Publication Date: March 2021

Sustainable Finance Disclosure
AXA Investment Managers

Introduction

The European Union has launched an ambitious Sustainable Action Plan in order to support the delivery of the objectives of the European Green Deal by channeling private investment into the transition to a climate-neutral, climate-resilient, resource-efficient and just economy.

As part of this action plan, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended, the "SFDR") was enacted in November 2019. It introduces new rules on disclosures related to sustainable investments and sustainability risks, which are applicable from March 10, 2021.

This document provides the entity level information related to sustainability risk policies and adverse sustainability impacts required under Articles 3 and 4 of the SFDR as at March 10, 2021.

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

Scope of this document

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

The information provided in this document relates to the following legal entities, which, as financial market participants, are subject to the SFDR disclosure requirements.

Legal Entity Name	LEI
AXA Funds Management S.A.	213800WTLOHUYAEVHR55
AXA Investment Managers Deutschland GmbH	2138008Q2ZUL58MR3R34
AXA Investment Managers Paris S.A.	969500S4JU30ML1J3P20
AXA Investment Managers Ireland Limited	(Not available)
AXA Rosenberg Management Ireland Limited	2138008LYGJGDDQJQ125
AXA Real Estate Investment Managers SGP S.A.	2138003CWF7Z28U7S234

AXA IM approach to Responsible Investment

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

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

Our investment philosophy is based on the conviction that issues relating to sustainability factors are and will remain 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 in the long term. The non-financial approach has become a necessity in more ways than one:

1. It is instrumental in removing companies or underlying assets from portfolios when they cause exposure to high levels of ESG risk, which would ultimately affect financial performance;
2. It focuses on companies that have implemented best practices regarding the management of 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; and
3. It enables improved performance by means of active dialogue with companies on managing ESG concerns around investments and limiting our clients' exposure to reputational risk.

Double materiality of ESG Factors

As highlighted by the Non-Financial Reporting Directive (2014/95/EU) a large number of ESG factors may be analyzed from two complementary perspectives:

- impact on the development, performance or position of a company, as well as the financial value of an investment, in a broad sense (*i.e.*, "financial" materiality);
- external impacts of the company's or investment's activities on ESG factors (*i.e.*, "environmental, social and governance" materiality).

AXA IM's responsible investment policies and processes address both of these impacts.

Sustainability Risk: Our Approach

Exclusion Policies and ESG Scoring

With respect to the financial products that it manages as well as investment advice it provides, when relevant, AXA IM uses an approach to sustainability risks that is derived from the integration of ESG criteria in its research and investment processes. It has implemented a framework to integrate sustainability risks in investment decisions based on sustainability factors which relies notably on:

- sectorial and normative exclusions policies
- proprietary ESG scoring methodologies.

These policies and methodologies are each further described below. We believe that they contribute to the management of sustainability risks in two complementary ways:

- exclusion policies aim to exclude asset exposed to the most severe sustainability risks identified in the course of our investment decision-making process;
- the use of ESG scores in the investment decision process enables AXA IM to focus on assets with an overall better ESG performance and to seek lower sustainability risks.

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

Sectorial and Normative Exclusion Policies

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

Our sectorial exclusion policies are focused on the following ESG factors:

- **Environemental - "E"**: climate (coal mining and coal-based energy production; oil sands production and oil sands-related pipelines), biodiversity (palm oil production) or soft commodities (food commodities derivatives);
- **Social - "S"**: health (tobacco manufacturing) and human rights (violations of United Nations Global Compact ("UNGC"); controversial weapons manufacturing);
- **Governance – "G"**: business ethics (UNGC breach).

Global Exclusion Policies

The vast majority of AXA IM assets have implemented the following sectorial exclusions:

- Climate risks: coal and oil sands,
- Biodiversity: palm oil,
- Biodiversity: soft commodities,
- Human rights: controversial weapons.

These policies are also proposed to our clients of portfolio management services or dedicated funds.

ESG Standards Exclusion Policy

AXA IM financial products which have ESG characteristics or which have sustainable investment as their objective have implemented additional ESG exclusions:

- Health: tobacco
- Human Rights: white phosphorus weapons
- UNGC violations
- Low ESG Quality

More details on these "Global" and "ESG Standard" exclusion policies and their scope of application are available on the dedicated section of AXA IM's website.[1]

Methodologies for Exclusion Policies and ESG Scoring

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 or, when disclosed by issuers, 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 to disclose ESG-related information, but there is no assurance that such ESG methodologies will be successful at capturing all ESG factors.

For **listed corporate issuers**, we use raw ESG company/country data from ESG research providers and cover more than 8,500 companies and 100 countries with our quantitative scoring system, which provides each company/country with a score scaling from 0-10.

For **sovereign issuers**, we rely on ESG indicators published by recognized international sources. We distinguish two groups of countries, mature and progressing countries. For these two groups, we use the ESG pillars, but can rely on specifics indicators, considering the level of socio-economic development of these countries.

