	-6 132	78%
	2023	199 938	-5 141	78%
Equities	2024	51 168	-1 432	89%
Corporate bonds	2024	172 666	-4 700	75%
Benchmarks				
MSCI All Country World Index (ACWI)	2024		-1 773	96%
	2023		-1 564	94%
ICE BofA Global Broad Market Corporate	2024		-6 985	91%
	2023		-5 504	83%

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 for 2024 is -6,132km².Mean Species Abundance (MSA)¹⁵⁷, 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 -0.03 km².MSA/M€ invested, compared to the benchmarks MSCI ACWI -0.03 km².MSA/M€ invested and ICE BofA -0.04 km².MSA/M€ invested.

¹⁵⁷ 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 our AXA IM ESG methodologies handbook: [Our Sustainability policies, methodologies & reports | AXA IM Corporate](#)



2024 Corporate Biodiversity Footprint per million euro invested (km².MSA/M€ invested): AXA IM vs Benchmarks. Source: AXA IM, Iceberg Data Lab, 2025. N.B.: the figures above have been rebased on coverage.

The biodiversity footprint above was calculated for AXA IM Paris’ listed corporate assets representing c. €224bn as of end 2024 with IDL’s CBF model version 2.14 and a coverage level of 78% of all AXA IM Paris’ listed corporate assets. As recommended by the Partnership for Biodiversity Accounting Financials (PBAF)¹⁵⁸, 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. 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 IPBES¹⁵⁹.

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 sectors¹⁶⁰ 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.

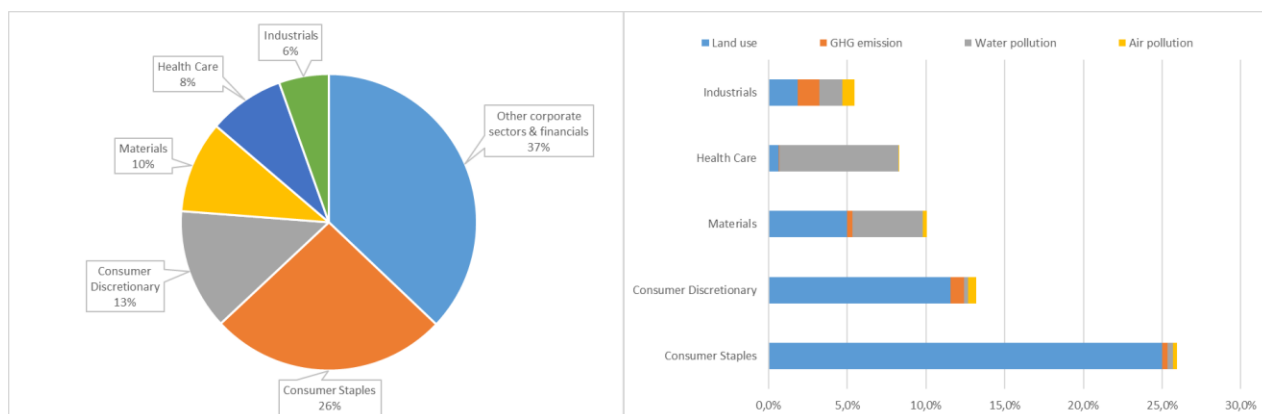
Although the figures presented above include financials, which come out as the leading sector contributing to AXA IM’s overall biodiversity footprint (22% of the total footprint), this is driven by its weight in our AuM under scope (28%). In that context, we have chosen to limit our focus to material sectors having more direct impacts on biodiversity and issuers that are corporates only.

¹⁵⁸ [PBAF Standard v 2022 Biodiversity impact assessment – Footprinting, PBAF, June 2022.](#)

¹⁵⁹ [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.

¹⁶⁰ GICS Level 1.

This is in line with initial TNFD reporting guidance for financial institutions that does not currently include financials in its list of priority sectors¹⁶¹. 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 Top 5 Corporate Sectors with the Highest Estimated Biodiversity Impact and their Composite Biodiversity Pressures. Source: AXA IM, Iceberg Data Lab, 2025.

Accordingly, the top five most material corporate sectors for AXA IM from a negative impact perspective are Consumer Staples, Consumer Discretionary, Materials, Health Care and Industrials, and— together representing 63% of the biodiversity footprint of the AuM under scope.



AXA IM's Corporate Biodiversity Footprint: Breakdown by Top Sectors and Industries. Source: AXA IM, Iceberg Data Lab, 2025. N.B.: The size of the sectors (inner ring) and industries/sub-industries (outer ring) above is proportional to their contribution to the total biodiversity footprint of AXA IM's AUM under scope.

¹⁶¹ 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](#)

We have chosen to refine our sector analysis further, using a more granular sectorial view to identify the industries and sub-industries¹⁶² 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 IPCC¹⁶³, 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 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,

¹⁶² GICS Levels 2 and 3

¹⁶³ [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

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 biodiversity¹⁶⁴. 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.

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.

¹⁶⁴ Essential Biodiversity Variables: [What are EBVs? – GEO BON](#)

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 strategy¹⁶⁵:** 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.

Chief Risk Officers are responsible for early detection of risks. The objective of emerging risk management is to reinforce the anticipation and monitoring dimension of risk management.

The Emerging Risk Management Framework 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.

Emerging risk definition

Emerging risks are those that could potentially be impactful in the next five-to-10 years. 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.

2024 outcomes

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 prioritisation:** All risks are assessed according to their severity and their impact time horizon. Risks are then prioritised based on the severity assessment performed and any other relevant prioritisation criteria;

¹⁶⁵ See AXA IM's Stewardship & Engagement policies: [Stewardship & Engagement | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#)

- **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 withing 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 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 ¹⁶⁶
Environmental	Impacts of climate change	Potential impacts and financial implication resulting from increased greenhouse gas emissions (see section 6.5 on 'Physical risks')	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 (see section 7.)	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 ¹⁶⁷	No

Source: AXA IM, 2025.

¹⁶⁶ 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.

¹⁶⁷ 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 ¹⁶⁸
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.

¹⁶⁸ 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.

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

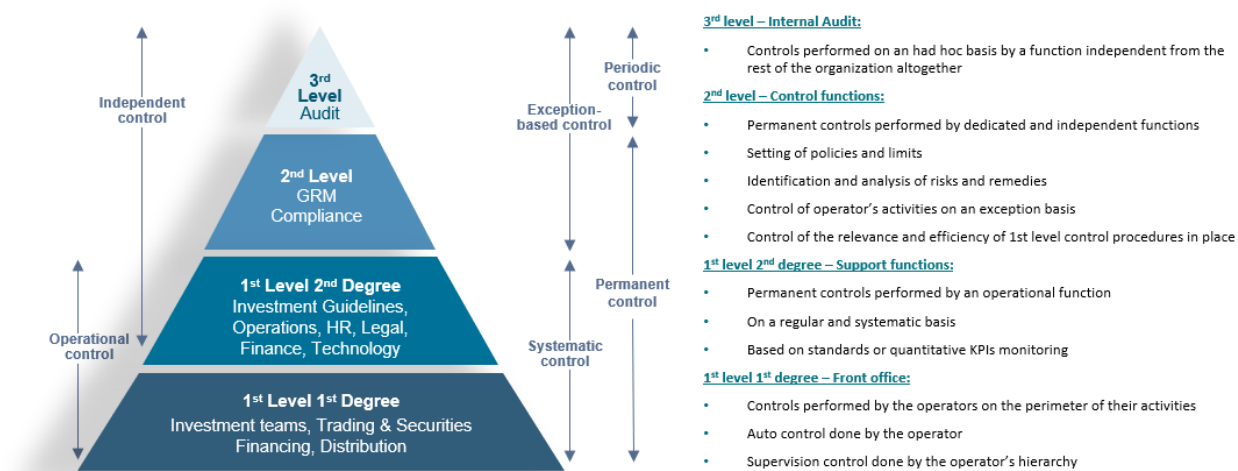
ESG-related investment guidelines consist of the implementation of our exclusion policies, as well as of eligibility criteria and rules specific to funds which have been awarded sustainability-related labels. Our dedicated internal risk management structure consists of multiple layers, thereby ensuring 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 analyse 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-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 leadsr 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 support¹⁶⁹. The last IPCC report on the impacts of a global warming of 1.5°C¹⁷⁰ 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 across AXA Group's investments using insurance risk management natural catastrophe models;
- Assessment of listed assets physical risks exposure using Carbon Delta extreme weather events costs.