For **Alternative asset classes**, a specific set of methodologies has been developed using both quantitative and qualitative assessments for asset classes where we often face a significant lack of reliable, accessible and relevant data in many of our markets. Exclusion policies are adapted for certain asset classes and may be applied differently between direct or indirect investments (underlying assets).

These methodologies include (i) the assessment of sustainability risk across all asset classes, and/ or (ii) the use of proprietary ESG methodologies (including ESG scoring or ESG factors monitoring) for certain alternative asset classes.

In many instances, these methodologies form only one part of a broader sustainability risk assessment for a given investment.

[1] www.axa-im.com/responsible-investing/sector-investment-guidelines

Further details on AXA IM ESG Methodologies and their scope of application are available on AXA IM website[2].

Principal Adverse Impacts (PAI)

Identification and prioritisation of PAI

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

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

PAI are generally identified and assessed through ESG factors such as carbon emissions, or respect of human and labour rights. AXA IM collects data with respect to such ESG factors from a selection of data providers and public data sources, analyzes this data and consolidates it through AXA IM proprietary methodology into a standardized “ESG score” for each issuer (corporate or sovereign).

However, such ESG factor data is not widely available for some asset classes such as private assets.

For Alternative asset classes, as described above, AXA IM has developed methodologies, which includes identification of relevant PAI for the different type of Alternative asset classes. While our ability to currently meaningfully assess these impacts is limited by an absence or a limited availability and quality of information, data and indicators for certain Alternative asset classes, AXA IM will continue to further develop these processes to gather, when available, information and data on PAI. of ur investments. .

For corporate issuers, AXA IM also takes into account controversies, which also reflects events in which the issuer has had a material negative impact on sustainability, social or governance factors. The most material controversies automatically result in a lower ESG score.

This proprietary “ESG scoring” methodology is applied by AXA IM in order to enable a prioritization of PAI which is relevant for each industry sector, and for each asset class. The list of ESG factors, data source, weighting matrix are periodically reviewed to best reflect AXA IM analysis of PAI priorities and ESG quality of issuers. However, ESG modelling process engaged in by the investment manager is complex and involves research and modelling embedding uncertainty.

AXA IM also relies on historical information and data collected from third party data providers which may prove to be incorrect or incomplete.

Although a rigorous selection process of such third-party providers is applied with a view to provide appropriate levels of oversight, its processes and proprietary ESG methodology may not necessarily capture all the ESG risks and, as a result, AXA IM’s assessment of the PAI on the product’s return may not be entierely accurate or unforeseen sustainability events could adversely affect the portfolio’s performance.

Description of PAI and action plans

AXA IM has developed several frameworks aiming to capture the relevant PAI for each main type of issuers.

AXA IM monitors on an annual basis the overall ESG score and CO2 emissions of its worldwide holdings, as well as a selection of climate-related indicators.

For Alternative asset classes, PAI are specific to the relevant sub asset classes. For example, for real estate assets AXA IM assesses indicators such as energy efficiency and carbon emissions and where AXA IM has management control, specific asset level plans are developed to address these indicators. For our Impact Investing Strategy, we have established a framework for the management of ESG issues that takes account theapplicable ESG regulations, standards and norms. This framework is used to identify the ESG risks associated with each impact theme and associated investments and details a range of actions that will be taken to manage and mitigate relevant ESG risks. For certain Alternative asset classes, where information and data available are currently significantly limited, action plans will be assessed and implemented when quantitative information on principal adverse impacts is available.

In December 2020, AXA IM has announced its commitment to bring carbon emissions across all assets to a target-based net zero goal by 2050 or sooner, by joining the newly created Net Zero Asset Managers initiative. This complements the commitment made in 2019 by AXA Group by joining the “Net Zero Asset Owner Alliance”, a coalition of institutional investors committed to transitioning their investments to “net-zero” greenhouse gas emissions by 2050 to align their portfolios with a 1.5°C trajectory.

[2] www.axa-im.com/responsible-investing/framework-and-scoring-methodology

Engagement Policy

AXA IM has adopted a global engagement policy where we seek to improve issuers' practices with a specific objective in mind, on behalf of our equity and bond holdings.

This Engagement Policy describes AXA IM engagement process:

- selection of priorities;
- how engagement is conducted;
- governance of the engagement process;
- tracking, escalation and conclusion of the engagement.

This policy also describes AXA IM commitment to providing transparency and regular reporting on engagement activities, and how AXA IM participates in collaborative engagements. It also provides a summary of AXA IM voting approach, another crucial aspect of being an active shareholder.

Further details on AXA IM engagement policy are available on AXA IM website[3].

Adherence to responsible business codes

AXA IM is signatory of the following codes:

- Signatory of the **Principles for Responsible Investment**(www.unpri.org) since May 2007
- UK Stewardship code
- Further details on the responsible business codes followed by AXA IM, and the initiatives the company is part of, is available in its annual stewardship and TCFD reports.

AXA IM is part of the AXA Group which is signatory of the United Nations Global Compact , and follows these principles as part of its responsible investment policy:

- UN Global Compact

[3]https://www.axa-im.com/documents/20195/14067199/AXA+IM+Engagement+Policy+-+Oct+20+%28Final%29.pdf