Physical risks assessment of real estate portfolios through the Clymene analysis

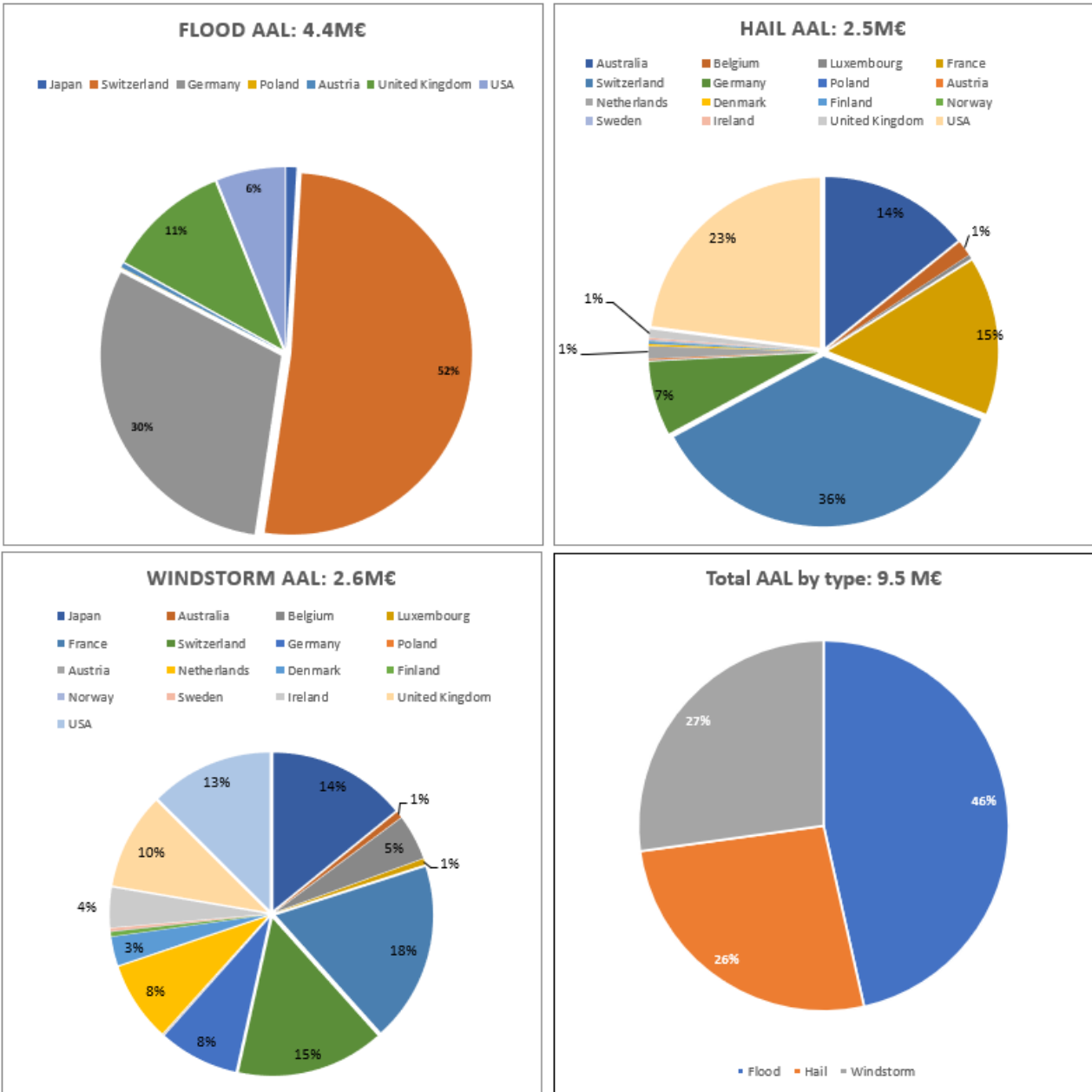
Since its inaugural Climate Report (2016), AXA has studied the effects of climate change on its real estate holdings. This analysis covers a range of direct property investments totalling **€77bn in 2024**. Our Responsible Investment and Risk Management teams analysed the financial impact of floods, windstorms, and hail on these properties in a selection of 20 countries.

According to research utilising AXA's proprietary "Clymene" analytic platform, average annual losses (AAL) are still small in comparison to the value of all assets. The analysis currently uses asset-level data that depends on the geolocation of buildings as well as their primary occupancy. The key figures below provide the results of the assessment based on the average annual loss for each country.

AXA's real estate exposure is global with most of the portfolio located in Europe. The portfolio's highest risk exposure is to flood (46% of AAL), followed by windstorm (27%) and hail (26%). Total average annual loss for the 2024 real estate portfolio amounted to an estimate €9.5M. Furthermore, Switzerland leads the AAL in terms of the risk of flooding (52%) followed by Germany (30%) and the United Kingdom (11%). Japan, France and Switzerland account for 48% of the average yearly loss due to windstorms. Switzerland, the United States, France and Australia make up 88% of the AAL for hail hazard.

¹⁶⁹ CRO Forum, 2019.

¹⁷⁰ 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 \(ipcc.ch\)](#)



AAL split by type and by country and total AAL by type. Source: AXA IM, 2025.

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

Through the use of internal AXA tools such as the underwriting Aegis tool and the Clymene platform, AXA IM Alts' investment team has been able to identify buildings with higher levels of historical physical risk, to be addressed by the asset management teams tasked to develop subsequent adaptation responses as a result. Some projects were undertaken in 2020 to obtain a proof of concept and advance to a portfolio wide analysis of future scenarios, including models from MSCI and AXA Climate.

For a pan-European real estate portfolio, MSCI Carbon Delta modelled resilience to transitional and physical risks in relation to climate change, a holistic approach that enabled the investment team to identify the value-at-risk of assets in the fund and the tail-risk buildings which need additional attention to develop a subsequent adaptation strategy.

In the past years, our investment teams engaged with AXA Climate to focus on physical risk using RCP 4.5 and 8.5 scenarios, to capture the normalized risk score of a representative global portfolio of 90 assets, with a deep dive into 3 assets for which they developed a detailed adaptation report to guide the asset management teams. These pilot tests enable the team to better understand the market of climate risk service providers and to develop a strategy to increase the resilience of our real estate assets using both backward- and forward-looking data.

In addition, Alts RI team supports local acquisition teams by underwriting a climate physical risk analysis of the buildings in question and incorporating the results in the technical due diligence phase. This has enabled acquisition teams to engage with their technical partners to reinforce their climate-related ambitions and include a specific adaptation strategy for those assets where required.

In conclusion, according to in-house risk modelling, the financial impacts of climate-related “physical risks” on real estate assets is currently limited. The teams at AXA IM Alts continue to collaborate with the AXA NatCat teams to better understand physical risk levels and determine appropriate adaptation efforts to limit such exposures to climatic event.

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

In addition to the physical risks of climate change our teams increasingly consider the risks of transition to a low-carbon economy, with specific consideration of liquidity and regulatory risk. Risks related to the transition to a low-carbon economy allow financial institutions to increase their resilience to new regulatory frameworks introduced in order to mitigate further financial or performance related risks. Among these efforts to identify and mitigate transitional risks, AXA IM Alts’ Real Estate investment teams have relied on different market-standard tools, such as the EU Energy Performance Certificate (EPC) and the CRREM model.

Aligned with the EU Taxonomy for sustainable activities and with the MEES (Minimum Energy Efficiency Standard) regulation in the UK, the EU EPC is becoming a useful tool to determine the stock of buildings on which to concentrate the efforts to improve energy efficiency and thus reduce the carbon footprint. In addition to an EU EPC being required in order to sell or trade an asset, our conviction is that this regulatory standard will continue to be used to define minimum energy performance standards, as it is currently in France, the UK and Netherlands. This is now used as internal guidance by AXA IM Alts’ investment teams in order to limit the transitional liquidity risk of its buildings.

The CRREM model is another tool available to benchmark buildings’ energy performance against Paris Agreement targets. Importantly this tool provides science-based intensity targets for different building types, in different countries, which provide, for the first time, consistent asset level performance targets in both kWh and GHG emissions which need to be met in order for the underlying asset to align with global targets. While still in its early stages, the tool more accurately reflects the complex reality of delivering a meaningful roadmap towards carbon neutrality and continues to evolve as new data, evidence and market insight emerges.

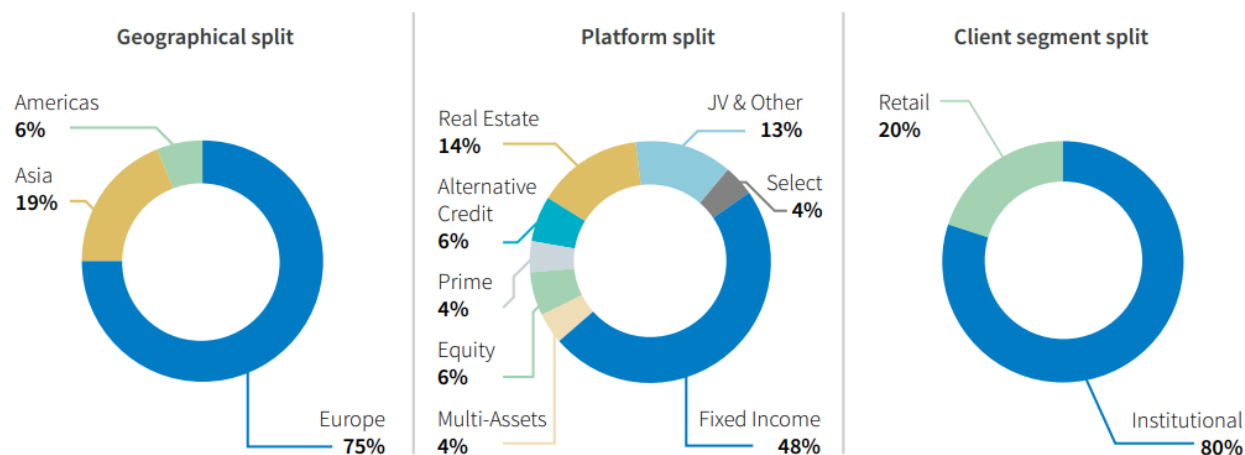
AXA IM also uses CRREM trajectories to measure the performance of its asset as described in the AXA IM For Progress Monitor (see [section 3.2](#)).

Appendices

1. AXA IM at a glance

AXA IM at a glance: A breakdown of the assets under management across asset classes and geography

AuM: €878,9 billion



Source: AXA IM, end of 2024.

2. List of AXA IM initiatives, codes and principles

AXA IM seeks to comply and adhere to various principles, standards, and codes, considered best practices in the market, which govern our policies and practices.

Codes / Principles	Signature date
Principles for Responsible Investment (PRI)	2007
UK Stewardship Code	2010; Signatory of the revised UK Stewardship Code in 2020
Japanese Stewardship Code	2014
Task Force on Climate-Related Financial Disclosure	2017

We also support and participate to a number of initiatives focusing on sustainability topics where we believe our involvement will have a material impact. These industry initiatives and groups are intended to reflect on the evolution of practices, establish standards, support companies to address global challenges and/or provide solutions. Please refer to our [2024 Stewardship report](#) to find the list of initiatives and groups in which we are involved.¹⁷¹

3. List of AXA IM ESG commitments

Status update on our progress towards our commitments are provided within this Article 29 – TCFD combined report and in our 2024 Stewardship report¹⁷².

¹⁷¹ [Stewardship and Engagement | AXA IM Corporate \(axa-im.com\)](#)

¹⁷² *Ibid.*

Most of these commitments are publicly reported on the [Observatoire de la Finance Durable](#) website, a transparency tool designed to analyse the transformation of financial institutions practices and financial flow, as well as to monitor their progress on public sustainability commitments.

Year	Theme	Commitment	Link
2018	Climate	In 2018, AXA Investment Managers has committed to include "forward-looking" indicators in our climate reporting, for the scope of funds eligible of this type of reports.	AXA IM TCFD-Article 29 Report
2020	Climate	AXA Investment Managers made a commitment in 2020 to phase out thermal coal by 2030 in the OECD and 2040 for the rest of the world.	AXA IM Climate Risks Policy To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2020	Climate	AXA Investment Managers has strengthened its Climate Risks policy in 2020 and committed to reporting on its progress in its annual reports.	Our Sustainability policies, methodologies & reports AXA IM Corporate
2020	Climate	In 2020, AXA Investment Managers made a commitment to the Net Zero Asset Managers Initiative to achieve net zero emissions by 2050 at the latest. As part of this commitment, by 2022, AXA Investment Managers will manage 65% of its total assets under management in line with the Net Zero target, representing nearly €580 billion by the end of 2021.	65% of AXA IM's total assets are managed to be in line with Net Zero AXA IM Corporate (axa-im.com)
2021	Climate	AXA Investment Managers launched an engagement initiative in 2021 with issuers exposed to thermal coal but whose operations are below our exclusion thresholds	Our Sustainability policies, methodologies & reports AXA IM Corporate
2021	Climate	In 2021, AXA Investment Managers has reinforced its Climate risks policy for the Oil & Gas sector, on the engagement side.	AXA IM further strengthens its climate actions to accelerate its contribution to a low-carbon world AXA IM Corporate (axa-im.com)
2021	Climate	In 2021, AXA Investment Managers has extended its Climate risks policy to the Oil & Gas sector, on the exclusion side.	AXA IM further strengthens its climate actions to accelerate its contribution to a low-carbon world AXA IM Corporate (axa-im.com)
2021	Climate	In 2021, AXA Investment Managers has developed a "Three Strikes and You're Out" engagement approach. In 2022, this policy applies in particular to 'climate laggards'.	AXA IM intensifies pressure on companies to take meaningful action on sustainability issues with enhanced stewardship focus AXA IM Corporate (axa-im.com) AXA IM ramps up stewardship activity with companies with a twofold leap in engagements AXA IM Corporate (axa-im.com)
2022	Climate	In 2022, AXA Investment Managers committed to reducing the carbon intensity of its corporate portfolios by 25% by the end of 2025.	To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2022	Climate	In 2022, AXA Investment Managers made a commitment that 50% of its direct real estate assets would be in line with the Carbon Risk Real Estate Monitor (CRREM) trajectory by the end of 2025.	To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2022	Climate	AXA Investment Managers has committed, in 2022, to a 20% reduction of the landlord operational emissions of its direct real estate assets by 2025 compared to 2019 (and a net zero target by 2050).	AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2022	Climate	In 2022, AXA Investment Managers committed to reducing its operational carbon footprint by 26% by the end of 2025.	2021 AXA IM Climate Report To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)

2022	Climate	In 2022, AXA Investment Managers made a commitment to engage with issuers belonging to the 70% of issues financed in the material sectors by the end of 2025.	To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2024	Climate	AXA IM publishes the second edition of the AXA IM for Progress Monitor and associated Sustainability Report. AXA IM made material progress by succeeding to reduce the carbon intensity of its corporate portfolio by almost double the ambitious target. Significant progress has been made on real estate portfolio decarbonisation, also exceeding the interim goal. The positive momentum on channeling capital towards natural capital solutions and engagement with several targets achieved, confirms AXA IM's ambitions to reach net zero by 2050	AXA IM is on track to reach its interim targets towards net zero by 2050 AXA IM Corporate
2020	Biodiversity	In 2020, AXA Investment Managers launched an initiative to develop a tool to measure the impact of investments on biodiversity. Following this, AXA Investment Managers announced in 2020 a partnership with Iceberg Data Lab and I Care & Consult to develop indicators to measure the impact of investments on biodiversity.	AXA IM, BNP Paribas AM, Sycomore AM and Mirova launch joint initiative to develop pioneering tool for measuring investment impact on biodiversity AXA IM Corporate (axa-im.com)
2021	Biodiversity	In 2021, AXA Investment Managers has strengthened its biodiversity strategy by expanding the exclusions of its Ecosystem Protection & Deforestation policy (former Palm Oil policy).	AXA IM expands its palm oil policy to protect ecosystems and fight deforestation AXA IM Corporate (axa-im.com)
2022	Biodiversity	AXA Investment Managers is committed to investing at least €500 million in natural capital solutions by the end of 2028.	To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2020	Social	In 2020, AXA Investment Managers has integrated gender diversity objectives into its corporate governance and voting policy	AXA IM to expand its gender diversity voting policy for both developed and emerging market economies AXA IM Corporate (axa-im.com)
2015	Sustainability	AXA Investment Managers committed in 2015 to reach 75% of certified real estate assets by 2030 (in AUM). Those certifications include, among others, BREEAM and DGNB.	AXA IM Alts - ESG Strategy
2018	Sustainability	AXA Investment Managers is committed in 2018 to achieving more than >75% AUM assessed with the internal ESG rating tool (direct real estate assets).	AXA IM Alts - ESG Strategy
2020	Sustainability	In 2020, AXA Investment Managers developed a charitable scheme for its range of impact funds.	Full-year 2022 earnings AXA IM Corporate (axa-im.com)
2021	Sustainability	AXA Investment Managers renames its Sustainable fund range in 2021.	AXA IM renames its most focused ESG funds to help simplify its sustainable range for clients AXA IM UK (axa-im.co.uk)
2022	Sustainability	In 2022, AXA Investment Managers has reinforced its voting policy to further integrate ESG considerations into our voting. This strengthening was accentuated in 2023 with the addition of additional criteria on the governance of ESG issues, biodiversity risks, tax practices, remuneration and conflicts of interest.	AXA IM unveils new voting policy to urge investee companies to further consider environmental and social issues AXA IM Corporate (axa-im.com)
2023	Sustainability	In early 2023, AXA IM launched the AXA IM for Progress Monitor to better communicate and showcase our journey to net zero, which brings together a set of existing metrics in a simple and transparent way. This is comprised of eight metrics selected for their strategic importance and material contribution towards our goal of becoming net zero as a business and investor by 2050.	AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)

2023	Sustainability	AXA Investment Managers is committed to ensuring that at least 70% of employees participate in at least one ESG and sustainability training or awareness session, with a focus on ESG Pillar E, by the end of 2023.	To see progress on this metric: AXA IM For Progress Monitor AXA IM Corporate (axa-im.com)
2023	Sustainability	In 2023, AXA IM committed to align the compensation of senior executives to its ESG ambitions	AXA IM aligns compensation of senior executives to its ESG ambitions AXA IM Corporate (axa-im.com)
2024	Sustainability	In early 2024, AXA IM announces three main updates to its corporate governance & voting policy to further reinforce its ESG expectations: i) Highest emitting companies actively lobbying against the goals of the Paris Agreement will be held to account from 2024; ii) Wider workforce taken into account for executive pay proposals; iii) Bylaw amendments seeking to introduce virtual-only AGM format will be opposed.	AXA IM calls on companies to appropriately report on their climate lobbying activities in its updated voting policy AXA IM Corporate (axa-im.com)
2024	Sustainability	This program encompasses all AXA IM's initiatives related to philanthropy and community outreach across geographies within a single connecting thematic of "Empowering Sustainable Futures". It brings together AXA IM's impact funding initiatives, corporate donations and academic research support with a volunteering offering in Europe, US and Asia Pacific, and demonstrates AXA IM's commitment to impactful support towards local communities and the environment with a target funding of €1.8M in 2025, up from €1.6M in 2024.	AXA IM launches a global Philanthropy programme, bringing together all global and local charitable endeavours focused on "Empowering Sustainable Futures" AXA IM Corporate

4. AXA IM thought leadership: selected RI research and publications in 2024

Bringing research, insights and investment ideas to our clients is an integral part of our service. With this in mind, in June 2022, we created the AXA IM Investment Institute. This thought leadership platform brings together experts from across our research, responsible investment and investment teams, to discuss the short- and long-term trends affecting the global macroeconomic and investment landscape, to generate insights, to help clients make more informed investment decisions.

At AXA IM, we produce in-house ESG research and thought leadership on key themes including climate change, biodiversity, gender diversity and human capital, responsible technology and corporate governance. Research papers are published on the Investment Institute page of our website. This research allows us to identify ESG risks, understand and anticipate their impacts on the assets in which we invest as well as understand the environmental and social impacts of our investments. Key findings from this research also help guide adjustments to our stewardship and exclusion strategies.

ESG (cross-cutting)

[Why the backlash? Sustainable investing is simply better investing | AXA IM Corporate](#), Hans Stoter, 2 December 2024

[Why responsible investors can present a competitive hedge with the adoption of CSDDD | AXA IM Corporate](#), Matthieu Firmian, 8 July 2024

[Driving impact: Why the US represents a hive of opportunity for sustainable investors | AXA IM Corporate](#), Ashley Keet, 7 May 2024

[Everything's gone green | AXA IM Corporate](#), Chris Iggo, 1 March 2024

[Sustainability in 2024: From net zero to a more holistic approach | AXA IM Corporate](#), Virginie Derue, 9 February 2024

Environmental

[COP29 and the US election: Where does the battle against climate change go now? | AXA IM Corporate](#), Virginie Derue, 13 December 2024

[Outlook 2025: Prospects for the race to net zero | AXA IM Corporate](#), Nigel Topping, 11 December 2024

[COP16: Important outcomes despite crucial issues unresolved | AXA IM Corporate](#), Benoît Galaup, 19 November 2024

[Will COP29 be an enabling COP? | AXA IM Corporate](#), Virginie Derue, 30 October 2024

[Ingenuity and opportunity: Navigating the path to net zero | AXA IM Corporate](#), Nigel Topping, 25 October 2024

[Avoided Emissions: Why it matters to investors to account for what does not exist | AXA IM Corporate](#), Olivier Eugène, 10 October 2024

[COP16: A crucial step towards achieving global biodiversity targets | AXA IM Corporate](#), Benoît Galaup, 1 October 2024

[Leading the charge: Surge in US data centre growth is powering renewable energy investment opportunities | AXA IM Corporate](#), Tom Atkinson, 27 September 2024

[What energy transition scenarios are and how they can be used or misused | AXA IM Corporate](#), Olivier Eugène, 28 May 2024

[New standards and frameworks arm investors in the battle against biodiversity loss | AXA IM Corporate](#), Mariana Villanueva, 22 May 2024

[Infrastructure and the energy transition: Moving electrons and molecules | AXA IM Corporate](#), Olivier Eugène, Anaïs El Kasm, 22 April 2024

[Measuring energy: Losses and efficiencies with an electric silver lining | AXA IM Corporate](#), Olivier Eugène, 28 February 2024

Corporate Governance

[AGM season 2024: Back to governance basics? | AXA IM Corporate](#), Héloïse Courault, Alexandre Prost, Constance Caillet, 11 September 2024

5. Industry surveys

Survey	AXA IM ranking / score	Date	Link
PRI assessment report	Policy Governance & Strategy: 5 ★ Direct – Listed Equity – Active quantitative: 4 ★ Direct – Listed Equity – Active fundamental: 4 ★ Direct – Listed Equity – Investment trusts – Voting: 4 ★ Direct – Fixed income – SSA: 4 ★ Direct – Fixed income – Corporate: 4 ★	December 2023	2023 PRI assessment

	<p>Direct – Fixed income – Securitised: 4 ★</p> <p>Direct – Fixed income – Private debt: 4 ★</p> <p>Direct – Real estate: 4 ★</p> <p>Direct – Infrastructure: 2 ★</p> <p>Confidence building measures: 4 ★</p>		
ShareAction	B; 73% (ranked 3 rd /77, moving up 4 compared to the 2023 ranking and 8 compared to the 2020 one)	May 2025	ShareAction Point of No Returns 2025
	82% score (ranked 25 th /70, moving up to 10 positions compared to the 2024 ranking and 7 compared to the 2023 one)	February 2025	ShareAction Voting Matters 2024
H&K Responsible Investment Brand Index (RIBI) report	Avant-Gardist (Top Category)	April 2025	RIBI 2025 - Responsible Investment Brand Index (RIBI)
Influence Map	A	August 2023	Asset Managers and Climate Change Finance Map report 2023
Climetrics 2024 rankings	10 out of 79 AXA IM funds ranked have received the best score of 5 leaves.	December 2024	Climetrics - CDP
Reclaim Finance's assessment of the climate practices of asset managers	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 2024	Assessment of the climate practices of asset managers - Reclaim Finance
Global Real Estate Sustainability Benchmark (GRESB)	<p>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.</p> <p>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.</p>	October 2024	GRESB Score for asset managers

6. Mapping tables with Article 29 implementation decree and TCFD recommendations

Article 29 of the French Energy Climate Law¹⁷³

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°	Entity ESG general approach	1.2 AXA IM Responsible Investment Framework	Yes	Yes	Yes	n/a

¹⁷³ [Article 29 - LOI n° 2019-1147 du 8 novembre 2019 relative à l'énergie et au climat \(1\) - Légifrance](#)

	Means to inform clients	1.4 Our ESG disclosure communication	Yes	Yes	Yes	n/a
	SFDR. Art. 8 & 9 financial products	Appendix 7. List of financial products referred as Article 8 or 9 under the SFDR	Yes	Yes	Yes	n/a
	List of initiatives, codes and principles	Appendix 2. List of AXA IM initiatives, codes and principles	Yes	Yes	Yes	n/a
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 & Voting Policy would not be applicable considering the specificities of such asset class.</i>
	Engagement strategy results	4.1 Engagement, collaboration and escalation, see subsection "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 subsection: "Sustainable share of activities following the EU Taxonomy for sustainable activities"	Partial	No	No

	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 & sovereigns assets and direct real 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. For AXA IM Prime: 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).</i>
	Methodologies used within the Paris Agreement Alignment strategy	6.1 AXA IM Net zero targets 6.4 Implementing our Net zero targets	Yes	Yes	No	<i>For AXA IM Prime: see above</i>
	Results / Progress on achievements	6.1 AXA IM Net zero targets (as for progress measured on achieving our NZ targets) 6.5 Climate forward-looking metrics, see subsection "AXA IM Climate Dashboard" (as for historical and other forward-looking climate metrics)	Yes	Yes	No	
	Policies to progressively exit coal and unconventional hydrocarbons	6.2 Exclusions: our Climate risks policy	Partial	Partial	Partial	<i>For AXA IM Paris, AXA REIM SGP and AXA IM Prime: No commitment on a phase-out plan from unconventional oil & gas like for coal. 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.</i>
	Monitoring, changes, frequency of evaluation and updates	6.1 AXA IM Net zero targets (as for progress measured on achieving our NZ targets)	Yes	Yes	No	<i>For AXA IM Prime: see above</i>
Art 1er-III- 7°	Biodiversity strategy aligned with long term goals	7- Our biodiversity strategy	Partial	Partial	Partial	<i>For AXA IM Paris, AXA REIM SGP and AXA IM Prime: No quantified biodiversity impact mitigation strategy & targets set in the absence of sufficiently mature methodologies and technical guidance to measure the alignment of investment strategies</i>

						with medium- and long-term objectives on a global scale. 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.
	Analysis of the contribution to the reduction of main pressures and impacts on biodiversity	7.3 Introducing biodiversity-specific indicators	Yes	No	No	<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 & 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).
	Disclosure of biodiversity footprint		Yes	No	No	
Art 1er-III- 8°	Identification, assessment, prioritization, management of ESG risks	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	n/a
	Description of the main ESG risks considered and analysed	8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	n/a
	Frequency of review of the risk management framework		Yes	Yes	Yes	n/a
	Action to reduce the entity's exposure to the main ESG risks		Yes	Yes	Yes	n/a
	Quantitative assessment of ESG-related financial impacts	8.1 Identification and mitigation of key sustainability risks, see sub-section "Main identified sustainability risks"	Partial	Partial	No	<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 & appropriate methodologies (not scheduled at this stage); AXA IM Prime not using the Climate VaR to date (approach still under development).
	Indication of the evolution of choice of methodologies and results		Yes	Yes	Yes	n/a

Recommendations of the TCFD¹⁷⁴

Sections	Recommended Disclosures	Reference Sections
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¹⁷⁴ [Publications | Task Force on Climate-Related Financial Disclosures \(fsb-tcfd.org\)](#)

Governance Strategy	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
Risk Management	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
Metrics and Targets	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 Managers¹⁷⁵

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	
Manner and frequency of disclosures	Ensure that the information disclosed is proportionate to the degree climate-	n/a (see product-level reporting on	Yes	Yes	Yes	N/a

¹⁷⁵ [Circular to licensed corporations Management and disclosure of climate-related risks by fund managers | Securities & Futures Commission of Hong Kong \(sfc.hk\)](#)

	related risks are considered in the investment and risk management process	AXA IM Fund Centre)				
	Make adequate disclosures of information to fund investors	1.4 Our ESG disclosure communication	Yes	Yes	Yes	N/a
	Review disclosures at least annually and inform fund investors of material changes	n/a (see product-level reporting on AXA IM Fund Centre)	Yes	Yes	Yes	N/a
Baseline requirements on governance related disclosures at entity level	Governance structure	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
	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	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
	Management's roles and responsibilities, including their process for being informed and monitoring the progress of efforts to manage climate-related risks	3.1 Our RI governance & committees	Yes	Yes	Yes	N/a
Baseline requirements on investment management and risk management related to disclosures at entity level	Steps taken to incorporate relevant and material climate-related risks into the investment management process	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	N/a
	Process for identifying, assessing, managing, and monitoring climate-related risks, including tools and metrics used	1.2 AXA IM Responsible Investment Framework 8.1 Identification and mitigation of key sustainability risks	Yes	Yes	Yes	N/a
Enhanced standards on risk management related disclosures at entity or fund level	Engagement policy at the entity level, preferably with examples on how material climate-related risks are managed in practice	4.1 Engagement, collaboration, and escalation	Yes	Yes	Yes	N/a
	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	6.5 Climate forward-looking metrics – AXA IM Climate Dashboard: a combination of historical and forward-looking metrics - Carbon intensity	Yes	Yes	No	<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</i>

					<p>underway and will be completed in the second half of 2024.</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: Sustainable Finance AXA IM Corporate (axa-im.com)</i></p>
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7. 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: [Fund Centre - AXA IM - Core \(axa-im.com\)](#)

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.

8. Description of the principal adverse impacts (PAI) on sustainability factors: AXA IM Paris + AXA REIM SGP¹⁷⁶

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 AXA IM website: [Sustainable Finance | AXA IM Corporate \(axa-im.com\)](#)

¹⁷⁶ As described in AXA IM SFDR entity-level disclosure, AXA IM Prime is not required to consider the principal adverse impacts (PAIs) of investment decisions on sustainability factors as, of its balance sheet date, it had less than an average number of 500 employees during the financial year. AXA IM Prime does currently consider the PAIs of investment decisions on sustainability factors at entity level under Article 4 of the SFDR. However, because it invests in a wide range of private asset classes with minimal reliable data coverage of PAI indicators, it has decided not to disclose a PAI Statement as for the year 2024. Nevertheless, AXA IM Prime plans to disclose how PAIs are considered in investment decisions under a PAI Statement starting 2026 as for the year 2025, and has initiated disclosure at product level starting 2024.

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This report and the information included herein were prepared on the basis of data made available to AXA IM as of the date of this report. Unless stated otherwise in this report, this report and the information included herein are current only as of such date. This report refers to certain non-financial metrics, such as ESG scores, key performance indicators, controversy scores, climate or sustainability-related metrics and benchmarks, as well as other non-financial data, all of which are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. Non-financial metrics used herein generally have no standardized meaning and may not be comparable to similarly labelled measures used by other companies. In addition, AXA IM reserves the right to amend, adjust and/or restate the data presented in this report, from time to time, without notice and without explanation.

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Data on certain non-financial metrics may be limited, notably in terms of coverage across the asset classes managed by AXA IM, 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 AXA IM 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 AXA IM 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.

AXA IM 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 AXA IM 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 AXA IM’s 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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